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Policy Profile

John D. Backe—On the Record

Full text of interview with John D. Backe, president, CBS Inc.

Q: It has been what 3 years since you have been C.E.O., and in this time there have been a great many changes and just about every evidence is that they're all on the upbeat side. I'd like to hear your comments about reaching this 3-year mark and what has occurred?

A: It doesn't seem possible; 3 years have passed already. I guess the thing that gives any of us the greatest amount of satisfaction in a job like this is when you see people that you've picked and the organization that you set up work and see them gain success and recognition. And that's the thing that pleases me most, I guess, about the Broadcast Group. Because, as you know, when we did this reorganization, it was a bit of a questionable thing in many people's minds, when we sort of broke up the network. Within CBS itself, that was a harsh thing, in many people's minds, to do. So, we not only had to prove to the outside world, we had to prove to the inside world that this new organization would work. And I think we proved that. So, you know, it was nice to win—obviously—win the season. That was a thrill. The way we won it was a thrilling experience. But, really to see this new organization jell, work effectively, that, I think, gave me the greatest satisfaction. Along with that—in terms of the past 3 three years—is getting the corporation on a new track, in terms of futures. I think that has been one of the most satisfying things to me. We have a long way to go, but the corporation is reorganizing and redirecting. Now, we'll see where we go from here.

Q: Now, aside from the financial achievements and structural achievements, do you have some other objectives for the company as you look down the road? Any other areas of achievement?

A: Well, let me speak in a very—you know—sort of a gross way as to what I want this corporation to be, because if you take a look at the corporation at the time I became chief executive, we were a highly diversified corporation. Many operating divisions participated in many different kinds of businesses. It seemed to me, it always seemed to me, that CBS needed direction in terms of just what it was trying to be. It was a very successful broadcasting company, recording company, fairly new to publishing. And, we had this other business over here that

was called the Columbia Group. So, one of the things I have been concerned about is how to properly communicate the sense of this corporation inwardly and outwardly to the investment community, to the general public and stockholders and so forth. So, what I am really trying to do is define for those publics just what this corporation is, what it's going to be in the future. And, what it's going to be in the future is a complete, total, communications corporation. And, we'll be participating in all the new technologies, whether it be cable, whether it be videodisc. Whichever ones are successful, I would intend us to be there

Q: Do you see a 5th or 6th group somewhere in the near future or long term

A: If you're thinking about a 5th or a 6th group that would be a new business diversification move outside of what I just stated—no.

Q: Well, where will viewdata and teletext, for instance, fit in the corporate setup?

A: Right now, it's too early to say because we're experimenting with viewdata in publishing and teletext in broadcasting. When and if we identify those businesses depend on how that business develops—where it might end up. It may stay in those groups; it could be a new operating division for the corporation.

Q: A year ago at the TV affiliates convention, you called top persons up and said this is my team and they're going to stay. Well, sure enough, all of that team is still here. Will you be able to say that at the convention next year? The same thing?

A: Personnel, key players, I would say there may be some adjustments on some areas we want to see develop faster.

Q: When you took over 3 years ago, the only program CBS had as a backup was Ball Four?

A: That's way back.

Q: My question is going to be—and I understand you weren't here and not asked—but, how could this happen in a company like CBS?

A: Well, it's a little bit like I mentioned in my speech to the record people on Friday that there was a complacency at CBS—a smugness that existed here in the Broadcast Group—that they hadn't missed in 20 years and they weren't going to miss. And you asked people questions, "What about new shows?" and the standard pat answer always was they always had a formula and it worked. And, they said it in a rather glib fashion. In point of fact, the budgets for new developments were woefully low—I mean one-third to one-half of what we spend right now. And, in fact, we didn't have a development team working on the Coast. If you go back to that time period—I'm talking about the spring of 1976—we didn't have a development team on the West Coast. They left, most of them on their own volition. Freddie Silverman was gone and those remaining on the Coast were kind of dispersed. Bob Wood was gone.

So, at the very critical time when we were supposed to be in development, there wasn't a team working out there—which led to us having only one or two very weak shows available to fall back on in the fall of 1976.

Q: You and Mr. Jankowski both, I think, also said that you were able to make these huge gains this year in prime time without spending a whole lot of money; is it not a fact that you spent a lot more in April than you did in March or that you spent a lot more this April than you did in April of 1979, and would you tell us your program budget for April?

A: I honestly don't recall. That isn't the way I would look at it. I wouldn't look at it by month. I would look at it by quarter. And, our budget for that quarter was up. Actually, I don't recall offhand how much it was up. But it was all part of a plan in terms of still trying out shows, in bench strength that we hope to build here at CBS which allowed us to be introducing shows all through the season. That's all part of an overall plan on our part. It was all part of our plan to be producing 41 made-for-TV films a year so we could come up with shows that were so successful down the homestretch—as they were.

We fully expected to have an impact on earnings per share when we announced in the first quarter—we told the securities analysts that way up front. But—to get us back to a very competitive position—that was a wise investment.

Q: You have formed a theatrical production unit and bought some product already; do you plan joint ventures with other companies in this area or in TV movies?

A: Theatricals—we have no planned joint ventures at the present time. We do hope to get up to about 6 productions a year—really get our feet wet. Get comfortable with the business again and see how we are doing and take it up from there. If we're successful, as I think we're going to be, we'll go up to 6 or 7 or so forth till we're a major motion picture producer.

Q: I have in mind, a year ago, you just about went into a joint venture with Avco Embassy. What happened to that?

A: It was just one of many other alternatives we were looking at at that time; we really want to do these movies on our own. We didn't want to do a joint venture. We were trying to come out and evaluate in a way that we could hedge our bets; that's the best way I can say it. Because we have been burned before and we have some history to overcome in the corporation, I wanted to be very cautious about coming back into that business; it was sort of an evolutionary process. That was one of the options we looked at. But there's no plan right now to do joint theatricals.

Q: Regarding your ratings success, do you expect to

increase the margin next season?

A: I think we'll do quite well next season. How well? Trying to predict—we will be Number One. I think we have a better shot of being Number One next year than we had of being Number One this year. And, if you go back and see how we did on ratings at the beginning of the calendar year, I think that's a little more telling than what it was for the full year, quite frankly, because we did have a lot of shows fail that we introduced in the 4th quarter of last year. We're going in with a lot fewer hours of new shows that we have to introduce in the fall season. It's the strongest season in terms of established or tried shows coming back into our fall schedule we have had since I have been involved in the program.

Q: I understand that CBS regularly does opinion surveys on the public's conception of the company. I think you did 2 last year—one in January. Could you tell us a little bit about what these show?

A: I'm not aware of any. There were some done back some time ago. It was more from an investor relation standpoint. I'm not aware of any public surveys or anything.

Q: Are you encouraged about the proposed expansion of Cronkite?

A: Very much so.

Q: How hard are you going to push that next week?

A: Well, we've already had a preliminary meeting with the affiliate board which you probably know about, and that was—from all the reports that I got—a very positive meeting. The timing was right. I think the affiliates recognize it's about time we did make an expansion of that news. So they are more philosophically with us than maybe they would have been in the past. I would expect it to get a very strong push next week. We have a lot of work to do yet, so the timing is still up in the air as far as everything I've seen.

Q: Will this be a part of your speech?

A: No. I'm taking a little different approach this time by going out—I think it's Wednesday morning—I'm going to be on at nine o'clock, and they will have collected many different questions from affiliates to ask the president and I'm just going to stand at the podium and answer the questions as they come. I assume the time is right because they will be wondering about technology and what's CBS doing and some of the announcements that have come out, and I think it's time we clarify it.

Q: I assume you will be lobbying, yourself, for this?

A: Absolutely.

Q: Why a 15-minute extension? Why not 30?

A: From the studies I've seen from Gene, that seems to me to be about the only thing that we can do right now. It seems the most practical; it seems the easiest for us to accommodate within our news organization and about the most saleable with the affiliates.

Q: How do you plan to compensate the affiliates for it?

A: That's still out.

Q: Because they weren't happy with what you told them out in Vegas last week in that area?

A: That's still being worked on.

Q: Talking about financial—2 aspects: How do you expect the industry to go in the coming year and how do you expect CBS to go? The industry in terms of network, spot and local increases, and CBS's anticipated increases. I think you recently gave some estimates on those or at least

I saw the one before the financial analysts; do you have any modifications on those?

A: No. Those still hold as far as I can tell right now barring—if you can tell me what the economy's going to do. But, right now we're not seeing anything that could change those forecasts.

Q: With sales up in the first quarter, why were profits down?

A: For all the reasons we just talked about earlier. It was the investment. Primarily the show costs. Combination of the increase in our regular series plus the new series we're developing.

Q: CBS stock has had a considerable drop; why is this?

A. Well, you can say the same thing about ABC.

Q: Even more so.

A: Even more so, and at the time ABC was doing so well their stock was very low. I think there is a concern on Wall Street—just general concern with the stock market, and any companies, plus they have this story in their minds that we're in mature markets. All those horrors out there—that these new technologies are going to detract from the networks; they see no positives to it. So, they don't see us in a growth industry. So, if you come out with good news it's qualified good news because you're in a non-growth industry and if you come out with bad news it can only hurt you more dramatically than it ordinarily would. So, I think it's an unfair evaluation of the business.

Q: You aren't expecting a great 2nd quarter profit-wise, I understand, but you are predicting that 1980 will set records in revenue and profits?

A: At this point, yes, we are.

Q: Are you forecasting into '81 or '82?

A. No.

Q: Hark back to news just for a moment, to Turner's Cable News Network. Do you anticipate that to develop into a substantial competitor to the existing network news operations?

A: No. I really don't. I really can't say. From what I've read about his network, his news network, it's a little unclear to me exactly what he's going to be doing and how he's going to do it. I don't think it will be competitive with network news, certainly. It will enhance those people who are on the cable right now and they will have a news source they do not now have. But, I don't see this cutting into our market. I don't see how he can have the bureaus that we have and the resources that we have to do the news as we think it should be done.

Q: Do you think it has a prospect of being viable, of actually surviving and becoming profitable?

A: I honestly can't say at this point. I don't know enough about the numbers, how big he's going to try to make this thing.

Q: Let's move into the various new technological developments that you've shown deep interest in. Let's discuss those that you have the most immediate and deepest interest in. Which of those comes first?

A: Probably the one that's most advanced here right now would be videodisc. You've seen the announcements on the videodisc, and that's actively being worked on. And, that would not exclude the videotape. We do not look at the 2, necessarily, as exclusive, tape preceding discs, and we will probably be participating in the videotape business.

Q: You haven't yet done much in videotapes, have you?
A: No.

Q: You have something coming up soon of a substantial nature in that?

A: Yes.

Q: What do you have?

A: I really can't talk about it. Within the next couple of weeks, we should be making an announcement. We'll better define our entry into this business. But, certainly, the tapes and the discs—our plans are moving along there. We're getting involved in programming rights. We have an organization in the place working on it. And, right behind that is our development coming in cable, and our interest there is primarily basic cable.

Q: What is it you plan to do?

A: Our people are planning that right now so the plans aren't set at all, but I would like to see us involved in possibly one or 2 networks in the cable business.

Q: That is, operating networks in the cable business?

A: Yes.

Q: This is something brand new?

A: Yes.

Q: You implied this, didn't you, at the securities analysts meeting as a possibility. What kind of reaction do you think you are going to get from your affiliates when you go in the cable programming business?

A: I would guess mixed. The cable people, the people who are participating right now?

Q: Don't you think it might be a little more than mixed?

A: No, I don't. There are people who we have already talked to who have cable outlets right now who would welcome the entry and would be very interested in CBS being involved. There are others that are not involved in cable at all and will be threatened by it, I'm sure. But, I think once they see how we enter and what our interests are here, that that will be unfounded.

Q: Do you have in mind using your Westar transponder in this regard?

A: Possibly.

Q: What other uses do you have in mind?

A: Well, that was going to be used also for a network for national feeds. That's certainly part of our plan to use it.

Q: Let me see if I understand. You propose to offer programs to cable systems as a network and to use a satellite, and this is entertainment and news as something separate from your—?

A: —You're ahead of me. We have looked at several different options. Whether it will be a news channel, an entertainment channel, or a combination, I can't tell you that right now. I can only tell you that we looked at them. It's too early in our plans to say which way we are going to go, because we have a team working on it right now.

Q: Would that be separate from your teletext and view-data work or would that be included on the same network?

A: It would be separate.

Q: You got a question by security analysts along this line about leasing time on a satellite in the future, and Home Box Office, and where are you in terms of ability to get a transponder, you were asked, and you pointed out, "I'll answer that by saying there's no reason we

couldn't do things you suggest and we have a transponder on the Westar." I wonder if you would expand on that a little bit.

A: We do have a transponder. We obviously got that with the idea that we would put it to use, and our thoughts were — cable. I'm also realistic in the sense that we were going to have more than one transponder to do the job right so that we were all limited as to what kind of space we could get at the time those things became available. So, we'll have to solve that problem. I would expect to use that transponder capability to help supplement part of our feed for the cable.

Q: In weeks or months, how far down the future is this start of cable programming?

A: I think nothing really of significance will happen before the first of next year, I would guess.

Q: And what type of software are we talking about?

A: I don't know yet.

Q: Are you encouraging your affiliates to become cable operators?

A: No. I don't think that's my role in life to encourage. That's a business decision on their part.

Q: This is rather a major change in direction for CBS from 6, 7, 8 years ago?

A: I guess that's right.

Q: Would you welcome being allowed by the government to come back into the ownership of cable?

A: Let me say first that I see no reason, with technology the way it is developed, I do not believe that the reasons to keep CBS out of cable any more are valid. Because now there is such a proliferation of outlets that the threat of a CBS network also owning cable systems and dominating this market just doesn't hold.

Q: Are you, therefore, going to make an effort to try to persuade the government to release the bonds on the networks?

A: I think it should be for all the networks that should be lifted. We're talking to government officials right now, just pointing out the facts of life as they are today. There is no plan for us to go out and buy anything now. There is nothing in the planning.

Q: Now, regarding videodiscs, you have this—what is it — a licensing arrangement with RCA?

A: That's correct.

Q: And this does not preclude your going in with any other disc systems?

A: It's a nonexclusive license with RCA. We are not precluded from doing a similar thing with the Japanese or the optical system or anybody else.

Q: Now the terms. Is no money involved with this at this point? You simply have the right to use it without a royalty fee or — ?

A: There is a very, very minimal up-front payment and then the rest from that is a minimal licensing fee per disc basis.

Q: This is a very —

A: — It's a minor, minor financial arrangement.

Q: Would you care to indicate what it is?

A: No.

Q: Is this the kind they're making with everybody else?

A: ~~They haven't made another one, to my knowledge.~~ We're licensing the disc, manufacturing it. And, we're right now accepting their technology, and our labs are fully involved.

Q: And your labs are also — are you seeking to improve upon it or accepting it as is?

A: We will be doing both. As we're accepting them, we have some highly qualified people — as a matter of fact, the man running our labs today was one of the fellows who helped with the development of the RCA videodisc.

Q: Who is that?

A: Tom McCoy.

Q: What do you have your research and development people doing on their own in this area of new technology?

A: We have been for some time — since I've been president, we have been simulating all of these new technologies at our labs. For instance, we have been working with view-data and teletext, simulating those experiments. We are not trying to reinvent the wheel here. We are just trying to stay up with the technology and understand it so we can make the application. I don't want to be in the hardware business. That's not my idea at all. I do want to position this corporation to participate in software and all its technologies.

Q: Have you indicated the kind of programming you plan to offer on discs and tapes?

A: No, we haven't. Because that's again — I would guess initially it will be music — rather movies, and then we will be presenting our artists probably in a visual format and from that will come information. I think it will flow in that kind of logical direction.

Q: What are the current expectations for 1980 — the percentage of revenue and profits of the Broadcast Group — and ideally, what would you like this to be 5, 10 years from now?

A: We don't give that information out.

Q: It's in the annual report.

A: It is at the end of the year. But, we don't give it out in advance.

Q: I was thinking of 1979.

A: In '79 we had a — as I recall our growth probably about 12%. I have to look up — check those numbers. As far as moving off that I would expect to — Well, I can't forecast for you what I think 1980 is going to be.

Q: I didn't mean to ask that. What I wanted to ask was your percentage now in the Broadcast Group and whether —

A: You asked me the percentage of our total earnings?

Q: Yes, sir, total percentage and profits of the corporation and ideally what you would like that to be 5 or 10 years from now?

A: I have been asked that question every time, and I tell you it doesn't — it all depends on what you call broadcasting.

Q: The Broadcast Group I'm talking about.

A: Just the Broadcast Group?

Q: Yes.

A: We have always tried to have plans to get down to 50% or less of our earnings. About the time we start reaching for some of these percentages, something takes off in the Broadcast Group, and we have had some very healthy

growth there in the last couple of years in spite of our ratings. And it tends to get back up higher than we really prefer to have it. We have a goal of getting down to 50%.

Q: By when?

A: I don't have anything. That's meaningless to me. If we get our ratings up and we maintain the Number One thing that should have a strong earnings push up. So, why should I worry when it gets down to 50%?

Q: Back to the disc.

A: Let me stop right there because that question bothers me. I'll tell you why it bothers me because you tend to — people could read things in there that are erroneous. And, what I mean by that — when things were heading south there was no product. We had to rebuild our team in California and here in New York. And I am very, very much aware of what a lack of attention to the business portion of the business can do in terms of loss in position and loss of profitability. So, no matter what my plans are for growth they're not going to cause me to take my eye off that ball. And, I don't want anybody to misinterpret what I'm saying. I'm not going to go through that again.

Q: In other words, you're not going to end up with a Ball Four? Regarding the future of the disc and the cassette, you have indicated to others that you expect it to amount to billions. Do you expect it to become bigger than the broadcasting business, bigger than the record business? I think Ed Griffith thinks it will be. Do you share that view?

A: I think that within — I'm talking about decades before we'll see any real growth in that business. I believe it has the potential to be as big as our broadcasting business is right now in this corporation. The timing never comes the way the forecasters would have you believe, but the potential certainly is there. The questions that will come out — it seems to me — are will the young people buy the audio artist in the visual format. If they do, and you add to that film and informational programming, then you've got a very, very big business. Because our audio business right now is over a billion dollars in the corporation alone.

Q: What do you see this doing to the ad revenues of your Broadcast Group?

A: The videodisc particularly?

Q: Yes, the success of the disc, the cassette?

A: I don't see this as having any effect. What you're really saying, I think, is that this will compete for time at home. That's true. But you have the audio record going on right now. So, I don't know, and that could be going while people are watching television. The kids are listening while they're studying or whatever they're doing. I think the technologies, whether you're talking about disc, whether you're talking about cable, what? is going to fractionalize the network market as we know it today. I believe we're going into more specific programming for demographic groups. I think that's where the opportunity is with cable to program for specific groups that you can't really do now with the mass media or the network as we know it. I think at the same time that's going on, you're going to have homes in use using television grow, so it's not going to be hurtful to the mass — that big engine out there as we know it today.

Q: Might the growth be somewhat less than it would had there not been the competitors for people's time?

A: That's possible, of course.

Q: Vincent Wasilewski, at the NAB convention, based his entire speech trying to answer the Van Deerlins and others who say the broadcast industry has always stood in the way of new technology. I understand that you haven't been in this industry that long. But, looking back, is this a valid complaint that broadcasting generally has?

A: I'm not a historian on this industry. I can tell you from my experiences at CBS that the prior feeling was to fight cable, there was a threat —

Q: — with everything they had.

A: It was a threat to the business. I have a different view of the world, and hardly am I going to do anything in this corporation to hurt broadcast television in this corporation, quite the contrary. At the same time, I think it's rather foolhardy to think that you can stop technology. The technology is there. It's real. It's happening. I can't turn my back on it. The question is how can I turn it into an advantage to the corporation.

Q: Do you feel very strongly about syndicated exclusivity and distant signals — of removing those restrictions from cable?

A: I feel strongly about network protection because now you're talking copyright protection and everything that goes with it. If people are going to get these signals, they're going to have to pay for them. They should be putting the money up front to help develop some of this program. I feel strongly about that. But, again, as to threat of some, of these technologies, whether you're talking DBS, or whatever you want to call it — direct-to-home. Whether it's Comsat. Where is all the software going to come from for the systems? I mean Home Box Office has a problem right now. There are only so many films out there.

Q: It might even have a bigger one.

A: But I'm just saying — the whole thing. You know the networks are tying up creative talent to a great extent, trying to get as many pilots and series that we can because that tube up there has an insatiable appetite. Where do the people think the programs are going to come from? It's going to be very, very competitive. And, quite frankly, they're not going to have the resources that the networks have to get it.

Q: Many of your affiliates are very concerned about the superstation concept. Do you see this hurting the local television stations as opposed to CBS?

A: I can't see how a network affiliate, with the kind of programming we are producing, could be that hurt by a superstation except in one or two isolated cases where maybe the superstation is broadcasting a sports program of local interest. Obviously, that's going to hurt. But, again, where are they going to get their software from to keep this thing up, night after night, to where it could really be a threat?

Q: Have you sold your Canadian cables yet?

A: We have 2 proposals in to us now for purchase of our interests up there and they have to be approved by the CRTC, which I don't think is going to happen until August or so.

Q: To get back to the direct-to-home satellite, you don't feel that this is much of a threat because of their difficulty in programming it adequately?

A: There are 2 problems. There's a programming aspect in terms of where they're going to get all the programs to keep this in a viable medium, and, secondly, there is the obvious political problem as to how does this run against localism and local news and the importance of that.

Q: By that you mean that the government should step in and limit it or preclude the direct-to-home because it does compete with localism?

A: I think it has to be studied very carefully to see what great advantages there are to the user before they go ahead with it; and what the disadvantages are to the people who are in those locales.

Q: On the same front, this recent combination announced last week by Getty Oil and 4 producers of Hollywood; do you think it is good, bad, indifferent? Do you have a feeling about it?

A: Well, it's an interesting concept. I think it's going to be — it could be — very bad for HBO. And, HBO obviously feels the same way or they wouldn't be taking the actions they're taking. I'm not briefed on the legal issues here, whether they can go ahead with this or not. I honestly don't understand how the film companies planning to release their films to that new service. It's not clear to me how soon will they release it. Will it have a network play or what before it goes to the new thing or just what?

Q: I think all they have indicated is first it goes to the theatre and then to this new thing and then a 9-month delay before it could go to people like HBO. As a philosophy, do you see anything objectionable to the combination of movie producers getting together in this fashion, with Getty Oil or without? Does it present you with any problems, as a principle, aside from the question of an antitrust legality?

A: It doesn't bother me in principle as long as everyone plays by the same rules, and the rules are fair and give no party advantage over the other.

Q: Let's turn to Washington. Obviously, there's a new direction in your Washington operation under Bill Lilley. What is this new direction, and why?

A: The new direction really is tied to the whole business plan of the corporation, which was approved by our board of directors in December of this last year. It goes back to your initial point as from the time I became chief executive I was trying to strategically plan as to whether this corporation should fit and what directions it should take, and so forth. It took several years to do that and it finally came together in December of this last year and was approved by the board. In order for us to effect that plan, we had to change our approach in Washington, and we had to make the change anyway. We looked around for the right person, and Bill Lilley became the obvious choice from our standpoint. It seems to me that with everything that's going on in Washington towards FCC and Congress or what, and whether you're talking about deregulation of some of the major companies like AT&T that are out there, or if you're talking about use of blanking interval for teletext. Whether or not we should be able to own a cable system or not. For me to get this corporation properly positioned to become a major entertainment communications information corporation software supplier for all these technologies, I've got to take the point more in terms of communicating to FCC and the Congress and find out what the status of those bills is and what their understanding is. It's really a different approach for me personally.

Q: Your first year as C.E.O. — how much time did you spend in Washington and how much do you plan to spend this year? For instance, Bill Lilley said he would like to have you down there 2 days a week. Obviously, you're not. Are you spending much more time in Washington — paying more attention to Washington?

A: I am going to. I haven't in the past. I'd say the first

year was minimal, that wasn't the number one priority in the corporation. I would expect this next year — I would say a couple of days a month, minimum, I will be spending in Washington. And, I would guess that will increase.

Q: For the Broadcast Group, strictly for this question, what do you see as your major problem or problems in Washington?

A: Just the Broadcast Group?

Q: Just the Broadcast Group. I'm going to expand it then and say the rest of the company after you answer that one.

A: I would say — this isn't necessarily in rank order — but the things that concern me the most are financial disclosure, the children's programming inquiries, and, I'm concerned because I think it's important that they properly understand what we're doing right now before we legislate something else on top of this. And, I don't see them doing that.

Q: They haven't come down with the recommendations yet. They're due in August and it isn't going to be nearly as mild as a lot of people seem to think it's going to be.

A: Maybe you've got better information than I have. Their latest attempt to have minority and EEO information from the networks involves an incredible amount of detail.

Q: Are you supplying everything they're asking for?

A: Some information we're supplying.

Q: Do you think they've overstepped their authority?

A: Yes. I don't think they — that's a question, it's a legal question — but I think that has to be looked at very carefully.

Q: Do you plan to challenge it?

A: Yes.

Q: When and how?

A: I can't say at this point. Then our ability to use, with the Broadcast Group, whether or not we can use a blanking interval to test properly some of these new technologies. Those are the things right now that concern me.

Q: How about the company in general, then, with problems with Washington or do you have other problems except the Broadcast Group?

A: When you take the company, you're talking about the postal problem. It seems I wish it would just go away but it won't go away. And, for that matter, I can't find many people paying attention to it. We are concerned about some of the developments in Washington again, as to various companies positioning themselves in this new technology area. Some people may come out with a very favored position if we're not careful.

Q: For example?

A: Well, I don't want to go into a lot of detail on that but I just know from — I really would rather not go into detail at this point.

Q: What kind of relationship do you have with the White House? I don't mean you, John Backe, particularly — yes, you John Backe? Did the White House ever call you?

A: Yes. I can't say it's — I'm not close to the White House. I've been to a couple of meetings with the President and some of his staff. One was arranged for various broadcast people to be in a private dinner with him and his wife, mainly just to get to know each other and talk about mutual interests. The second was to deal with the energy problem. How can we help the White House properly communi-

cate the problem to the American public? There have been inquiries in here but there's nothing — I think the relationship is good, cooperative.

Q: Pressures from the White House, for example, up-front money for rights to the alternate Olympics?

A: No pressures from that. They talked to us. They wanted our opinions on the alternate Olympics. Was it feasible? Could we cover it? Did we have the equipment? We gave them advice on that.

Q: No request for up-front money from all 3 networks?

A: I'm not aware of that. I honestly don't recall that. Gene attended that meeting and I don't recall that being part of the request.

Q: How about your news division and the White House?

A: I think there you have the continual problem that you have with any news division with people in the White House. There have been some pressures there. And, I would guess there will continue to be from time to time.

Q: Examples? Where?

A: I think the most current one was when we were doing a segment on 60 Minutes. It had to do with the Iranian secret police and we got several calls from the White House staff.

Q: Who sent Rather to Afghanistan?

A: Nobody.

Q: Nobody. Is it true that you and Leonard didn't know he was over there?

A: Didn't have any — you mean when he went to Afghanistan? He was to do a story, as I recall, on Pakistan. He was going over on a trip. Knew nothing about his going into Afghanistan. He did that on his own.

Q: By the way, was the final selection of Rather up to you?

A: I participated in it, and it was myself, Gene Jankowski, Leonard and Paley — all 4 involved.

Q: The National Assn. of Broadcasters — is it an asset to CBS in Washington?

A: Honestly, I haven't had that much to do with that organization personally.

Q: Is there any thought of withdrawing CBS from the NAB?

A: No, not at this time.

Q: The teletext project. You are not participating in the captioning?

A: That's right.

Q: This leaves you, among the major networks, alone. You have any thoughts of changing your position on that?

A: No. Right from the start, we have felt that the captions were not the right way to go to give us a chance to experiment with teletext. It's far more flexible. It would be cheaper to introduce and to adapt and that people would go out and pay the price for the captioning and it wasn't going to do the job. So, we were just trying to have them hold off until we had the chance to demonstrate the capabilities of the teletext.

Q: Why do you go to the trouble and expense of taking

out the captioning that is provided in the Hallmark Hall of Fame to you free?

A: I'm sorry. I didn't even know we did.

Q: Just to finish up with the teletext — are you going to persist in attempting to persuade the government and your colleagues in the industry to go your way on the teletext, as against the captioning?

A: I'm not close enough on that particular issue to say at this point. We are going to persist in testing the teletext. And, I know that the demonstrations that they have had in Washington on this point have been very impressive to the people who have seen them and a lot of questions have been asked why they don't push that a little bit more.

Q: I'm told that you have some very tough monthly staff meetings with some great give and take. Is this company-wide or just the Broadcast Group or both?

A: My staff is made up of the 4 group presidents, Jack Purcell, the executive vice president, and 4 staff vice presidents. That would be Meade, McCowatt, who is administration, our finance vp and our legal vp. That's the staff. And, Lilley, when he can, comes up from Washington to sit in on those meetings also. Tough — I don't know exactly what tough means. If you mean there's a lot of discussion, we talk a lot about the corporation and it's give and take. In other words, I keep an open meeting in the sense that I may challenge people to get a response.

Q: Is it a structured meeting?

A: There's an agenda.

Q: What would be a typical subject?

A: Technology is on the agenda every staff meeting where it's reported exactly what's happening with the latest developments, with the videodisc and the teletext applications have been made or what the publishing group has done. Any new data. That's a subject that's ongoing at every staff meeting.

Q: This is a planted question from within CBS, obviously. It's not from Bill Leonard. Any thought of changing the mandatory retirement rule?

A: No. We go by the government restrictions at this present time. After a certain salary, a person would have to normally retire at 65. And, then we look at the individual in the sense that if the person wants to stay active and there's definite corporate need for him, we are very likely to ask him to stay on. We have a problem, too, of the people coming up in the organization. If we change that rule, I'm afraid it would be a little stymied at the top. So, we keep it more at a selective basis at this present time.

Q: Since you finished prime time season number one, the rumor has recurred that Mr. Paley is going to get out. Has he said anything to you about this?

A: No, nothing. I think Bill — I can't see Bill getting out of CBS. He is so much a part of it that the only thing I can see is that Bill, from time to time, may modify his involvement, based on his health and travel plans — but as long as Bill's around he is going to stay interested in CBS.

Q: Do you talk to Paley daily?

A: We try to have lunch together each Tuesday, and then of course many meetings during the week together, and then sometimes it may not be the case.

Q: Who is your principal go-between, between you and Paley?

A: There isn't any go-between.

Q: Is he in most days when he's in town?

A: Bill's hours are different from my hours — many times he'll work out of his home, too, his apartment.

Q: How about UHF station ownership — has CBS given that any thought?

A: We haven't looked at any specific situations yet — we tended to back off because, quite frankly, it got priced out of sight. Maybe we should have done it way back.

Q: Were you looking at an affiliate in a 3-station market perhaps? Were you looking at an independent in a major market?

A: There wasn't any one specific one. It was a philosophical question of whether or not we should consider. In this period of time, I might add, there were a lot of no-no's around CBS when I became president. We had gotten out of the movie business. The approach had been to fight cable. UHFs were verboten. My view goes along with

everything else — I look at the technology as something you've got to figure how you can maximize for the corporation. I've challenged all these so-called caveats around here, to push the parameters out to see what we could really do. That's why we looked at UHF. I said, let's take a look at it. Is it viable for CBS? We did that, but what came back was that it wasn't viable. It took us a while to get back into the movie business. We had been scared once before on that. It hadn't been too successful. The world changes.

Q: Are you familiar with TVQ? It gives the public recognition of various personalities.

A: I've heard about it, yes.

Q: Why doesn't CBS subscribe to it?

A: I've asked the question, why we haven't participated in more of that, myself, and I think that you'll find that we will.

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

CBS—WRAPS OFF TECHNOLOGY: Backe says network plans one or 2 cable networks, seeks to get back into cable ownership. Will produce VCR programs in addition to videodisc; work on viewdata & teletext, use satellites. (P. 1)

'SITTING & WAITING' ON COX-GE: Final order issued by FCC day after action, making possible consummation of \$560 million merger. Reluctance of Cox, court appeals, expected to kill deal. (P. 2)

BRIEF FTC SHUTDOWN: Historic one-day shutdown comes as Hill conferees rush compromise authorization bill. Kid ad rulemaking doubtful under bill, which would suspend 60,000-page record. (P. 2)

MORE ON GETTY GROUP: Plans films only; nightly schedule indicated. No 9-month hiatus for non-HBO-type groups. After 9 months, HBO et al., free toicker for simultaneous-telecast rights. SSS plans for satellite shifting. (P. 4)

CABLE vs. STV: NAB study says MDS isn't major challenger for pay-TV audience. Cable has best prospects, but STV will be profitable, too. (P. 5)

CBS—WRAPS OFF TECHNOLOGY: Videodiscs, videocassettes, satellites, viewdata, teletext—and enthusiastic plunge into cable networking—all in addition to maintaining and extending leadership in TV networking. That's what's on mind of CBS Pres. John Backe as TV affiliates hold annual meeting in L.A. this week.

We interviewed Backe at length last week—full text is included as a Television Digest White Paper herewith—and his commitment to new technology came through loud & clear. Not only will CBS press forward in its previously announced activity in videodiscs (through license with RCA system) but it will soon announce plans for one or 2 cable networks, VCR programming, plus continued effort to convince industry to go to teletext instead of captioning. Furthermore, CBS's enthusiasm for cable is so strong that it's working to persuade FCC & Congress that networks should be allowed back into cable ownership. (CBS once was major cable owner until forced by FCC to divest.)

Backe said he expects affiliates to greet CBS's new commitment to cable and other non-broadcast technology with "mixed" reactions. However, he said: "Hardly am I going to do anything in this corporation to hurt broadcast TV, quite the contrary. At the same time, I think it's rather foolhardy to think that you can stop technology. The technology is there. It's real. It's happening. I can't turn my back on it. The question is how can I turn it into an advantage to the corporation."

On programming front, Backe said CBS is in better position to become and remain No. 1 in ratings than it was year ago. Never again, he said, would CBS be in position it was when he

Consumer Electronics

RECESSION HITS April color sales, as they fall to lowest for month since 1976, dropping to 8.1-million rate. B&w down, too. VCR sales continue momentum, but Japanese exports fall. (P. 8)

\$76-MILLION SETTLEMENT of Japan TV dumping and civil false-invoicing cases leaves both sides with mixed feelings. ITC to vote on color quota extension this week. (P. 8)

SONY ON UPBEAT at new-line introduction, riding 40% color sales increase. New 3.7" & 26" color sets, VCR are highlights. Panasonic consumer electronics sales up 18%. Sanyo prices up. (pp. 10 & 13)

CAPTIONING SELLOUT: Sears captioning decoder backordered, selling at rate of 1,500 a week. Sears has 3-year exclusive license to sell. (P. 12)

MOTOROLA QUITTING custom & aftermarket auto-sound business, selling unit to Texstar, parent of A.R.A. Mfg., but will continue to supply auto OEMs. (P. 12)

became pres. 3 years ago—with only one program (Ball Four) "on the shelf" and with the attitude that CBS had "formula" that had worked for 20 years and no one needed to be concerned.

Backe won't make set speech to affiliates, instead will stand up and answer questions: "I assume the time is right because they will be wondering about technology and what's CBS doing and some of the announcements that have come out, and I think it's time we clarify it."

Network executives as well as affiliates will be in excellent frame of mind at Century Plaza Hotel in L. A. this week since CBS won prime-time race for Sept.-April by narrowest of margins over ABC. Add to this fact that TV network went over billion dollars in revenue in 1979 for first time, with sales of \$1.1 billion, up 16% from \$948 million in 1978. Pre-tax profits of TV network last year were \$145 million, up 6.6% from \$136 million in 1978.

'SITTING & WAITING' ON COX-GE: Moving with unaccustomed speed, FCC April 29 released 85-page final order approving merger of GE & Cox Bcstg. despite fact Cox had asked Commission not to act (Vol. 20:17 p1). At week end, no negotiations were underway between 2 parties, and spokesman for GE said "we're just sitting & waiting." It's understood that GE has made "overtures" toward Cox to determine if latter wants to resume talks.

Contract expires May 31, and in asking FCC not to act, Cox had argued that it wouldn't be possible to have final order that is unappealable by that date. However, Commission's fast action has made that a possibility if none of citizens groups which opposed merger seeks reconsideration or fails to go to court—considered highly unlikely. Close observer said that FCC Chmn. Ferris "did a wise political thing... He wasn't about to let the Commission be blamed for killing the deal."

In approving deal, Commission noted that Cox hadn't asked "specifically and unequivocally" that applications be dismissed. Earlier same day, Cox had written FCC that "Cox does not foresee any circumstances under which a merger between Cox and GE will be consummated." According to GE, merger talks had been terminated week earlier because of new terms demanded by Cox even though GE had increased its offer "very substantially."

FCC estimated value of merger—which includes 28 stations (11 of which will be spun off with minorities acquiring 6) and 57 cable systems—at \$560 million. Among conditions placed on transaction: (1) GE must divest systems in Tracy, Vacaville & Walnut Creek, Cal. within 120 days since systems are within Grade B of Cox's KTVU Oakland. (2) Members of Cox family must reduce holdings in GE to less than 1% because of newspaper-broadcast cross-ownership rule. (3) GE Dirs. Samuel Pierce & James Boswell must resign at consummation, also because of cross-ownership. (4) It's subject to final determinations in FCC rulemakings and Justice Dept. proceedings.

NCCB, one of groups which protested merger, immediately lost bid at FCC for stay, had indicated week earlier that it would go to court. Opponents have 30 days to take legal action. NCCB Exec. Dir. Samuel Simon told us May 2 that group would take look at its options before deciding how best to proceed, promised legal steps will be taken.

During Commission meeting, Comr. Washburn expressed concern over "the mushrooming of cable MSOs," asked FCC to start inquiry. Ferris showed interest; Lee said "it might be worth looking into." Perhaps major reason FCC cited for favoring merger was that it "would enhance [FCC] policy of fostering minority ownership."

Meanwhile, down in Atlanta, WSB-AM-FM (AM was to go to Metromedia, FM to black group) sent memo to "our friends in the advertising community" stating merger was called off "by agreement among the principals involved. So, WSB-AM-FM will remain as they are" under Cox ownership.

BRIEF FTC SHUTDOWN: FTC became first federal agency in history forced to close—although very briefly—for lack of money when emergency appropriations ran out last week. But House-Senate conferees rushed to compromise on authorization bill, and both bodies quickly passed emergency appropriations legislation in time to limit shutdown to single day. One probable

victim in compromise was FTC children's advertising rulemaking.

Kid ad rulemaking wasn't killed or specifically prohibited, but items in conference bill (likely to be swiftly passed by House & Senate and signed by President) make continuance highly unlikely: (1) Commissioners will have to promulgate specific rule to be considered, not number of possibilities as in current proceeding. (2) Advertising must now be "false & deceptive," instead of "unfair or deceptive," to legally be target of rulemaking.

Effect of above is to suspend entire record of rulemaking to present—over 60,000 pages of evidence, results of hearings in San Francisco & Washington. Before compromise, Susan Eliot, FTC attorney in charge of kid ad proceeding, was optimistic: "We [FTC staff] have no problem continuing the rulemaking under the 'deception' instead of the 'unfair' standard. But if the record is suspended... I don't know."

Mandatory one-day shutdown was forced by letter from Atty. Gen. Benjamin Civiletti to FTC gen. counsel saying that federal agency working without funding would violate little-known Antideficiency Act. Chmn. Pertschuk accordingly gave order for employees showing up on May 1 to begin packing materials for transfer to other agencies. Scene at agency's Washington hq May 1 was subdued, with some employees continuing to work surreptitiously, but many were involved in packing cartons of papers to stack in corridors. (Said one staffer: "This may really be a blessing in disguise—today we're throwing out all the accumulated red tape we should have thrown out years ago.") More serious effect was on FTC regional offices, some of which didn't open, and on FTC trial dates, which were cancelled.

Major conference compromise came on legislative veto with House, Senate & President striking deal on 2-house veto. Conference and lobbying action was intense over weekend after Carter talked to conferees (Vol. 20:17 p4). "I was surprised that kid vid became the controversial topic," said Roy Elson, ex-NAB vp, now NAB consultant on Congress. "The FTC authorization was one of the guttiest fights I've ever seen on the Hill."

Turner Bestg. System Pres. Ted Turner castigated networks on program quality at N.Y. Academy of TV Arts & Sciences luncheon May 1, said Cable News Network will investigate broadcast TV. CNN begins operations June 1. Turner wasn't particularly kind to independent stations, calling Metromedia news coverage "yellow journalism"—label which drew strong rebuttal from WNEW-TV N.Y. News Dir. Mark Monsky, who attended. Metromedia has been in forefront of station groups seeking retransmission consent which would hamper growth of Turner's WTBS Atlanta superstation. Turner said CNN start-up budget had risen from \$24 million to \$35 million, claimed sale of WRET-TV Charlotte to Group W for \$20 million would be consummated within 30 days. (FCC cleared way last week, removing EEO sanctions and short-term license to which Group W had objected.) Money from sale will provide backbone of CNN financing. Turner forecast that 50% of U.S. would be wired for cable in 5 years, 100% in 10, said WTBS would have its own program development dept. in 2 years, with first goal to fill one-hour Sun. night slot. WTBS ad revenues are running 50% ahead of last year, and CNN has signed 6 advertisers, although Turner acknowledged TV operations wouldn't be profitable in 1980.

Science fiction writers Harlan Ellison and Ben Bova won \$337,000 copyright infringement suit in U.S. Dist. Court in L.A. against ABC, Paramount & former Paramount executive. Writers said their story idea, used originally for 1970 short story and later ABC teleplay, was stolen for 1976 "Future Cop" pilot & TV series.

Sen. Hollings (D-S.C.) isn't sure whether he'll retain job as Communications Subcommittee chmn. He'll take over as chmn. of Senate Budget Committee, replacing Sen. Muskie (D-Me.), nominated Secy. of State, but Senate rules limit him to only 2 chmn. posts—so he must quit either Communications Subcommittee or Appropriations Subcommittee. Mid-week, ranking aide to Hollings said decision had been made to relinquish appropriations task. "The king isn't dead," said staffer, explaining that Hollings wanted to retain "substantive" communications job, giving up appropriations work because "he'll have all the figures he can handle on the Budget Committee." Later in week, Hollings told S.C. Bcstrs. Assn. he'd like to keep communications but needed more time to determine exact requirements of Senate rules. Speaking at SCBA luncheon, he also told broadcasters he continues to favor cost-of-regulation fee, but stressed that it shouldn't be "excessive."

Press does "terrible job" of reporting about itself and contributes to growing public mistrust of media by being too "arrogant," Carl Bernstein, ABC News D.C. bureau chief, told FCBA. Adding that press should be more open about its limitations, Bernstein, former Washington Post reporter, criticized media for trends toward gossip, "Cuisinart journalism," and "checkbook journalism" (paying subjects for stories). He said there still is too much "stenography journalism—going to a press conference, filming it and putting it on the air" (without checking into facts). "We just don't do our job well enough and that job is seeking the best obtainable version of the truth."

MORE ON GETTY GROUP: Further details on plans of Getty-producer group (Vol. 20:17 p2) emerged last week:

(1) Name isn't "Getcom." Proposed name is still clearing trademark study. Getcom is name of Getty Oil subsidiary participating with film producer.

(2) Only movies will be offered—3 nightly Mon.-Thurs., 4 nightly Fri.-Sun. Some 150 are expected annually, probably to be run 7 p.m.-1 a.m. week-days, longer on week ends.

(3) Group will acquire films from other producers, has named as "interim" film buying consultant attorney Irwin Russel, of Russel & Glickman.

(4) Transponders are available to group off Satcom I, Comstar and Westar III. At Dallas NCTA convention, discussions will be held with cable operators to determine their preference on earth stations. That will determine whether or not group will furnish equipment.

(5) Four producers won't sell films to HBO, Showtime, other existing satellite-distributed networks, for 9 months. After that, each producer will deal independently with HBO, et al., which could acquire rights to telecast same time as Getty group.

(6) There is no 9-month hiatus for organizations other than HBO-type operator. For example, Teleprompter could acquire films for all its systems, from any of the 4 producers, cablecast them simultaneously with Getty group.

(7) Movies will be offered at "competitive prices."

Meanwhile, ripple effect of Getty announcement was felt at May 1 meeting in N. Y. of Comstar cable transponder lessees called by Southern Satellite Systems. Key to proposed pay-TV network is move of Satellite Program Network evening schedule to Comstar, requiring Southern Satellite to speed up installation of earth stations pointed at bird.

At meeting, Southern Satellite Pres. Edward Taylor proposed formation of limited partnership called Satellite Earth Station, asking program supplier members to contribute about \$150,000 each—totaling enough to buy 200-300 receivers. Taylor would receive \$5,000 as general partner responsible for SES administration. Fee, other aspects of contract, are supposed to be settled this week, with final decisions about memberships due no later than May 16, on eve of NCTA convention, which would become SES sales arena.

Meeting drew about 30 participants from coast-to-coast, attesting to idea's attraction, but no one made firm commitment. Possible objections from newly formed Satellite Communications Network could be SES emphasis on conventional earth stations, rather than torus models with wider range of signal reception. SCN wants to install these to receive cable programming from several satellites.

Taylor told us limited partners would have 2 ways of recouping investment—sale of earth stations to cable operators and fees charged non-members, on order of \$200 per location.

Despite opposition from President Carter, one-house legislative veto amendments (Vol. 20:13 p4) are expected to be proposed when regulatory reform bills go into mark-up May 6 in House Judiciary Committee and May 7 in Senate Committee, American Bar Assn. warned. Expressing "strenuous opposition" to veto measures, ABA called provisions "impractical, misguided... unresponsive to public's call for reform and of questionable constitutionality." Bills (2 in Senate and one in House) would affect FCC and other agencies by tightening rulemaking process, requiring agencies to cost-analyze new rules, and outlining oversight functions by President & Congress. ABA said bills "still fall short" in some technical areas, such as how fact-finding operations are conducted, also urged adoption of modified Bumpers amendment allowing greater judicial review of agency rulemaking.

Grisly scenes of Iranian official poking at corpses of U.S. servicemen, holding jawbone, dog tags and blackened arm aloft, prompted all 3 networks to decide—independently—not to telecast most of it. Despite what NBC called "restrained editing," some stations still got viewer complaints for showing how bodies were placed on display at embassy while Iranians viewed them with handkerchiefs held to their noses. Networks said some of the event had to be shown to depict "outrageousness" of Iranian acts. Much worse was what wasn't shown or even sent to U.S., said network officials. NBC said some of editing took place in Tehran and some scenes were never filmed at all.

NAB Radio Code Board approved guidelines for advertising bladder incontinence products: Language must meet "stringent standards of good taste"; claims must be "adequately" substantiated; must mention advisability of consulting physician if problem persists; can't "play upon an individual's fears and insecurities"; broadcasters "should consider audience composition" when scheduling ads. Study shows that of 83,236 broadcast hours (from 3,236 stations) reviewed over last 2 years, 97.1% of AM and 99% of FM adhered to guidelines of 18 min. or less commercial time per hour. Number of stations subscribing to Radio Code is 3,878, up 258 from last year.

Comr. Quello will be acting chmn. of FCC May 1-22 while 4 commissioners, led by Chmn. Ferris, are in China (Vol. 20:17 p6). Commissioners remaining in Washington (Quello, Washburn, Jones) will function as a "board" to handle emergency matters. Required by law to meet at least once a month, only meeting this month is scheduled May 29. Special meetings are scheduled June 5 on renewal process, June 18 on network inquiry.

Liquor sales could double if broadcasting and/or cable TV advertising were used, according to panelists on beverage advertising, at session sponsored by "Impact," a boozeletter serving spirits & wine industry.

CATA launches membership drive, seeking systems up to 5,000 subscribers, has amended bylaws to admit MSOs.

CABLE VS. STV IN PAY TV: MDS probably isn't going to be major factor in long-term war for pay-TV audience. Bigger battle pits broadcasters vs. cable—and "any prediction as to the outcome is very risky." This is conclusion of study for NAB by U. of Tenn. Communications Research Center, also reporting:

(1) Timing is "most important factor" in competition. Where cable already exists, STV has limited prospects. Where cable isn't yet entrenched, STV can expect good results. "A UHF station capable of STV can be built in a fraction of the time and at a fraction of the cost" of cable.

(2) Economic model for STV projects median break-even figure of 33,592 subscribers for top-100 markets, with range of 33,000-55,000 between largest & smallest. "Average" STV-eligible market would produce pre-tax net of \$270,000 with 5% STV penetration (40,000 subscribers). At 10% penetration, net climbs to \$2.3 million.

(3) "In all likelihood, STV will be available in all of the top-50 markets, except those with excessively high cable penetration, within the next 10 years. In addition, a number of eligible markets below the 50th rank can also expect STV service."

(4) Though once regarded as threat to commercial TV, pay TV offers "many broadcast ownerships" opportunity "for expansion into a new and promising segment of the communications industry."

(5) In long term: "It is virtually certain that, all things being equal, cable will emerge as the strongest vehicle for pay TV because of its multiplicity of channels." But study hedged conclusion, adding: "It would appear that both pay cable & STV have a promising future. That future, however, may well be on a mutually exclusive basis from market-to-market."

Alleged fraud in payment of fees for ABC's "Charlie's Angels" is under investigation by L. A. Dist. Attorney. N. Y. Times reported that ex-ABC attorney charged officials at ABC and Spelling-Goldberg Productions (SGP) with diverting \$500,000 in payments from "Charlie's Angels" to "Starsky and Hutch" between 1977-1979 in order to deprive Robert Wagner and Natalie Wood (who have 50% interest in "Angels") part of profits. ABC said investigation by outside counsel found no truth to charge. SGP also denied improprieties. SGP is entitled to all payments for "Starsky" while "Angels" payments must be split with movie star couple.

Independent News Network (INN) formed by WPIX N. Y. has signed 30 stations for June 9 start. INN will feed 30 min. newscast Mon.-Fri. 9:30 p. m.; most stations will air at 10 p. m. Headed by WPIX Vp-News John Corporon, INN will have Washington bureau, use UPITN & Visnews for most national & international stories. Budget for first year is \$6 million; \$4 million has been committed by advertisers, according to Leavitt Pope, WPIX pres. WPIX will sell 3 min. nationally in each newscast, make 3 min. available for local sale.

Comcast ordered \$5 million in cable TV equipment from North American Philips.

In letter to Chmn. Ferris, ex-FCC Comr. Kenneth Cox warned that network evening news expansion will have "catastrophic impact" on Commission's prime-time-access policy to encourage local and independent programming. Noting that CBS is considering expanding evening news to 45 min., and other networks "are certain to follow suit," Cox said biggest problem involves 42 major market affiliates which carry network news half-hour later, 7-7:30 p. m. EST. Starting news 15 min. earlier will have "adverse impact," he said. Even worse, extending news to 7:45 p. m. will "totally destroy the access market by reducing the available time periods in major cities to a level which cannot sustain a viable independent production/syndication industry." Cox said "the Commission should not allow this to happen."

Counting down to June 1 start, Cable News Network begins rehearsals this month, Washington Managing Editor George Watson told National Press Club audience last week. Watson told us earth station for Capitol Hill probably will be installed on Rayburn House Office Bldg., to connect congressional cable TV system to Satcom for reception of Cable News Network, other program services. White House Press Secy. Jody Powell told Watson that White House wants access to CNN, too. White House has not decided whether to add earth station or run cable or microwave into White House from cable headend in nearby Arlington, Va. CNN starts \$500,000 national ad campaign this month.

Kidnaping coverage fairness and accuracy report would have to be filed with FCC 24 hours after broadcast station covered kidnaping or hostage-taking under bill introduced by Rep. Collins (R-Tex.), ranking Republican on House Communications Subcommittee. Collins said bill doesn't preclude coverage or impose censorship or prior restraint. Said Collins: "In the matter of kidnaping or the taking of hostages, I believe that there are special responsibilities that rest with the media. Statements or pictures could create an emotional reaction that would lead to the loss of lives," he said. Bill's chances are seen as nil.

Boston-based Committee for Community Access has asked FCC to "immediately" appoint interim operator for WNAC-TV Boston since agency found RKO unqualified as licensee (Vol. 20:4 p1). Although FCC decision against RKO was announced Jan. 24 (Vol. 20:4 p1), final order hasn't been released. Chmn. Ferris is supervising decision, has had proposed draft for 6 weeks but hasn't sent it to other commissioners for final vote.

Most profitable NBC show is "Little House on the Prairie," costing \$375,000 per episode, netting \$775,000, generating \$400,000 profit. Figures were included in confidential NBC report published by Variety. Worst performer: "Buck Rogers in the 21st Century," costing \$381,000 per show, netting \$365,000 and losing network \$16,000.

NBC TV Pres. Robert Mulholland, FTC Comr. Patricia Bailey, BBDO Pres. Allan Rosenshine and TV personality David Frost are major speakers at AAF convention June 7-11, Fairmont Hotel, Dallas.

CULTURAL PAY TV? Carnegie Commission on Public Bcstg. will propose that CPB finance establishment of new cultural pay-TV service, to be programmed by public TV stations, we've learned.

Recommendation is chief one found in study Commission has prepared on new technologies and their effects on public broadcasting. Report has been completed, is being printed, is expected to be released at PBS Annual Meeting next month in Washington.

New pay service would be called Performing Arts Cultural Entertainment (PACE), would be set up by CPB, possibly receive other endowment money. Under Carnegie proposal, PACE would use programming produced mostly—but not entirely—by public TV stations. It would supply service via satellite to cable systems, would eventually become self-sustaining through pay subscribers.

After programming has been used for pay TV, it would be turned over for free use of PTV stations. PACE would be non-profit.

Meanwhile, Public TV's first STV station has been proposed by KQED San Francisco, which filed with FCC for permission to turn sister UHF KQEC into STV operation. WTTW Chicago, WGBH-TV Boston and others are considering similar action.

Earth station entrepreneur Fred Hopengarten has been barred from NCTA Convention panel, after previously being scheduled to participate, primarily because of his view that no law prevents reception by anyone of any satellite signal, including pay TV, NCTA officials said. They said he was scheduled originally through an error, and they believe it's wrong to give him official position at convention, although he's free to attend panel and express views.

Non-commercial KLRN-TV & KLRU-TV Austin, Tex. violated fairness doctrine in airing discussion of stations' ownership & management during "Under Fire" program, according to FCC Bcst. Bureau. Pending at Commission is investigation of whether stations were transferred without consent to U. of Tex. Bureau noted that participants on program weren't permitted to offer views contrasting with those of stations' management.

Walter Cronkite denied report in New Republic that he'd run for vice president on John Anderson's ticket if asked. Magazine said Anderson is considering Cronkite for running mate, quoted Cronkite as saying he hasn't been approached but would be "so honored to be asked, I wouldn't turn it down." Cronkite said magazine reporter "misinterpreted our conversation." Anderson spokesman said candidate hasn't talked to anyone about 2nd place on ticket.

New satellite launches requested at FCC last week: (1) AT&T, three 24-transponder satellites, costing \$230 million. (2) Comsat, 4th Comstar satellite to replace aging Comstar I. (3) RCA, to replace Satcoms I & II, to launch Satcoms III, IV & V.

Feb. network TV billings totaled \$400.6 million, up 13.4% from 1979, according to TvB-BAR. Day-time gained 29.8%, prime time 5.6%.

Charging "deceptive" reporting, Kaiser Aluminum took out full-page newspaper ads, blasting ABC's 20/20 for making "misleading and inaccurate statements" about the company and urging public to write to congressmen about "unfairness of Trial by TV." Ad also announced Kaiser has demanded retraction, has asked FCC to force network to give it equal time, and asked House Communications Subcommittee to "examine implications of this insidious and dangerous practice." At issue is April 3 program accusing Kaiser of marketing unsafe wiring. Network offered to present Kaiser's side in interview. Kaiser refused, saying producer would retain right to edit comments and "it was evident to us that producers had already formed opinions."

Ford Foundation has asked FCC to waive multiple ownership rules so that it can own up to 5% in stations—as banks, mutual funds & insurance companies are permitted. "The Foundation's financial managers...concluded that many broadcast and cable investments can be expected to out-perform investments in other segments of the economy," Ford said. Group had assets of \$2.4 billion Sept. 30, made \$114.2 million from investments in last fiscal year, Ford told FCC. It's now limited to 1% ownership, said if waiver is granted, its interests will be passive with no participation in management.

Conspicuously absent from May 4 "60 Minutes" was Henry Kissinger, who angered CBS by refusing to appear after program had been delayed one week at his request. CBS said Kissinger reneged on "promise" to answer program's charges about his relationship with deposed shah of Iran. Kissinger spokesman said Kissinger backed out because program was "hatchet job," adding Kissinger wanted producers to interview "other people who could offer a different view" and they wouldn't do it. Dan Rather replied that Kissinger "went back on his word."

Congress should act in 4 specific areas, FCC Comr. Brown told telecommunications researchers in Annapolis: (1) Adopt legislative language recognizing competition as preferred market structure. (2) Affirm FCC authority to forbear from regulation. (3) Affirm FCC interpretation of 1956 AT&T consent decree, permitting carrier to broaden competitive offerings. (4) Permit FCC to use "non-adjudicatory" methods to allocate spectrum—allowing alternative to comparative process "which today threatens literally to overwhelm our limited resources."

Pacifica-owned WPFW(FM) Washington caused something of a flap with broadcast of "nuclear attack." Announcer broke into regular programming with announcement that U.S. was under attack. FCC official said several complaints have been received and that agency has written station asking "for the facts." No formal investigation is underway.

Cable Systems Design Group Inc. has been formed by Malarkey, Taylor & Assoc. to specialize in "design of cost-effective, frontier-of-the-art broadband distribution systems." Chmn. is Archer Taylor, pres. is Robert Sturm, ex-Cablecom dir. of systems planning & chief design engineer. Details: 1225 Connecticut Ave. NW, Washington, D.C. 20036, 202-463-7999.

Personals

David Markey promoted to vp-congressional liaison, NAB; Belva Brissett to dir.-congressional liaison; Richard Wycoff to dir.-broadcast liaison, all in Govt. Relations Dept.; Barry Umansky advanced to asst. gen. counsel; Richard Burch, asst. gen. mgr.-NAB Code Authority, resigns to open legal practice and teach, Fairfax, Va. (suburban Washington).

Dan Rather, "60 Minutes" correspondent and designated successor to Walter Cronkite on CBS evening news, addresses HRTS May 5, Beverly Hilton Hotel, L.A. . . . Burke Liburt, ex-Jeffrey Allen Assoc., appointed vp-sales, Corinthian TV Stations Div. . . . Michael Duffy, KSDK St. Louis gen. mgr., resigns to enter non-broadcast related activity. . . . Barbara Goldfarb, ex-NBC, appointed legal counsel, Shamrock Bcstg. . . . Lou Zaccheo promoted to dir.-creative services, Group W TV Station Group, succeeding Alexander Dusek, who formed own company.

Jack Wartlieb, ex-Group W joins Golden West TV as vp-productions & operations; Jerry Birdwell promoted to vp-gen. mgr., Golden West's KSHC-TV Oklahoma City, scheduled for Aug. 1 start as STV station; Greg Nathanson, ex-KTLA L.A., promoted to Golden West vp-programming; William Schickler, ex-KTLA, to vp-finance; Tony Cieslewski to engineering dir. . . . Robert Plummer promoted to engineering dir., Fisher Bcstg. . . . James McCann resigns as pres., Top Market TV, to "develop his own enterprise within the TV industry."

Robert McConnell, Ind. Bcstg. (WANE-TV Ft. Wayne & WISH-TV Indianapolis, owned by Corinthian) vp, retires, is succeeded by Reid Chapman, ex-WANE-TV vp-gen. mgr.; John Irvin, ex-WISH-TV program dir., named WANE-TV gen. mgr.

Robert Bloom promoted to pres.-chief exec. officer, Columbia Pictures. . . . James Arcara, vp-gen. mgr., WPAT(AM-FM) Paterson, N.J., promoted to exec. vp-radio, parent Capital Cities Bcstg. . . . David Handelman promoted to senior vp-gen. counsel, 20th Century-Fox.

Bruce Brown, ex-Telex, appointed senior vp-CATV sales & marketing, Times Wire & Cable; Fredrick Brown joins as Atlantic Coast sales mgr., succeeding James Morton, now eastern accounts mgr. . . . Delbert Smith, ex-Satellite Communications magazine, elected senior vp-corporate affairs, Comsat, effective July 7; he'll succeed Lucius Battle, who becomes chmn., Johns Hopkins U. Foreign Policy Institute.

Herbert Zucker promoted to dir.-market development, TV Guide, new post, in charge of developments in CATV, STV, other new technology. . . . David Meister promoted to vp-sports & co-productions, HBO; Seth Abraham to sports dir.; new HBO regional dirs. for affiliate relations: Les Read eastern; Marilyn Russell, northeast; Richard McCaffery, mid-east; Steve Davidson, mid-east metro; Mike Jeffrey, northwest; James Sharkey, north central. . . . Norman Reinhardt, ex-Army, appointed vp-engineering, Continental Cablevision. . . . Daniel Mulholland, ex-Gold Key Entertainment, named vp-syndication, American TV Syndication.

John Wicklein, ex-WLIW Garden City, N.Y., appointed assoc. dir.-news & public affairs, CPB; Donald Marbury, ex-WQED Pittsburgh, named assoc. dir.-cultural programs. . . . Fred Dressler promoted to ATC vp-new market development. . . . Pamela Koopman advanced to east coast mgr.-business affairs administration, Viacom Enterprises; Alastair Banks, ex-William Cooke TV appointed vp-Canadian Div., Viacom Enterprises.

Judd Bartling, ex-product mgr., RCA Cablevision, establishes marketing & business research firm covering electronics, including cable, electro-optics, etc.: 9738 Nevada St., Chatsworth, Cal. 91311, 213-882-3137. . . . James Lancaster, ex-Diebold Group, appointed vp-corporate development, Oak Technology. . . . John Lynch advanced to pres., Adams-Russell, succeeding Gerald Adams, who moves to chmn.-chief exec. officer; David McLachlan, also named treas.-chief financial officer. . . . J. Mitchell Jablons, ex-Ketchum, McLeod & Grove, appointed marketing exec.-national sales, TvB.

Malcolm Burleson, founder of Burleson Assoc. (consultant), appointed eastern RF sales mgr., Bcst. Transmitter Div., NEC America. . . . Robert Mahoney, broadcast consultant, joins Philips Bcst. Equipment as mid-Atlantic regional sales mgr. . . . Charles Gerber, ex-NBC TV Stations Div., named vp-MCA TV Program Enterprises, new post.

Vexing problem of security for satellite-transmitted video has been solved, Oak Industries claims. Basic system will cost programmers \$5,000-\$50,000 for uplink control, \$500-\$1,000 per downlink for decoding. Prototypes should be available for delivery at end of year, with production in 1981. Implementation of system for complete network ought to be possible by end of 1981, Oak said.

Cost of cancelling NBC coverage of Moscow Summer Olympics will exceed insurance coverage by \$25-\$28 million, RCA Pres. Maurice Valente told group of brokers last week. He said RCA would take pre-tax writeoff as soon as it's certain coverage has to be scrapped, indicated that may be in 2nd quarter.

Opposing Comsat plan to provide programming for direct TV satellite, N.Y. Times editorial said: "Even if Comsat were to become a sort of orbiting magazine stand, only Congress, not the FCC, should decide whether it also may become one of the magazines."

Saving money by avoiding time-consuming legal hassles is topic of NAB Legal Dept. workshop for broadcasters June 23 at L.A. Century Plaza Hotel. "Dollars and Sense Law" is limited to NAB members, costs \$35. Registration: NAB Bcst. Dept., 1771 N St. NW, Washington, D.C. 20036.

"Most affluent and better educated people" are major TV viewers and are increasing their viewing, according to R. H. Bruskin study for TvB. Study also maintains that TV is principal medium of such viewers and that they "can be reached efficiently and persuasively" through TV.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended April 18 (16th week of 1980):

	April 12-18	1979 week	% change	April 5-11	1980 to date	1979 to date	% change
Total TV	204,889	243,523	-15.9	190,017	4,179,650	4,515,781	-7.4
color	133,445	146,166	-8.7	117,323	2,676,821	2,804,781	-4.6
monochrome	71,444	97,357	-26.6	72,694	1,502,829	1,711,000	-12.2
Home VCR	7,501*	4,794	+56.5	7,321	181,662*	115,387	+57.4

Color TV 5-week moving average: 1980—153,147; 1979—172,800 (down 11.4%).

Home VCR 5-week moving average: 1980—9,412*; 1979—6,486 (up 45.1%).

*Record for period.

APRIL COLOR SALES WORST SINCE '76: Icy winds of recession finally started blowing last month on TV, which registered lowest April sales in 4 years for both color & b&w. April color sales were down 17.2% from same 1979 month—biggest drop for any month since July 1975.

Color sales to dealers in April totaled 514,250, down more than 100,000 from 1979, representing annual rate of 8.1 million sets—vs. 10.35-million rate for first quarter. Annual rate for year's first 4 months was 9.86 million. Fourth week of April was crusher for color—at fewer than 135,000, sets it was 27.7% below same 1979 week, biggest decline for any week since 1975. B&w sales for April were 321,000, down by almost 68,000 units, or 17.4%. B&w sales in final week, at 91,000, were down 5.6%.

Things may not be quite so bad as they look, however. Important industry research indicates public is still buying color TV at good clip, and that virtually all of slowdown is result of drastic dealer inventory reductions. Picture should be clearer in week or so, when our Early Warning Report April retail sales survey is compiled for EWR service subscribers.

Bright spot in sales picture was continued boom in home VCR—31,400 for month, up 47.3%, better than March's increase of 45.4%. Last week of April saw VCR sales close to 8,000, up 49.2% from 1979 week. Mounting distributor inventories, however, could foreshadow oversupply.

* * * *

VCR sales slowdown may be anticipated in Japan's March exports to U.S. Finance Ministry put shipments at just under 46,000, down 1.6% from supply in same 1979 month. It was first such monthly decline, and lowest total, in year. Through first quarter, Japanese exported 187,100 VCRs to U.S., up 38.7%. Total TV exports dropped 44.5% in March to 54,200, as color fell 39.3% to 36,500, b&w dropped 52.9% to 13-year monthly low of 17,600. For quarter, total TV exports of 176,900 were down 38.1%, with color off 41.8% to 101,800, b&w down 32.3% to 75,000. In color, Japanese exported 36,200 complete sets in month, down 27.1%, for 3-month total of 76,800, down 40.3%. Chassis & kit exports were off 78.1% for month to 2,300, down 45.8% for quarter to 25,000.

JAPAN TV DUMPING CASE SETTLED: What may or may not mark end to 12-year-old Japan TV dumping case came last week in form of settlement agreement between Japanese TV producers & importers on one side, Commerce, Treasury & Justice on other. Bottom line: Importers covered by agreement will pay some \$76 million, with \$66 million to cover all outstand-

ing dumping claims on sets imported through March 31, 1979, \$10 million to settle govt. civil claims stemming from TV dumping-related charges of submitting false invoices to Customs.

Everybody involved is somewhat unhappy. Agreement is, in effect, admission by Commerce that model-by-model assessment of correct dumping duties on 10-year backlog of unliquidated entries is impossible task. Treasury, which had responsibility for dumping enforcement until Jan. 1, when Commerce took over, is seeing results of major 3-year investigative & assessment effort go down drain. On plus side, of course, is fact that Commerce now has relatively clean dumping slate, can devote manpower to expected rash of new dumping cases to come. Also, serious irritant in Japan-U.S. relations has been eliminated.

Similarly, Japanese have 2 views. Payment of any amount was bitter pill for many company executives who have insisted all along that no significant dumping duties would be assessed if Treasury treated them fairly. But, pres. of one told us last week: "There is no sense in continuing endless argument." Option to rejecting settlement would be many more years of protests & litigation, continuation of threat of massive dumping penalties.

Japanese come out with one major victory. Under settlement terms, Commerce agrees that in processing TV entries from April 1, 1979 on, it will use "traditional methodology in calculating foreign market values, purchase prices & exporters' sales prices," unless information supplied by manufacturers is "untimely, materially inaccurate or incomplete." This means Commerce is discarding controversial method, adopted by Treasury, of deriving foreign value for individual TVs from amount of domestic commodity tax producers paid on similar sets sold in Japan. Its use, say Japanese, inflated foreign value against which lower export price is compared to come up with dumping margin. This resulted in massive increase in potential dumping liability. Using that system, Treasury assessed importers \$46 million for unliquidated entries made prior to July 1973, was root of govt. & industry estimates that bill through 1979 could run \$400 million or more. Japanese feared same system might be applied to prove dumping of other products, and its elimination no doubt resulted in Japanese govt. pressure to get manufacturers to accept settlement.

Signing agreement were U.S. subsidiaries of Japanese producers General, Hitachi, JVC, Matsushita, Mitsubishi, Nippon Electric, Sanyo, Sharp & Toshiba, as well as importers J.C. Penney, Midland & affiliate Western Auto, Montgomery Ward, Sears, TG&Y Stores & White Stores. Sears, J.C. Penney & White were involved in invoicing settlement. Wording of settlement is much like consent decree in that manufacturers admit to no wrongdoing, while govt. says it knows of no legal violations and agrees to waive all claims, drop any investigation relating to sets covered by agreement. Settlement doesn't affect criminal dumping duty evasion suit Justice has pending against Sears, or preclude its bringing criminal actions against other importers.

There were several indications settlement might be in works, one being our report 2 months ago that \$46-million assessed levy was being trimmed to \$8 million, would be cut back further if Japanese indicated they would go along (Vol. 20:10 p10). Deal was to be closed April 25, and EIA-Japan had scheduled press conference that day (26th in Japan) to announce it. But final agreement wasn't reached until afternoon of 28th, only hour or so before official announcement was made.

Reaction from those seeking tough penalties was predictable. Labor-industry group COMPACT said it "was surprised & dismayed" both by settlement and the fact it was not consulted. "Only the Japanese and the importers were consulted, but American companies & workers were simply ignored." Orderly marketing agreement limiting Japan's color exports to U.S. "would not have been necessary in the first place if the govt. had enforced its own 1971 dumping finding," COMPACT said. "This settlement is poor payment for the destruction of a once proud industry," said House Ways & Means Trade Subcommittee Chmn. Charles Vanik (D-O.). When shifting enforcement authority from Treasury to Commerce in 1979 Trade Act, Congress "did not expect to settle for 15 or 45 cents on the dollar." John Nevin, former Zenith chmn., now Firestone pres., called this "exactly the same settlement" Treasury tried to make last year until "Vanik himself stopped them cold... What can I say? It's incredible, but they won. I wish I could tell you how many times I thought we'd broken it."

Vanik statement also questions Commerce's authority to settle, something agency says it has under obscure 18th-century law. In statement, as well as in letter sent to Commerce in March, Vanik says: "At no time during the consideration of the Trade Agreements Act of 1979 did we contemplate the possibility of granting the administering authority the power to settle claims." Letter says intent was to "restrict the discretionary authority of Commerce," cautions that settlement could create personal liability for decision-makers from "those who may be adversely affected by the decision."

That legal settlement ground may not be rock-solid is indicated in agreement provision calling on govt. to refund payments if courts end up overturning pact. It hasn't happened yet, but we expect there will be call for congressional hearing, and legal challenge is strong probability.

TV industry's other foreign-trade problem—need for extension of color TV quotas on exports from Japan, Taiwan & Korea—is due for vote at International Trade Commission meeting May 6. Staff report was submitted to Commission last week, and decision is due on President's desk May 16. We're betting vote will favor continuation of quota agreement past scheduled July 1 expiration date. With dumping monkey off their back, Japanese—who now make most of their sets here anyway—aren't expected to object strongly. Taiwan & Korea don't have clout to stop it on their own.

SONY'S UPBEAT 20TH-ANNIVERSARY LINE: Buoyed by 40% increase in color TV dollar sales in year's first 4 months, Sony America marked 20th birthday at Scottsdale sales meeting by announcing goal of first billion-dollar sales year, introducing revamped color line, making renewed assault on stereo market—and even pledging ultimate victory for Beta VCR format.

Sony held price line on all carryover merchandise—except for projection TV systems, which were promotionally reduced \$500 to \$3,700 for 72" model, \$400 to \$3,300 for 50" (obviously in preparation for widely anticipated innovational new models). Every set in new color line is electronically tuned, lower-priced mechanically tuned sets phased out, and line now has 9 remotes in 12"-26" sizes, some using digital keypad tuning.

Sony now offers America's largest & smallest direct-view color sets, and its big attention-getters were at both ends of scale. New 3.7" AC-DC portable weighs 6 lb. 10 oz., can (inconveniently) be held in palm of hand, has video & audio inputs for use as VCR monitor, scan-tunes by means of on-screen color bar which alligns with channel indicators above & below screen—all at \$550. New top-end for 26" console line is double-sided digital-remote set with 2 audio amplifiers and bucket-brigade delay device to simulate stereo sound (\$1,250). Two new sets have audio output jacks.

In VCR, Sony introduced new Betamax SL-5800 programmable with "Variable Betascan," permitting forward or reverse search at 5-20 times normal speed, as well as freeze-frame, variable slow motion and frame-by-frame advance without sound bars or picture jitter. Intended for fall delivery, it's unpriced but Sony official said it probably would be "within \$100 of SL-5600" (\$1,350). Also introduced was new high-end camera with Triniton tube, automatic fade to black, motorized zoom, macro-focus to less than 1", to sell in July at \$1,250—vs. \$2,000 target price when we previewed it at Berlin TV-Radio Exposition last summer (Vol. 19:37 p9), with stripped-down version at \$800. Sony demonstrated Betastack MPU-controlled 4-cassette changer, which can be programmed to record one program per cassette or continuously for up to 20 hours (Vol. 20:16 p7), for fall sale, still unpriced.

Sony America is shooting for \$1 billion in total sales for year ending Oct. 31, vs. about \$750 million in fiscal 1979, Exec. Vp Ken Tamiya said at press conference. Sony Consumer Products Pres. Joseph Lagore attributed Jan.-April 40% color TV sales increase over last year largely to new console line, said he was "very optimistic" for 1980, despite recession atmosphere and credit restrictions, because of Sony's appeal to upscale consumers (to whom this year's ad campaign will be directed). On global scale, "I am rather optimistic," said Chmn. Akio Morita, who saw no worldwide recession ahead. In U.S., further expansion is due for Dothan, Ala. tape plant and San Diego TV factory, which will turn out 700,000 color sets this year.

U. S. Betamax sales in first quarter doubled last year's figure, Lagore said, and Morita told sales meeting "we will win this video war." Pointing out that VCR saturation will be about 2.5% by year's end, he added: "It needs 5% to take off—we haven't even started yet." Lagore forecast U. S. home VCR sales at 600,000-700,000 this year, said sales ratio is now 60% VHS, 40% Beta.

Morita repeated that Sony was uncommitted on consumer videodisc—and not even very excited about it, despite plans to manufacture industrial optical hardware & software in Japan. "I personally believe that the videocassette can compete with the videodisc," he said. "I find no necessity to rush into the market, so I'd like to wait a while and watch." He indicated Sony was "working very hard on all systems" and believed in videodisc's ultimate success. While conceding Sony had pressed optical entertainment discs for Philips demonstration in Japan (Vol. 20:17 p9), he said plant was geared to the large-scale mastering & short-run pressing characteristic of industrial-institutional programming.

Digital audio disc is different matter—Morita called it "most important consideration in 1980," saw digital recording taking over audio market in next decade.

Both Sony & Panasonic now are in record-changer market, Sony showing its first unit in new compact series, and as stand-alone at \$150 ("we need a reliable changer and have never been satisfied," said Morita). Sony said it had no OEM plans, but Matsushita, which used own changer in all Panasonic compacts, estimated it would sell one million to U.S. OEMs next year.

Sony rejoiced in sales of its pocket stereo cassette player, said it has sold almost 200,000 worldwide in 9 months, raised some eyebrows when it announced it was changing name in U.S. from "Soundaround" to "Walkman" so it's same throughout world. The \$200 unit already has competition—from Panasonic, which introduced battery model at \$130, AC-battery at \$150, both with lightweight earphones. Sony added to line "smallest FM stereo receiver," which operates from earphones as portable, plugs into dual stereo speaker system at home.

New in Sony audio are: (1) Complete autosound line. (2) "Portable audiophile" system consisting of repackaged autosound units for portable use. (3) Series of packaged mini-components. (4) New line of portable stereo radio-cassettes, including first one to contain both UHF & VHF TV bands.

* * * *

Panasonic Consumer Electronic Group sales were up 18% in first quarter, Exec. Vp Ray Gates told Miami sales meeting (Vol. 20:17 p8), improvement shown in all areas except compacts & mid-fi components. "I believe the long-delayed recession is about to hit the industry," he said, "although not as hard as it will hit the automobile business." He said Panasonic was either 2nd or tied for 2nd place in VCR market. (As usual, company held off introduction of new AC-powered VCRs to give RCA and other OEM customers first market exposure on new models). Matsushita Chmn. Masaharu Matsushita estimated U.S. market will absorb 850,000 VCRs this year, including industrial models, up 26% from 1979 total of 675,000 (475,000 home units).

RCA's new line, to be unveiled next week at Las Vegas distributor convention, will feature: (1) "Detail processor"—comb filter & vertical peaking circuits—introduced last year in 5 models, now in 20 sets. (2) Midband cable-channel tuning throughout Colortrak line. (3) Digital keyboard tuning combined with scan-tune feature. In preview of line, RCA introduced 19" set at \$550 with all of these features.

Sanyo, meanwhile, raised prices \$10-\$40 on holdover color models, introduced 3 new 19" sets, including 2 high-end remotes with hi-fi amplifiers & speakers. (For details of Sony, Panasonic & Sanyo lines, see p. 13.)

VCRs are discussed as ad vehicle in new FTC staff report "Technology and Legal Change." Report quotes from previous research which showed that majority of consumers interviewed "would be definitely or probably willing to buy cassettes with

clusters advertising at the beginning and/or end of the program." Use of cassettes & discs at point-of-sale is considered benefit to FTC which would have less difficulty policing local retail ads if "sales message is standardized on a video presentation."

CAPTIONING SELLOUT: Sales of Sanyo-made TV captioning decoders for hearing-impaired viewers are soaring at Sears, company is backordered, and new orders are coming in at 1,500 weekly rate. Although demand seems to far outstrip supply, it won't be until next year that any other companies will be able to join Texas Instruments as exclusive supplier of IC chip sets, and it will be almost 3 years before anyone but Sears will be allowed to market decoders.

That's present & future of decoder business, as outlined for us by Cynthia Hathaway, gen. counsel of National Captioning Institute, which licenses decoder hardware, provides captioning service for programs now being shown on ABC, NBC & PBS. Under terms of development contract with NCI, TI has sole chip-set production rights until 100,000 sets have been ordered, a figure which should be hit by end of this year. Sear's exclusive decoder sales rights are for 3 years. There's some question whether clock started when Sears placed first decoder order with Sanyo or when it delivered first decoder to consumer. Depending on resolution of that issue, market will open to others in Oct. 1982 or March 1983.

Sanyo isn't involved directly with NCI, acting only as manufacturing agent for Sears. It buys proprietary 8-chip decoder set from TI, adds 2 standard ICs it buys elsewhere. NCI has already received queries from other prospective IC & decoder manufacturers, but hasn't got to negotiation stage with any yet. Royalties received from sale of decoders are used to finance NCI captioning & development activities.

NCI is now working on refining captioning techniques to help make program content more understandable to deaf. Captions can be placed in 8 different positions on screen to avoid blocking visual material or to indicate which character is talking. Symbols are used to show sound effects. Current \$250 decoder offers only white captions on black background, but 19" color set with built-in decoder will be able to display captions in various colors, opening up new opportunities for emphasis.

Decoders have 3-position selector switch, but just English-language captions are now available, so only one position is being used at present. Next will come captioning in Spanish, followed by "Infodata," an information service NCI is now developing. Captioning information is transmitted by stations in vertical blanking interval during regular telecasts. Since captions are generated internally by decoder, they appear on screen free from snow or ghosts, so are easy to read.

NCI has been working with Lion's Club and another service organization, Quota International, both of which provide financial help to qualified people. Also becoming involved is National PTA, which sees captioning as possible learning aid to youngsters with reading disabilities.

RCA plans to raise \$225 million through sale of notes & debentures, proceeds to pay off short-term notes issued in connection with last year's acquisition of CIT Financial.

AUTOSOUND SHAKEOUT: History book closed on yet another segment of domestic consumer electronics industry last week when Motorola announced sale of custom & aftermarket segments of its car radio business to Texstar, Grand Prairie, Tex., effective May 23. Terms weren't announced. Motorola, which plans to continue as OEM radio supplier to car manufacturers, said auto radio unit showed loss last year and in first quarter 1980.

Texstar is already in autosound through subsidiary A.R.A. Mfg., which markets radios, stereo systems, air conditioners & other accessories mainly through new car dealers. A.R.A. has in-house radio design & engineering operation, sources product from Japan. Agreement gives A.R.A. right to use Motorola brand name on radios it makes or buys for distribution in U.S. & Canada. A.R.A. is acquiring all of Motorola's existing inventory, will buy enough additional radios for Motorola to work off parts inventory.

Home video gets new prominence, in reorganization of Paramount non-broadcast TV operations, with establishment of Programming & Video Distribution Group, headed by Senior Vp Mel Harris. Group is part of TV Distribution Div., puts pay TV & cassette and disc efforts on par with Paramount domestic & foreign TV distribution. Harris is responsible for 3 subdivisions, including Video Distribution under Vp Robert Klingensmith, who has Non-Theatrical (Martin Rollins), Home Video (Richard Childs), Communications (Paul Birmingham) & Pay-TV Sales (post still unfilled). TV Distribution Pres. Richard Frank told us key to consolidation is Home Video, said Paramount was launching major effort to acquire new titles and widen distribution, especially overseas.

TV receiver noise study, which could lead to changes in measurements for compliance with VHF-UHF parity rules, has been released by FCC. Made by J. B. O'Neal Jr. of N.C. State U, study concludes that while tuning-system noise figure can be used to regulate UHF-VHF comparability, traditional testing methods don't represent realistic approach. It states there's no well-defined procedure for measuring TV receiver "noisiness," which would have advantage over use of conventional noise measurements. It proposes new measurement procedure using test signal similar to low-level TV signal for obtaining either noise figure or sensitivity rating. Copies of report are available from FCC Public Affairs Office, 202-632-7260. Comments are due May 16, replies June 13.

RCA's flat-panel color-TV display (Vol. 20:12 p8) was subject of 2 papers at Society of Information Display conference in San Diego. Discussing modular 50" cathodoluminescent display, RCA Labs Staff Vp James Tietjen said: "While we are optimistic, we are by no means certain as to when all the problems facing us will be overcome. It probably will be close to 1990 before such a flat-panel display can be manufactured at a price the home consumer will be willing to pay." One of difficulties, he said, is problem of uniform brightness in each of 40 modules making up display. Circuits to overcome this difficulty are being developed, and their feasibility has been demonstrated, he added.

NEW LINE INTRODUCTIONS: Sony's color line now features electronic tuning in all sets, remotes in all sizes 15" & up, only price increases involving substitution of new models for discontinued ones (see p. 10). Unique new 3.7" portable is \$550; carryover 5" AC-DC \$550; 7.7" AC-DC \$570 (replacing mechanically tuned model at \$550); 9" at \$500 (replacing mechanical at \$490); 12" at \$490 (\$460 leader discontinued), holdover \$530, new remote \$550; 15" starts with carryovers at \$510, \$560 & \$630, new digital remote \$650; 17" holdovers are \$580, remote \$670; 19" at \$580 replaces \$600 leader, with step-up at \$590, holdover at \$630, remote holdover \$740, new digital remote \$770. Console holdovers are \$1,000, two remotes \$1,150, new double-sided Matrix Sound unit with digital tuning \$1,250.

Sony b&w line is unchanged except for new top-end 3.7" AC-DC with stereo FM-AM cassette at \$380. Continued at unchanged prices are 3.7" AM-FM clock-timer \$275, AC-DC version with cassette \$330, 5" with digital clock-timer \$190, 7" AC-DC at \$180, 12" AC-DC \$130.

Sony's long new audio line includes: (1) "World's smallest stereo radio," pocket unit with earphones which fits into home stereo speaker pair to become table stereo radio (\$220), multiband all-digital-tuning radio (\$330). (2) Four new compact stereos with Sony-made changers and metal-tape capability (\$400-\$550) and all-in-one "Interlock" mini-stereos (\$270-\$440). (3) Extremely compact stereo cassette recorder (\$220), 2-hour microcassette recorder (\$200). (4) Eight portable cassette radios, including first with both VHF & UHF TV bands (\$250). (5) Portable audiophile component systems at \$795 & \$1,095 (speakers \$200 per pair), digital remote \$770.

Panasonic color line opens with 7" AC-DC at \$440, unchanged from Jan. 1; 10" AC-only is \$320, down \$20, with AC-DC at \$360. In 12", AC-only is unchanged at \$340, AC-DC \$420, down \$30; 13" starts at \$360, down \$10, step with 18-channel one-knob electronic tuner is \$380, down \$20, remote with 14-button varactor is \$470, down \$20; 19" leader is unchanged at \$430, models with one-knob tuning are \$470 and, with VIR, \$500, up \$10 from mechanically-tuned units they replace; 19" with new 12-button random-access keyboard tuner is \$540, with VIR at \$560; leader 19" remote with 14-channel varactor is \$569, down \$10, model with new keyboard remote is \$630. Leader console is open (\$650), unchanged, and is only model with mechanical tuning. Units with one-knob tuners are open (\$700), \$730 (2 models), \$750, \$760 (2), all up \$10-\$30 from preceding models with mechanical tuning. Versions with keyboard tuners are \$780, \$800 & \$850, all up \$50-\$60. Consoles with keyboard remote are \$820, \$840, \$860 & \$880, all up \$20. VIR has been dropped from console line. New 3-tube rear screen 45" color projector is tentatively priced at \$3,299, hold-over 3-tube one-piece front screen 60" model continues at \$3,999.

In battery portable b&w, 1.5" with FM-AM continues at \$300, 4" FM-AM cassette combo is \$280, down \$10; 5" at \$145 is down \$10, as is version with FM-AM at \$165; 5" FM-AM with pop-up screen is unchanged at \$200; 5" FM-AM-cassette at \$290,

7" at \$155 & 9" at \$170 are all down \$10. In 12", open-list leader (\$110) is up \$10, step is unchanged at \$115, version with 2-hour electronic timer is \$125, up \$5, new AC-DC is \$130, holdover 19" is unchanged at \$170.

Microcassette is posing serious threat to full-sized cassette in portable recorder field. Panasonic introduced low-end single-speed model at \$60, dual-speed steps at \$89, \$100 & \$120, pocket FM-AM combo at \$150, as well as C-90 cassette that gives dual-speed models 3-hour play-record time. Company said it expects micro format will impact home & automobile deck field within 3 years. New compact & component stereo systems are \$230-\$430; all feature Matsushita-made changers, and high-end units contain cassette decks with electric-assist keys. New stereo radio-cassette "boom boxes" are \$140, \$270 and, at 35 lb., \$380, with 2 at high end having metal tape capability, 3-piece AC-DC portable which doubles as disco sound source at \$600.

Craig is concentrating car stereo effort in under-\$200 area, added 5 radio-cassette models in \$100-\$160 range, plus version with program search function at \$230. New car stereo component line includes amplifiers at \$40-\$180, radio-cassette decks at \$230 & \$260, equalizers at \$100 & \$150. At press meeting, Pres. Peter Behrendt told us car stereo sales are down sharply in custom end of business. While industry-wide volume continues strong in aftermarket segment, competition is intense because there are too many marketers. Shakeout is going on, but for every one that drops out there's new company coming along to take its place, he said. Craig trimmed \$30 from list of hand-held translator-computer, now priced at \$170. That's same price Panasonic and Quasar are putting on their similar models.

Sanyo color line, all holdovers from Jan. except where indicated, starts with 13" at \$320, up \$20, step at \$370, up \$10, remotes at \$450 (up \$30) & \$470 (up \$40). Leader 15" is up \$20 to \$400, with remote up \$30 to \$490. In 19", leader at \$370 is up \$20, step is \$390, up \$10, replacement model at \$400 is unchanged, version at \$430 is up \$10, high-end with mechanical tuning is \$460, up \$20; first 19" with touch-button tuner is \$500, with step at \$520, both up \$30; 19" varactor remote is \$570, up \$30. Top of line remotes, all with on-set & remote keypad random-access frequency-synthesizer tuning, LED time & channel display, start with holdover at \$620, up \$20; new models with audio-quality amplifiers, 2 speakers, LED bar volume indicator are \$670 & \$700.

FTC is probing 2 proposed industry mergers to see if they pose threat of reduced competition in ceramic capacitor. Under investigation are recently completed purchase of Centralab by North American Philips, and still-pending acquisition of Erie Technological Products by Japan's Murata. Both acquiring companies have other U.S. ceramic capacitor manufacturing operations. NAP is parent of Mepco Electra, and Murata has wholly owned production subsidiary in Ga. Not being investigated at this time is recent purchase of Emcon by Japan's Kyocera.

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Consumer Electronics Personals

Ned Kandel, ex-RCA Selectavision special programming dir., joins CBS Video Enterprises as program vp. . . **Lloyd Carmen**, ex-Seismograph Corp., onetime RCA Consumer Electronics Div. videodisc & VCR product mgr., joins Magnetic Video as R&D dir. . . **Jim Hansen**, ex-3M, joins Sony Video Products as west region mgr.; **Tom Landgraf** advanced to north central region mgr. . . **Morton Cogan** promoted at Sharp from Consumer Electronics Div. sales promotion mgr. to Industrial Electronics Div. communications mktg. mgr.

Robert Fried, ex-Mattel, onetime Admiral & Quasar, joins Superscope as mktg. vp, assuming mktg. responsibilities of **Martin Katz**, who continues as sales vp. . . **Christopher Terris**, ex-Garrard, named Nikko Audio east region sales mgr.; **John Arce**, ex-Fisher, joins as west region mgr. . . **Arthur Bennett** named Panasonic Consumer Affairs Div. customer care asst. mgr. responsible for complaint handling; **Calvin Graham** named consumer information asst. mgr.

Robert Gur-Arie has left post as dir., EIA Consumer Electronics Group Audio Components Subdiv.; **Gertrude Nelson** named CEG member services dir.; **John Copeland**, Motorola, replaced **Jane Davis**, GTE, as EIA International Business Council chmn.

Murray Duffin, ex-Motorola, joins General Instrument as international microelectronics mktg. dir. . . **Michael LaPorte** advanced at Belden from Electronic Div. sales & mktg. vp to exec. vp of west coast distributing subsidiary Electrical Specialty. . . **Roy Irvine** promoted at Radio Shack to Computer Div. hardware buyer.

James Lancaster appointed Oak Technology corporate vp. . . **Richard Kovener** named dir. of new National Semiconductor Automotive Applications Lab.

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
Advance Ross			
1980-qtr. to March 31	7,147,218	498,589	.15
1979-qtr. to March 31	5,041,457	38,886	.01
Avnet			
1980-9 mo. to March 28	936,123,000	51,900,000	3.32
1979-9 mo. to March 31	741,299,000	35,293,000	2.27
1980-qtr. to March 28	340,795,000	18,965,000	1.21
1979-qtr. to March 31	269,701,000	13,091,000	.84
John Blair			
1980-qtr. to March 31	52,297,000	1,982,000	.53
1979-qtr. to March 31	42,795,000	2,362,000	.64 ^a
Bowmar Instrument			
1980-6 mo. to March 31	17,286,000	20,000	--
1979-6 mo. to March 31	12,889,000	633,000	.08
1980-qtr. to March 31	8,754,000	25,000	--
1979-qtr. to March 31	7,635,000	424,000	.05
Electronic Memories & Magnetics			
1980-13 wk. to March 29	23,390,000	427,000	.03
1979-13 wk. to March 31 ^b	25,490,000	108,000	--
Harvey Group			
1980-52 wk. to Feb. 2	66,217,000 ^c	1,878,000	.85
1979-53 wk. to Feb. 3 ^b	49,571,000 ^c	1,359,000 ^d	.62
Interpublic Group			
1980-qtr. to March 31	91,513,000	1,419,000	.32
1979-qtr. to March 31	72,989,000	1,234,000	.28 ^a
Johnson Controls			
1980-6 mo. to March 31	491,022,000 ^c	19,790,000	1.42
1979-6 mo. to March 31 ^b	481,451,000 ^c	31,051,000	2.23
1980-qtr. to March 31	204,998,000 ^c	1,272,000	.09
1979-qtr. to March 31 ^b	195,771,000 ^c	9,090,000	.65
Matsushita Electric			
1980-qtr. to Feb. 20	2,608,675,000	106,053,000	.90 ^e
1979-qtr. to Feb. 20	2,148,817,000	79,004,000	.68 ^e
Ogilvy & Mather			
1980-qtr. to March 31	57,835,000	1,216,000	.29
1979-qtr. to March 31	43,611,000	797,000	.20
Reeves Communications			
1980-9 mo. to March 31	29,931,000	2,352,000	.97
1979-9 mo. to March 31	19,856,000	1,301,000	.57
1980-qtr. to March 31	11,479,000	855,000	.34
1979-qtr. to March 31	7,607,000	445,000	.19
Technical Operations			
1980-6 mo. to March 29	59,751,000	539,000	.39
1979-6 mo. to March 31	59,784,000	860,000 ^d	.64
1980-qtr. to March 29	28,877,000	129,000	.09
1979-qtr. to March 31	31,763,000	390,000	.29
Times Mirror			
1980-qtr. to March 23	403,282,000	24,350,000	.71
1979-qtr. to March 25	342,560,000	28,299,000	.83
Tocom			
1980-9 mo. to March 29	6,251,000	(175,081)	--
1979-9 mo. to March 31	5,131,000	293,944	10 ^a
1980-qtr. to March 29	2,224,000	2,237	--
1979-qtr. to March 31	1,774,000	102,194	.03 ^a
Washington Post			
1980-13 wk. to March 30	151,225,000	3,855,000	.27
1979-13 wk. to April 12	130,317,000	(5,874,000) ^f	--

Notes: ^aAdjusted. ^bRestated. ^cFrom continuing operations. ^dIncludes special credit (6 mo.-79). ^ePer ADR. ^fAfter special charge.

WEEKLY

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with
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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

BACKE FORCED OUT AT CBS: Paley ends president's 3-1/2 year tenure without explanation, assures affiliates it'll have no impact on Bcst. Group. Other CBS execs. weren't informed until after Backe fired. (P. 1)

CBS's 'BO DEREK'—19.6 RATING: Jankowski tells affiliates network has momentum, promises CBS will stay on top. Overt & covert pitches made for expanded evening news. Lilley concerned about financial disclosure. (P. 2)

CONGRESS vs. 'PRINCESS': PBS comes under pressure from Capitol Hill, Mobil Corp. and State Dept. for planned airing of 'Death of a Princess,' but refuses to cancel broadcast. (P. 3)

NBC RATINGS & financial improvement cited by RCA Chmn. Griffiths at annual meeting. RCA lost \$48 million on Satcom, will collect \$77 million in insurance. (P. 5)

CBS FARES WELL IN ANTITRUST: Network's settlement with Justice Dept. similar to NBC's; govt. denies it failed to accomplish goals. (P. 5)

SMOKES & BOOZE ON PBS? Change mulled to permit cigarette & liquor underwriting on PTV. Wrath of temperance groups feared. More visible underwriting announcements also considered. (P. 6)

REGULATORY VETO APPROVED: Senate Govt. Affairs Committee approves bill giving Congress veto over govt. agency rulemaking. Senate Judiciary Committee passes another reform bill. (P. 6)

BACKE FORCED OUT AT CBS: John Backe, pres. of CBS 3-1/2 years and its chief exec. officer last 3, was forced to resign as pres. May 8 by CBS Chmn. William Paley. Move came as complete shock to every CBS exec. we talked to. Backe had seemed to be in very secure position right up to end of CBS TV affiliates convention in L. A. day before he was booted.

In Television Digest interview published week ago (Vol. 20:18 p1 and special White Paper), Backe had spelled out several new directions for CBS—including broad use of new technology and programming for cable. Interview got much attention from affiliates—many expressing concern over cable program plans—and every question he was asked during Q-&-A session with affiliates was taken from interview. Affiliates Chmn. Robert Schmidt, KAYS-TV Hayes, Kan., told us that he was "surprised" by CBS's planned entry into cable but that it was "understandable"

Consumer Electronics

VIDEO DISC & PLAYER sales slow in Atlanta & Dallas. Major dealer complains of high cost, lack of new programming, inconvenience. Player & disc rental programs fail. Fotomat suspends disc rental. (P. 8)

APPEALS COURT ENJOINS \$76-million TV dumping case settlement worked out by Japanese importers & govt. ITC postpones color import quota extension decision until this week. (P. 9)

IMPORT RECORDS SET for color & b&w TV, VCRs in first quarter, Commerce figures show. Complete color off 51%, as only big-screen imports post improvement. (P. 10)

APRIL TV SLUMP extended into first May week with 29% color sales decline. Inventories comfortable but beginning to rise. VCR sales at high level. (P. 11)

SUMMER CES CONFERENCES take on new look, with individual presentations slated to replace panel discussions at autosound, video, audio & communications sessions. (P. 11)

HITACHI BEEFS UP 1981-model color lines, prepares for fall push with help of new U.S. plant. Technology display planned for CES. (P. 12)

MAGGIE AM STEREO: Magnavox offers system to broadcasters, says potential for first-year market is 20 million receivers. But system faces Kahn, Motorola challenges at FCC. (P. 12)

SONY INVESTS \$6.8 million in Japan videodisc plant, with monthly capacity of 100,000 discs. (P. 14)

after reading & hearing Backe's explanation. Schmidt said reaction of other affiliates was "mixed to minus."

CBS issued terse press release stating simply that Backe had resigned and that "the chief executive function at CBS will be exercised by the Office of the Chairman"—consisting of Paley, Bcst. Group Pres. Gene Jankowski, CBS Records Pres. Walter Yetnikoff and Exec. Vp John Purcell. Backe couldn't be reached for comment; Paley refused to go beyond release. Asked about successor, Paley said: "When he is found, we'll identify him." Will he be from within CBS? "I don't know."

It's known that Paley & Backe had what was described as "major confrontation" before Backe went to affiliates convention last week. Over exactly what couldn't be learned. Many within CBS speculated that Paley had 2nd thought about Backe's plan to put network into cable programming—as well as several other things that were in our interview. However, major CBS exec. said statements by Backe "had not one thing to do with it."

CBS TV Pres. James Rosenfield—and as far as we can determine, all other Bcst. Group execs. in L.A.—didn't learn of Paley's move until after affiliates' convention. Had it been known, we understand, Backe wouldn't have been there to answer affiliates questions. Typical of comments by both affiliates and network executives: "He sure didn't look, sound or act insecure... He appeared to be a man who knew he was in control."

Paley called Schmidt late May 9—reportedly after CBS chmn. heard reports that affiliates were concerned that Backe firing would have adverse impact on Bcst. Group. Not so, Schmidt was assured, and he plans to inform affiliates' board in conference call May 12. Paley also told Schmidt that he has highest regard for Group Pres. Gene Jankowski, that new CBS pres. also will. "There are no problems at Columbia," Paley said. Another top CBS exec. told us that "Backe leaves the company in excellent shape... Very solid management." Vitally interested in move are security analysts, but Backe firing had little or no impact on market May 9.

In answer to affiliate's question, Backe said: "What we have been trying to do at CBS now for some time is build a highly diversified information and communications corporation. I'm sure out there there are questions about some of the moves that we have made... I've had this concept in my mind for some time as to what this corporation should be."

Backe joined CBS in March 1973 as a corporate vp and pres. of publishing group. He was elected a dir. in July, pres. in Oct. 1976, chief exec. officer following May. He came to CBS from General Learning publishing subsidiary Silver Burdett Co. Before that, he held engineering, marketing & financial positions at GE. Ironically, Backe's predecessor as CBS pres.—Arthur Taylor, although he was never chief exec. officer—was dismissed by Paley in much same way.

CBS's 'BO DEREK'—19.6 RATING: "We now know there is something more beautiful than Bo Derek's 10—it is our 19.6" rating for just completed prime-time season, CBS Bcst. Group Pres. Gene Jankowski told cheering TV network affiliates at last week's convention in L.A. Network did very little crowing about overtaking ABC by 0.1 point; it didn't have to. Affiliates did it.

"The momentum is ours," Jankowski said. "Ours is not a short-term victory. We fully anticipate remaining in the lead position next season." Referring to new technology, he said: "I'm not worried about our future; you shouldn't have any concern either... In the decade of the eighties, all the new technologies combined will probably reduce our audience only about 10%. However, the number of TV homes will have increased by more than 10% in the same period of time." He also claimed CBS has successfully stopped ABC raids on its affiliates, noting that in last 2 years 22 stations received "competitive proposals... Only one made the mistake of leaving."

Convention ended with annual banquet May 7, making 8th travel day for most affiliates and network executives—and they woke up May 9 to huge shock. Just day after appearing before TV affiliates to answer questions, CBS Pres. John Backe was forced out of office by Chmn. William Paley (see p. 1).

Although subject wasn't on formal agenda, network officials made both overt & covert pitches for their goal of expanding evening news by 15 min. CBS News Pres. William Leonard said: "All of us at CBS News are enthusiastic about this prospect and nothing would please me more during my remaining year as president... than to see that prospect become a reality... I like to think that we are closer to a longer evening news than we have ever been—and my dream is that it will happen on my watch."

TV Pres. James Rosenfield promised affiliates they will be given opportunity to provide input as "complex editorial, operational and scheduling problems" in connection with expanded news are analyzed. Jankowski stressed "the increasing importance" of news & public affairs and public's appetite for even more. He noted KNXT L. A. now has 2 hours of local news, will add local public affairs show in fall. At closed affiliates meeting without network execs., hour & half was devoted to questions and discussion of expanded Cronkite news. "We were far from reaching a consensus," participant told us.

(From N. Y., Group W Pres. William Baker wrote CBS TV Affiliates Chmn. Robert Schmidt protesting CBS plan. "Local news service faces probable disruption and diminution if the reported CBS plan for expansion of early evening news is put in effect," Baker said. He suggested network add prime-time newscast, said Group W would carry it without compensation.)

CBS News presentation to affiliates ended with long tribute to Walter Cronkite, who retires early next year from evening news. It was narrated by Dan Rather, who succeeds Cronkite. Both received standing ovations.

New CBS Washington Vp William Lilley said goal of "the bureaucracy is to reform... our industry... to bring into being new forms of technology and new kinds of products—in short, a bureaucratic goal to create a new world with new products, all in the name of deregulation... It is an attitude that is above party and above ideology." He predicted trend will continue even if Republicans win White House, said that move has strong support on Hill. "As long as this trend remains with us, you see the Commission deregulating where economics are involved but reregulating where social issues are involved."

Lilley was particularly strong in attacking growing sentiment in Washington to make licensees' annual financial reports public: "Disclosure would change in possibly a very short time a highly competitive industry into something in which the government could regulate rates of return like a utility on a cost-plus basis... It would give advertisers a great advantage if they knew how strong and weak different stations were. It would give programmers great advantage and it would give special interest groups an enormous advantage."

Presentation by Steve Sohmer, vp-advertising & promotion, on fall promotion plans, was particularly well received, and affiliates liked very much the spots network will use to promote theme "Looking Good Together." All 5 new shows for fall—Ladies' Man, Enos, Magnum P. I., Freebie & the Bean, The Secrets of Midland Heights—were screened. Best received was Enos, by far.

CBS's top censor Donn O'Brien, vp-standards & practices, said much dialog with pressure groups often is helpful to both sides although often "we agree to disagree." He said constant liaison is maintained between such groups and his dept., that most are well-intentioned and believe "by dictating program quotas and mandating procedures, they can inflict some injustices inflicted on some segments of our society." He said CBS has no written guidelines "carved in stone tablets. Decisions very much depend upon the broadcast time, program and style of presentation."

CBS convention was picketed twice by homosexual activists—about 2,000 May 7, much smaller group with band 2 nights later—to protest "Gay Power/Gay Politics" on network 2 weeks ago. Biggest demonstration was missed totally by affiliates, who were having dinner at Chasens at time.

OIL & CAPITOL HILLS VS. 'PRINCESS': PBS last week came under almost unprecedented pressure from Congress and Mobil Corp. to cancel May 12 airing of "Death of a Princess," but

PBS officials steadfastly refused to kill show. State Dept., meanwhile, asked PBS to give "appropriate consideration to the sensitive... issues" of program, noting Saudis have complained and are "deeply offended" by program. State Dept. emphasized govt. was not attempting "censorship."

Pressure from Congress came in form of calls by key House Foreign Affairs Committee members—Reps. Zablocki (D-Wis.), chmn., and Bloomfield (R-Mich.), ranking Republican—for PBS to cancel show. Zablocki said on "Today" show that Congress should examine its PTV funding if show is aired. Mobil, meanwhile, has run newspaper ads stating that PBS's decision to go ahead with show "raises some very serious issues" about "responsibilities and obligations" of press.

State Dept. action followed by week a meeting between Pres. Carter and members of Senate Foreign Relations Committee. In that meeting, Sen. Percy (R-Ill.) advised President that Congress would probably support him if President found program wasn't in "national interest," according to Percy spokesman.

Sens. Percy and Javits (R-N.Y.) and other members of Committee received assurances from Carter he would look into it but gave Senators impression he wasn't too interested. Subject also was brought to attention of Secy. of State designate Muskie. Spokesman for Percy said Percy didn't request intervention, merely indicated support. He said Percy hasn't seen program.

In addition to Sens. Percy & Javits, another senator highly involved is Baker (R-Tenn.), who last week sought to have Senate resolution prepared backing Administration action. Resolution reportedly urges public broadcasters to note sensitivity of issue. Sen. Byrd (D-W. Va.) also has backed such a resolution.

While discussions were being held at White House and on Capitol Hill 2 weeks ago, CPB board member Sharon Rockefeller met with CPB Pres. Robben Fleming "just to talk through the matter," she said. She said she had received many press inquiries and scores of letters opposing airing. Rockefeller, who is Sen. Percy's daughter, said she met "to make certain we were prepared for the ramifications." An AP story before that meeting quoted her as saying: "These are not normal times and the climate this [program] might be shown in is extremely delicate." She told AP that Iranian situation means "we can hardly afford any adverse reaction." She told us she was interviewed before she had been informed of complete situation and believes program should be aired, stressing CPB has no say in content or scheduling of programs.

However, Senate aide complained that Rockefeller's involvement smacks of intervention in editorial process, compared Rockefeller's actions and those of Nixon Administration. "What's the difference between this and Joe Coors?" aide asked, referring to unsuccessful conservative CPB nominee Joseph Coors of Coors brewery who caught flak for intervening in programming.

Politics did, however, enter into decision by S.C. ETV not to air program. Spokesman for stations told N.Y. Times that former S.C. Gov. John West is U.S. Ambassador to Saudi Arabia and "we are more sensitive to relationships with the Saudi Arabian govt. because of Mr. West's position." Also not airing show are KUHT Houston and KLCS L.A. (KCET there will carry it instead.)

PBS Pres. Lawrence Grossman said PBS is "carefully listening to all the arguments. Obviously, we are examining the criticisms that were levied by [Saudi Arabia] and will have a follow-up program to discuss the issues. We have the responsibility to have a balanced program." He said program will be aired as planned. As result of controversy, PBS plans hour-long program following airing of "Death of a Princess," exploring issues raised. PBS also is planning program on role of women in Saudi Arabia, possibly to be aired in early June.

Criticizing RCA Americom, HBO told FCC that proposed lottery to determine transponder assignments on replacement Satcom III is illegal and should be halted. HBO said Commission should require RCA to reinstate its spring 1979 allocations on original first-come, first-served formula.

Private Screenings, new adult pay-TV service of Satori Productions, has started on USTV in Boston and Albuquerque, midnight to 3 a.m. New service features R-rated films. Firm says one featured film "out-grossed" all other movies shown on Qube in Jan.

NBC'S IMPROVEMENT: After 5 straight years in prime-time cellar, NBC is "within striking distance" of first place, RCA Chmn. Edgar Griffiths told annual meeting last week in report to stockholders—more than half of which was devoted to network. Griffiths announced signing of Johnny Carson to new 3-year contract (which one source said paid \$3 million annually), stipulating that he appear 4 nights weekly on new one-hour Tonight Show. "I think you'll be pleased with our ideas beyond that one hour, which we're going to fill in with programming," Griffiths said in reply to question.

Loss of Satcom III cost RCA \$48 million, Griffiths said, and company will collect \$77 million in insurance—difference being compensation for loss of profit. He formally announced NBC won't cover Moscow Olympics. Insurance covers 90% of money due International Olympic Committee & Russian govt.—NBC has paid about \$70 million so far. Additional loss—employees hired, trips & training—won't exceed "\$15 million after tax," he said, and he was hopeful all time reserved for Olympics would be sold because other networks are sold out.

Griffiths staunchly defended NBC's program progress under Pres. Fred Silverman. He pointed out that NBC's sales & profit in 4th quarter were best in history, with profit up slightly in first quarter, while CBS corporate profits were down 27%, ABC 4.7%. He cited ratings improvements in prime & other time segments. "We have moved out of the basement," he asserted, noting NBC prime-time shows in bottom 20 have dropped from 14 to 6 in one season. "The difference between first place & 3rd place is approximately 2 reasonably successful shows."

Griffiths' detailed attention to NBC in his report defused many questions from audience, and usual battle with representatives of Accuracy in Media (AIM) was headed off when Griffiths interrupted short speech by Pres. Reed Irvine with "we have come to the end of this dialog," and told another AIM representative who attempted to speak: "We're not going to engage in any cute tactics today."

In answer to stockholder's question, Griffiths said auditors' study of expense-account padding by NBC producers (Vol. 19:13 p7) was complete and "the amount of money improperly involved is well less than \$1 million." (For his comments on video-disc, see p. 11.)

NCTA Pres. Thomas Wheeler, speaking to GOP National Convention Resolutions Committee and requesting it adopt cable policy: "[The FCC] has in place regulations which prohibit the cable TV consumers of the U.S. from enjoying the TV diversity which New York City residents can enjoy with a pair of rabbit ears. Consumers who do not live in a handful of major TV markets are relegated to second class TV services."

Leonard-Duran fight will be carried on Columbus Qube June 20, sole cable system to carry it. Price to subscriber wasn't given. Subscribers will be able to score each round, sending votes to HQ where they'll be compared with opinions of others.

CBS CONSENT DECREE: Ending 8-year fight against Justice Dept. antitrust suit against network program practices, CBS last week agreed: (1) To limit prime-time production to 2-1/2 hours a week. (2) To forebear for 50 years from requiring independent producers to use CBS production facilities. (3) To limit for 15 years its ability to obtain exclusive network rights to independently produced programs. (4) To release performers from network talent contracts 90 days following cancellation of their programs.

(5) For 10 years not to engage in reciprocal program deals among CBS, ABC & NBC. (6) Not to engage in domestic syndication of entertainment programs other than foreign programs and those produced by CBS.

Major prohibitions won't go into effect unless similar agreement is negotiated with ABC—giving CBS rights to better terms negotiated with ABC. NBC signed agreement with JD several years ago in move bitterly criticized by CBS at time.

Industry sources believe CBS has cause to be well pleased with settlement, which will do little to change current programming practice. Observers said Justice Dept. failed to "accomplish anything" in case. But govt. angrily denied that settlement wasn't victory. "If we thought it wasn't any good we wouldn't have entered into it," said Justice Dept. official.

One difference between CBS & NBC settlements: CBS won right to annually renegotiate extension of options on series—instead of 5-year limit on renewal options in NBC agreement. Competitive impact statement filed by Justice Dept. said govt. ruled out full trial because consent decree was "substantially equivalent" to original judgment sought.

News, public affairs & sports weren't covered in settlement. NBC has right to renegotiate its settlement to conform to CBS settlement, should this prove advantageous. Only case against ABC remains outstanding. Cost of litigation to govt. has been estimated at nearly \$2 million.

"Unfortunate" conclusions of FCC's new network study were criticized by MST, telling FCC study "strayed... far from its initial goal—a study of whether the 3 commercial networks have engaged in anti-competitive practices..." MST said observation that "at least 10" technically comparable channels could be assigned to each market—by shifting all TV to UHF—is "no more than an unsupported and, we believe, unsupportable assertion." MST also filed views in proceeding to change rules concerning non-commercial FM, saying govt. funds should be used to eliminate Ch. 6 interference before being spent for any other purpose.

Distress sale of WXLS(FM) Willimantic, Conn. by X.L.S. Bestg. Corp. to black-owned Delta Communications Corp. was approved by FCC. Commission initially questioned \$209,500 price for station and real estate, ordered appraisals to make sure price was less than 75%. FCC had been investigating charges that X.L.S. engaged in fraudulent billing, misrepresented facts to FCC, transferred control without FCC approval.

SMOKES & BOOZE FOR PBS? PBS management has proposed easing underwriting rules to allow cigaret and liquor underwriting and also allow corporate logos.

Proposals, discussed at last PBS Distribution & Support Committee meeting, are aimed at bringing in more underwriting money and more underwriters.

In paper on subject, PBS noted federal law bars advertising for cigarets or little cigars and NAB Code prohibits ads for distilled liquor. But paper states PBS has steadfastly maintained that underwriting isn't advertising.

"However," paper states, "in the past we have been reluctant to relax our prohibition because of the possible legal or public relations ramifications that underwriting by either type of corporation might have."

One concern, according to paper, is that someone might sue PBS, claiming underwriting is advertising. "Similarly, some Congresspersons may use the relaxed standards as an opportunity to castigate public broadcasting for becoming insensitive to public policy concerns. We may also be confronted with significant audience/public criticism. For example, the Women's Christian Temperance Union, a significant and zealous lobbying force, is likely to attack any change in policy that permits advertising by liquor companies."

But paper states PBS can meet those criticisms because underwriting is "not advertising" and underwriting "cannot fairly be construed to encourage the consumption of such products. . . Refusing underwriting by cigaret or liquor companies may give the appearance of our passing moral judgments about particular kinds of companies."

Management paper says, however, that if PBS members vote to allow cigaret & liquor underwriting, those underwriters shouldn't be allowed to mention the programs they underwrite in their ads.

On corporate logos, management paper states that stations polled "overwhelmingly encouraged PBS to seek a rule change with the FCC." Commission bars logos so as to assure identification consistency and to prevent the appearance of underwriting identification being promotional.

States paper: "Although stations could report only one or 2 instances where underwriters refused to commit funds to public TV because of the prohibition, stations indicated that the policy has, overall, a negative impact in attracting corporate underwriting. Furthermore, the stations asserted that a logo may provide a clearer unambiguous underwriter identification than the corporate name. They noted that there is nothing inherently commercial in using a corporate symbol." Underwriters have told PBS that logos would be "extremely desirable."

Encouraging PBS on subject is recent speech by FCC Chmn. Ferris, who indicated new outlook at Commission.

World Communications Conference May 12-14 at U. of Pa. Annenberg School includes discussion of satellites, computers, prospects for international information order.

REGULATORY VETO APPROVED: Senate Govt.

Affairs Committee, which 3 years ago opposed veto, passed bill giving Congress veto power over regulatory agencies' rulemaking. Bill would permit veto only of rules with economic impact of \$100 million or more, require action by both houses before resolution vetoing agency rule is sent to President, and give Congress override power if President vetoed resolution.

FCC Gen. Counsel's Office has opposed veto repeatedly, warning agencies "might choose to adopt other means of making policy decisions such as adjudicatory proceedings" to bypass legislative review, resulting in "loss of the advantages of rule-making including public participation, and an improved capability for long range planning."

Bill is one of at least 6 of its nature in Congress and is expected to be introduced in form of amendment to legislation on Senate floor. Senate Judiciary Committee also approved bill last week to set up regulatory policy board to consolidate all oversight, requires detailed economic analyses for all rules, requires Congress to conduct review of all agencies every 10 years, and includes controversial Bumpers amendment allowing stricter review of new regulations by federal courts.

Spectrum use fee favored by Sen. Hollings (D-S.C.), Communications Subcommittee chmn., isn't included in bipartisan telecommunications bill (Vol. 20:16 p8) Subcommittee Democrats & Republicans have finally agreed upon. Sen. Goldwater (R-Ariz.), ranking Republican, has steadfastly refused to agree to such fee. However, his plan for cost-of-regulation fee isn't included in bill either. Senate sources said amount and type of fee may be decided during markup. Cable provisions also are said to be included in bill. Details of bill are closely held secret, particularly since early draft several months ago found way into hands of AT&T, infuriating Sen. Cannon (D-Nev.), Commerce Committee chmn. He ordered investigation, results of which haven't been disclosed. Details of bill may be released this week.

In significant libel ruling, U.S. Appeals Court in Philadelphia said that Pa. shield law protects broadcaster accused of libel from turning over outtakes. Case, which Appeals Court dismissed, involved charges by Steaks Unlimited that WTAE-TV Pittsburgh defamed company by accusing it of deceptive sales practices in selling poor quality meat. Ruling is first covering what material must be turned over in libel suit since Supreme Court ruled in "60 Minutes" case that broadcaster could be required to turn over outtakes and other material. Decision is seen bolstering state shield laws.

WCBS-TV N. Y. and WNJU-TV Newark, N.J., have received temporary permission from FCC to broadcast from World Trade Center.

General Instrument's Jerrold Div. has hired Gray & Rogers for advertising and PR.

Round-the-clock programming was announced by SIN—first U.S. network to do so.

PERSONALS

Samuel Antar promoted to vp, general attorney & business affairs dir., ABC News; Ronald Sunderland to vp-business affairs & contracts, ABC-TV; Griffith Foxley to vp & general attorney, ABC Publishing; Judith Bresler from ABC program attorney to ABC Video Enterprises asst. gen. attorney & assoc. dir. of business affairs... William Rubens, NBC vp-research, named Advertising Research Federation chmn.; Richard Ludwin, ex-independent producer, named dir.-variety programs, NBC Entertainment... Ned Kandel, ex-RCA Selectavision, named vp-programming, CBS Video.

W. W. Warren, ex-pres., elected chmn. & chief exec. officer, Fisher Bcstg.; John Behnke, ex-vp & gen. mgr., named pres. & chief operating officer; Sherwood Hinman, KATU Portland station mgr., and Howard Wilkinson, Fisher Bcstg. controller, elected to board; Robert Plummer, ex-KOMO-TV-AM chief engineer, named group engineering dir.; William Vandermay promoted to KATU engineering mgr.; Donald Wilkinson promoted to KATU chief engineer.

Samuel Ewing, ex-Federal Savings & Loan Insurance Corp., named pres., NAB-sponsored Minority Bcstg. Investment Corp... Bruce Heller, ex-CBS Law Dept. attorney, becomes east coast business affairs dir., Viacom Enterprises... Donald Shoultz, ex-KTHV Little Rock, named news dir., WCMH-TV Columbus, O... Rep. Van Deerlin (D-Cal.) addresses S.D. Bcstrs. Assn. June 13... Arthur Ginsberg, chief of FCC Complaints & Compliance Div., takes early retirement June 30 to become prof. of journalism, Dept. of Communications, U. of Texas, Austin.

David Melster promoted to HBO vp-sports & co-productions; Seth Abraham to sports dir.; new HBO regional dirs. for affiliate relations: Les Read, eastern; Marilyn Russell, northeast; Richard McCaffery, midwest; Steve Davidson, midwest metro; Mike Jeffrey, northwest; James Sharkey, north central... Andy Setos, ex-WNET N.Y. chief engineer, appointed engineering vp, Warner Amex Satellite Entertainment; Richard Vanderbilt, ex-Big Tree Recording Co. pres., appointed affiliate relations dir.; John Shaker promoted from mktg.-sales coordinator to eastern region sales account executive.

James Crawford promoted to vp-marketing research group U.S., A.C. Nielsen... Blaine Decker, ex-northwestern mgr., advanced to vp-TV station sales, Arbitron... Frederick Levitt, broadcast business affairs mgr., SSC&B, named vp... Elaine Linker and Ted Van Erk, both heading MMT group sales teams, promoted to vps... Jane Wheeler, former mgr., news & feature services, American Textile Mfrs. Institute, previously with Carl Byoir, named news information dir., Cable News Network; she's wife of NCTA Pres. Thomas Wheeler.

Robert Stengel, ex-consultant, joins Continental Cablevision as govt. affairs dir... Bruce Heller, ex-CBS, becomes east coast business affairs dir., Viacom... Thomas Ignier, ex-Viacom, named financial services dir., Time-Life Productions... Roger

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Smith named vp-corporate affairs, Warner Communications... Walter Schaar, ex-KSPS-TV Spokane, joins Cox Cable Communications as educational & information services.

Darcie Elmer promoted to customer service mgr., Northern CATV Sales... Suzette Grimm, ex-Shoetime, becomes Galavision public relations dir... Jerry Rettig, ex-WPIX-TV N.Y., appointed vp-creative services, Worldvision Enterprises... Ernest Kelly named Comsat congressional & govt. relations mgr... Robert Anderman returns to McMartin Industries as domestic operations mgr.; Ronald Briggs promoted to international operations mgr... Kerwin McMahon promoted to vp-CATV Div., RMS.

Roger Cornett advanced to vp-electronic operations, Belden, replacing Richard White, retired; Roland Miracle promoted to vp & gen. mgr., Electronic Div... Officers elected by Federal Communications Consulting Engineers: Robert Ritch, Moffet, Ritch & Larson, pres.; Frederick Griffin, Frederick Griffin Inc., vp; William King, Jules Cohen & Assoc., secy.; Jeremy Raines, independent, treas.

Pre-trial proceedings were opened to Palmer Cablevision, Naples, Fla. in ruling by Naples Circuit Court. System demanded right to cover deposition sessions in suit filed against Collier County by Miami-based ambulance firm. Action marks "what may be the first instance of a cable system going to court to determine media access to judicial proceedings," Palmer said.

Belden Corp. will build wire & cable plant in Tompkinsville, Ky. scheduled for early 1981 completion.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended April 25 (17th week of 1980):

	April 17-25	1979 week	% change	April 12-16	4 mo. 1980	4 mo. 1979	% change
Total TV	225,390	283,837	-20.6	204,889	4,405,040	4,799,618	-8.2
color	134,486	176,170	-23.7	133,445	2,811,307	2,980,951	-5.7
monochrome	90,904	107,667	-15.6	71,444	1,593,733	1,818,667	-12.4
Home VCR	7,888*	5,287	+49.2	7,501	189,550*	120,674	+57.1

Color TV 5-week moving average: 1980—144,682; 1979—169,717 (down 23.7%).

Home VCR 5-week moving average: 1980—8,997*; 1979—5,956 (up 51.1%).

*Record for period.

VIDEODISC & PLAYER SALES SLOW: "I've been taken for a ride, says Wade Gaylor, head of Inman's, 10-store Dallas chain which claims to be biggest seller of Magnavision videodisc player. "Business is as slow as I can remember—we're not getting what I'd hoped we'd get," asserts Jack Rigby of early videodisc dealer Allen & Bean, Atlanta. Both indicated player sales had virtually collapsed and rental programs had failed. Both complained about lack of new programming, particularly music.

It may be true that videodisc & tape are non-competitive, but Gaylor doesn't see it that way. "I've learned an awful lot" since starting player & disc sales last Dec. 6, Gaylor told us. "I've been to school now. I put myself in the customer's place. He says, 'If I have something that will show me movies, why do I need something else?' The customer is not putting money on the counter [for players]. He looks at the disc player and then says 'let me see a VCR' and puts his money on the counter."

Inhibiting sales now, Gaylor says, are price of player, shortage of program titles, number of times discs must be turned over or changed to see a feature ("Who has to go to the john 5 times during a movie?"), where to put the machine ("you can't put it on top of the VCR or under the VCR"). "I have no complaint about VCR sales. They come in to look at the disc player and walk out with a VCR. I've never seen it happen the other way." Isn't customer concerned about cost of pre-recorded tape? "He's not looking at the cost of tape vs. disc."

"Discs are a bigger hangup than the machine," says Gaylor. "We've received no new releases since we started selling. MCA promised us new titles April 14 and again April 30—and they haven't shown up." Inman's has special disc-swap deal—customer buys player at retail price, can exchange used discs at any time for 1/5 regular price (\$4.99 for movie). "That helped our sales—we probably have sold more players than anyone else. But now our customers have seen all the discs and are clamoring for more.

"The newest thing in the catalog is 5 years old. People have already seen Patton in the theaters, on pay TV and on free TV. We're getting plenty of old discs, but no new ones. There's a larger demand for music than for movies. People say, 'it's a record, where's the music?'"

Inman's experimented with "rent-a-player" program, under which customer rents player 2 months for \$50, which is applied to purchase price if he decides to keep it. "We put a ton of money behind this program." Results: "We didn't rent one. We ran 4 ads and pulled the rest. We're dealing with a customer who can afford to buy."

What will make videodisc viable? "I don't know what you could do. Maybe \$295 would do it. [RCA player] certainly will be no barn-burner at \$495. And it's just not going to go if you don't have tons of material. I'm telling some of my friends in the retail business to skip it. The horse could die at the starting gate."

Rigby agrees "the emphasis has to go on music for the disc to succeed." Allen & Bean has had problems moving disc players, he said, and recently instituted same 2-month rental program as Inman's—with same results. He says original market for players—"the new electronics customer who wants the latest"—has been saturated. "It's tougher now—we really have to sell." As for discs, "we have plenty of old programs, but there's been only one new release in 8 months."

Player & disc quality problems have been solved, Rigby & Gaylor agree. "The player is beautiful. They went to work and solved their problems. We haven't had any quality problems since Nov. or Dec. 1979," says Rigby. Gaylor says quality of discs & players is "50% better" than it was last Dec.

New Discovision releases are on way—3 new titles this month (Coal Miner's Daughter, The Jerk, 1941), with at least 3 more (including Electric Horseman) in June, we were told by MCA Discovision Pres. James Fiedler. In addition, Columbia Pictures expects to distribute 10 of its own features in optical format later this year. New Discovision catalog is expected this month, to be revised again after 6 months, and 3-6 titles will be added monthly for rest of year, including stereo music discs. Discs are being distributed to record stores as well as Magnavision dealers, under MCA's new marketing plan (Vol. 20:15 p10).

Hour-per-side EP discs, which would cut disc-changing in half, have run into snag, and Fiedler said Discovision would hold back release until it's completely satisfied with quality. Animal House, first EP release, was recalled after about 150 copies were sold, and is being reissued on 30-min.-per-side discs. House Calls and Deliverance, now being sold on EP discs, will remain exceptions to no-EP rule for some time to come. According to Fiedler, Animal House difficulties related to problems in transferring subtleties from film to EP disc.

Fotomat has discontinued test of videodisc rentals in Dallas, Video Operations Vp Stephen Wilson told us, because "machine sales were slower than anticipated. It became fairly clear at an early stage that there weren't enough players to warrant the expense of promotion." Fotomat still has disc inventory and pilot promotional plans, may try again "when there are enough machines in Dallas and other cities."

Meanwhile, N. American Philips Chmn. Pieter Vink forecast at annual meeting that optical system will become industry standard. He called it "only one of a number of products that... offer substantial opportunities for our Magnavox operations." As other examples, he cited digital Compact Disc stereo system & teletext. Note: RCA is expected to demonstrate working videodisc player of final production design to distributor personnel at Las Vegas sales meeting this week.

D.C. COURT BLOCKS TV DUMPING SETTLEMENT: Seemingly closed 12-year-old Japan TV dumping case popped open again last week when D.C. Federal Appeals Court issued injunction blocking deal calling for importers to pay \$76 million in settlement of all dumping claims and related false-invoicing charges on all sets imported before April 1, 1979 (Vol. 20:18 p8). Also still up in air last week was color TV import quota extension issue, as International Trade Commission postponed from May 6 to May 13 decision on recommendations to make to President Carter.

Appeals Court order enjoins Customs from liquidating or reliquidating assessments on any Japanese TV entries covered by dumping decision; and Commerce, Justice & Treasury from implementing settlement agreements. It came in response to motion by labor-industry group COMPACT. Motion was filed as part of suit, pending since last Aug., in which COMPACT is appealing lower-court dismissal of action demanding Treasury develop detailed entry liquidation plan and collect all dumping duties owed (Vol. 18:19 p8, et seq.).

In court order, COMPACT got something more than expected. Group filed 2 motions, first seeking injunction pending resolution of appeal, other being request for emergency injunction

until court rules on first. Judges Edwards, MacKinnon & Wright leapfrogged over emergency request, issued order pending appeal. While govt. is expected to be in court this week seeking clarification, that appears to mean injunction will hold until appeal is decided. No hearing date has yet been set in that case, and it may not come up until next fall.

In seeking injunction, COMPACT said that if settlement is allowed to go through, with final liquidations issued, it will be blocked from permanently pursuing its suit in Customs Court, and because most issues will become moot, it would be barred from relief in Dist. Court even if it wins current Appeals Court case. In reply brief, govt. argued that settlement was beneficial, cautioned that actual dumping duties collected might be less than \$76 million if importers end up challenging its alternative liquidation procedures in court.

ITC accepted staff report on health of domestic color TV industry at meeting last week, where it was announced that individual commissioners wouldn't make recommendations until this week on whether quota on color imports from Japan, Taiwan & Korea should be extended past slated July 1 expiration date. Raised, but unresolved at meeting, was whether ITC could recommend that some other form of import relief, such as higher duty rates, be substituted for quota. In memo to staff, Chmn. Bedell revealed she won't participate in case because of possible interest conflict. This, she told us, was result of stock purchase made by family in 1979 well before COMPACT filed quota extension request. Elimination of Bedell leaves Comr. Moore as only current ITC member sitting who ruled on COMPACT's original bid for TV import relief in 1977. Moore voted, along with all other members, that industry was indeed import-injured, recommended relief in form of five-fold duty increase, from 5% to 25%, be imposed on imports of complete & incomplete color & monochrome TVs.

TV, VCR IMPORTS SET 1ST QTR. RECORDS: Sharp leap in color TV chassis and b&w shipments in March pushed TV import totals to new record highs in first quarter. Video equipment imports also posted substantial gains for both month and quarter.

Total imports of complete & incomplete TV jumped 68.9% in March to 816,900, as color rose 15.2% to 314,500, b&w soared 138.5% to 502,300. Total first-quarter imports were up 14.9% to 2.53 million, with color at just under 1.1 million, up 7.4%, b&w at 1.43 million, up 21.4%. New b&w category, mini-combos, totaled about 99,000.

VCRs set growth pace for video gear, with March imports up 129.5% to 64,500, putting results for quarter at 203,100, up 89.6%. Videocassette imports rose 27.6% in month to 941,500, for 3-month total of 3.13 million, up 87.4%. While total TV cameras were down 5.1% in month to 10,000 and closed quarter off 19.6% at 33,900, all decline came in b&w models. Color cameras were up 108.2% to 8,300 for month, up 31.4% to 25,600 for quarter, while b&w dropped 74.6% to 1,700 in March, ended full period at 8,300, down 63.5%.

In videoplayers, a new import classification this year, magnetic tape models totaled 725 in month, 2,500 in quarter. Non-magnetic models, presumably optical disc players, totaled 5,800 in March, which equalled more than half of 9,100 first-quarter total. Japan (Universal Pioneer) was top supplier for full period with 7,600, followed by Netherlands (Philips) with 1,100, while France (Thomson-Brandt) was source for 16.

In color imports, complete sets accounted for 68,000 of March total, down 22.1%, incompletes rose 32.7% to 246,500. For quarter, complete color imports were down 50.6% to 208,800, incompletes up 48% to 890,200.

Color import breakdown by screen size for quarter shows only gain came in 20"-&-over, which rose 150.8% to 24,300 for 11.7% share of total, up from 2.3% share. Results for other color sizes: 10"-&-under, 22,300, down 23.8% for 10.7% share (from 6.9%); 11"-12", 27,900, down 53% for 13.4% share (14.1%); 13", 53,900, down 53.3% for 25.8% share (27.3%); 14"-15", 12,400, down 58.3% for 6% share (7.1%); 16"-17", 1,600, down 24.7% for 0.7% share (0.5%); 18"-19", 65,800, down 62.8% for 31.5% share (41.8%); combinations (not reported in 1979), 528 for 0.2% share.

In b&w, all gains came in 12"-&-under sizes, including combinations which were not reported separately last year. Results: 10"-&-under, 236,000, up 13.9% for 17.1% share (20.5%);

11"-12", 1,004,300, up 23.5% for 73% share (65%); 13"-17", 31,100, down 26.6%, 2.3% share (4.9%); 18"-&-over, 104,600, down 3.6%, 7.6% share (9.5%). New classifications, included with 10"-&-under results above: 6"-&-under, 43,800, 3.2% share; 7"-8", 5,000, 0.4% share; 9"-10", 88,400, 6.4% share; 6"-&-under combos, 95,600, 6.9% share; 7"-8" combos, 3,200, 0.2% share.

APRIL TV SLUMP: Official EIA figures confirm our report that last month was poorest April since 1975 (Vol. 20:18 p8). Color TV inventories, although still below last year's level, are beginning to rise—factory plus distributor stocks increasing 11.4% during month, compared with normal 4-6% increment.

For year's first 4 months, color sales were off 5.7% from last year (see State of the Industry) and only 5.9% from record April 1978, thanks to strong first quarter. B&w sales were down 12.4% in year to date. Color TV annual sales rate for April was 8.15 million, for first 4 months 9.86 million.

Color TV factory-plus-distributor inventories at end of April totaled 2,295,000 sets, down 3.6% from year earlier; factory stocks, at 1,271,000, were down 14.9%, while distributor inventories rose 15.4% to 1,024,000. During April, factory-distributor inventories climbed 11.4%, factory inventories 22.4%, distributor 3.1%.

Home VCR sales, up 57.1% in first 4 months, were at annual rate of 816,000, based on scanty seasonal information of last 2 years, but at only 568,000 rate for April. Total factory plus distributor VCR inventories stood at nearly 137,000—2nd-highest point in history—at month's end, up 51.7%, higher than the 47.3% increase in sales over April 1979. Factory inventories, 90,700, were up 31.8%, while 46,000 VCRs in distributor hands represented increase of 116%. During April, however, distributor inventories declined 11.2%, while factory inventories went up 20.1% for total factory-plus-distributor increase of 7.4%.

Color TV doldrums continued first week in May, with sales of less than 134,900 sets, down some 29% from same 1979 week—biggest year-to-year drop for any week since 1975. B&w sales, at around 92,000, were down 16%. VCR continued to be bright spot, registering more than 10,000 units, up 59.5%.

Here are EIA's official figures for sales to dealers in April, with 1979 & 1978 comparisons:

Product	April 1980	April 1979	% change	April 1978
Total TV	835,281	1,009,576	-17.3	1,081,687
color	514,251	620,781	-17.2	698,256
monochrome	321,030	388,795	-17.4	383,431
Home VCR	31,426	21,328	+47.3	27,221

Pre-recorded cassette point-of-purchase displays have been placed in 15 N. Y. area drugstores as part of Vidamerica retail rental test. Customers can order at stores, supposedly receive program of choice next day from wholesaler who carries cassettes along with rest of drugstore line. Druggist is equipped to take cash or credit card to complete transaction. Vidamerica has concentrated on direct-mail rentals of titles, including 20 from United Artists.

CES CONFERENCES: Format change adopted for product conferences at Summer Consumer Electronics Show in Chicago June 15-18 eliminates roundtable discussions in favor of individual presentations covering various aspects of major product classifications. Sessions start at 9 a.m. Here's schedule, speakers & topics:

June 15, Autosound, Jack Doyle, Pioneer, key-noter & chmn. Speakers: Jim Twerdahl, Jensen, "New Products." Marshall Brown, Craig, "Standardization." Reese Haggott, Alpine, "Sales Aids."

June 16, Video, Lud Huck, GE, chmn.; Henry Geller, Commerce, keynoter. Speakers: Ken Winslow, Videoplay Reports, "VCR." Theodore Anderson, Argus Research, "Videodisc." Robert Reed, National Video Clearinghouse, "Video Software." Ray Kassar, Atari, "Home Computers."

June 17, Audio, Michael Schulhof, Sony, key-noter & chmn. Speakers: Jerry LeBow, Frank Barth Adv., "AM Stereo." Len Feldman, consultant, "Innovations." John Dale, Fuji, "Blank Tape."

June 18, Communications, John Sodolski, EIA Communications Div., chmn. Speakers: Bernie Appel, Radio Shack, "CB." Byron Crum, Regency, "Scanners." William Thomas, Pathcom, "Cordless Phones." Martin Schatz, Record-A-Call, "Telephone Answerers." Frank Young, AT&T, "Rules on Customer-Owned Equipment."

Videodisc system introduction and availability to distributors in Dec. "is a task that will be fully met," RCA Chmn. Edgar Griffiths told annual meeting last week. He said licensees CBS & Zenith "will be paying us an amount of money for the rights." Program catalog, "at the beginning of next fall" will contain about 150 releases, he added, and monthly releases thereafter will bring total to at least 300 programs by end of 1980. In answer to question from floor about "Japanese system," he said: "We are very hopeful another competing system will not be marketed in this country. We're going to do everything we can to make our system the standard of the world." He declined to predict RCA's results for 1980, but forecast "difficult" recession and pledged to "do better in a period of adversity than RCA has ever done before." For his remarks on NBC, which constituted most of his report to stockholders, see p. 5.

FCC no longer requires certification of hand-held electronic games, but warns manufacturers that they must meet technical specifications for Class B computing devices. Meanwhile, FCC has set up 4-man panel to answer questions about new computer technical standards. Questions should be addressed to Computing Device Panel, FCC, Rm. 7208, 1919 M St. NW, Washington 20554.

HITACHI FOR 1980: "For the last 3 years, we've been telling our customers that fall 1980 would mark a new start for Hitachi in color, and now we're showing them that it's true," we were told last week by Sales Dir. Allan Wallace, in N.Y. for East Coast unveiling of firm's 1981 models.

Hitachi's color supply problems are over, he said, pointing to 17-model lineup. New plant in Compton, Cal. went on stream as scheduled in March, is currently producing 8-10,000 19" sets monthly, will be operating at 15-20,000 monthly capacity by fall, when some 13" production may be added. Hitachi is still getting its high- and low-end 19" models from GE, importing small-screen color from its plants in Taiwan & Singapore. Along with TV, Hitachi has beefed up audio line as well. "We haven't got as many [audio] models as some, but we have all the important features," Wallace said. He pointed out that today dealers don't want to carry excessive inventories, and said Hitachi is emphasizing importance of known brands in current market.

In support of renewed assault on market, Hitachi will spotlight its technological capacities at Summer CES in Chicago with 2 special shows. One, running 20 minutes, will be demonstration of Hitachi Total Audio Video System, computer-controller home entertainment, data & security system, apparently similar to ACCESS system Sony demonstrated at Jan. CES in Las Vegas (Vol. 20:2 p13). Other, running 15 minutes, will feature current advances in hi fi. Separate area will house display of futuristic products, including new CRT, MPU-controlled audio recorder that produces video picture, talking clock radio, sub-mini audio recorder.

Hitachi 1981 color line starts with 5" AC-DC at \$430, unchanged from Jan., with 9" AC-DC at \$400, down \$30. Carryover 13" with mechanical tuners are unchanged at open (\$340) & \$360. New 13" step-ups with ladder electronic tuners are \$400 & \$460; last, with remote, is down \$40 from model it replaces. Lone 15" remote is unchanged at \$570. In 19", mechanical tuning models are unchanged at open (\$450), \$470 & \$490. First with electronic tuning (14-channel ladder) is \$520, down \$20, step due in Sept. is \$540, version with 16-channel ladder tuner & VIR is \$580. Three new 19" remotes due in fall are \$590, down \$10, \$610 & \$680, last featuring 16-channel random-access or sequential tuning remote, VIR. Holdover 19" remote with random-access keypad tuner continues at \$700.

In b&w, sole AC-only is open-list 12" (\$110). Battery portables start with 4.5" at \$170, version with clock at \$220, model with FM-AM-cassette at \$330. Only 5" is \$160, 9" are \$125 & \$130, 12" is \$145. In home VCR, 3-speed VHS AC decks are \$1,200, \$1,350, last with programmable tuner, noise-elimination circuitry. New 3-speed 15.4-lb. battery portable is \$1,150, companion programmable tuner-timer \$400. New color camera features electronic viewer with built-in light-level indicator, 6-1 zoom, audio playback, weighs 4.8 lbs., is \$950 companion to carryover \$750 model with optical viewer. Also added were 5 new compact stereos, \$180-\$440, with LED tuning indicators & Dolby in high-end models; 4 portable stereo radio-cassette

recorders, \$160 to \$350, with LED volume & tuning indicators, random tape program selection at high end.

BSR is expanding line of accessories for X-10 home electrical product remote control system. Additions include programmable clock-timer at \$75, 3-way wall switches & wall outlets with built-in control modules, security controller to turn on selected lights at entrance to home, isolation transformer that blocks signals from controllers in other homes. In works is telephone interface so lights and appliances can be triggered by phone.

Gold Star is latest entrant in competitive auto-sound market. Korean firm will introduce 3 in-dash systems at June CES.

MAGNAVOX AM STEREO: Magnavox won't press patent claims on its AM stereo system against broadcasters or broadcast equipment manufacturers who want to adopt system, chosen as industry standard by FCC (Vol. 20:15 p8), company said last week. But Magnavox's confident announcement was overshadowed by continuing threat of protests by competing companies: Hazeltine (backing Kahn system) has petitioned FCC for oral argument; Motorola supported Hazeltine request, also asked for public disclosure hearing on FCC's selection process.

Magnavox Pres. Kenneth Meinken & Senior Vp Kenneth Ingram appeared at Washington press conference to offer system to broadcasters. They said Magnavox will help stations and broadcasting equipment makers with technical assistance, but won't be producing any broadcasting hardware itself or create any special AM stereo organization.

But situation is different for receivers: Using car radio market as guide, Ingram estimated first-year potential market for AM stereo receivers as 20 million. Magnavox intends to charge "reasonable license fee" to receiver manufacturers; Meinken said company hasn't decided on final figure, but total "won't exceed 40 cents per receiver." He said that was less than other audio patent fees such as Dolby.

Meinken said he hadn't heard any reports of legal action by competing companies and didn't know anything about adverse reaction to Magnavox selection by some broadcasters at NAB meeting in Las Vegas. But Leonard Kahn, designer of Hazeltine system, expressed confidence that Magnavox selection will be overturned: "I believe the Commission will grant our request for an oral argument promptly, before the final report & order comes out... I wouldn't want to threaten legal action at this time."

P.R. Mallory name is now Duracell International, reflecting new status as solely battery manufacturer. Company was acquired in late 1978 by Dart Industries, which sold component & capacitor operations to Emhart last year.

Direct satellite reception will be used by Advent to demonstrate projection TV at CES. Earth station will be supplied by Channel One Inc., Newton, Mass. home satellite terminal company.

EIA 1979 RESULTS: Figures in "1980 Annual Review" just published by EIA Consumer Electronics Group show 1979 unit supplies (domestic production plus imports) of all traditional industry products were below 1978 levels. As noted earlier, total value of industry output declined 0.3% to \$9.27 billion last year (Vol. 20:16 p15).

Review gives first look at EIA's phono totals, which show sales to dealers fell 2.4% last year to 4.31 million, as 18.5% drop in consoles to 552,000 more than offset effect of 0.5% rise for compact & component systems to 3.76 million. On new supply basis, console output fell 16.8% to 568,000, compacts & components rose 1.6% to 3.81 million.

Only bright spot in overall radio market decline was 1.5% gain for AM-only auto radios to 5.44 million. FM auto radios dropped 5% to 6.94 million; in home & portable radios, AM-only sank 32.8% to 7.15 million, FM was down 17.1% to 20.5 million. In FM, table radios were down 18.2% to 906,000, clocks dropped 17.6% to 8.74 million, portables were off 16.6% to 10.9 million.

Sets in use in U. S. at end of 1979: Color TV 80 million, up 9.4%; b&w TV 75.8 million, up 4.4%; home-portable radios 341 million, up 0.3%; auto radios 112 million, up 1.8%. According to EIA totals, 1979 marked first time number of color TVs in use exceeded number of TV households. Here are EIA CEG's unit market totals for 1979:

MARKET TOTALS*

(units in 000s)

Product	1979	1978	% change
Color TV	10,042	10,674	-5.9
B&w TV	6,575	6,732	-2.3
Home radio	27,648	35,367	-21.8
Auto radio	12,381	12,668	-2.3
Phono	4,242	4,798	-11.6

*Domestic production plus imports.

TDK plan to construct ceramic capacitor plant near new videocassette facility it's building in Peachtree, Ga. has been put on hold. Company blamed rising value of dollar, which makes investment too expensive, said it would reconsider project in fall. Move is believed unrelated to recently launched FTC investigation into competitive impact of increased concentration through mergers of domestic ceramic capacitor industry (Vol. 20:18 p13).

TV sales forecasts for 1980, from Robert Eggert's Blue Chip Economic Indicators, based on survey of 14 market analysts of electronics firms: Color 9.3 million, b&w 5.7 million. Conference Board's Buying Plans Index for April showed 6.4% families canvassed planned to buy color TV in next 6 months, down from 7% in March, but up from 5.8% in April 1979. B&w buying plans were expressed by 1.4% vs. 1.6% in March and 1.5% year earlier.

BBC's home video entry will be announced at May 27 press conference in London.

8-TRACK FADING FAST: Endless-loop 8-track audio cartridge, format that first made magnetic tape a music medium for average consumers, is on fast track to oblivion. Industry & govt. figures indicate sales of both recorded cartridges and players fell sharply last year, with slack taken up to large extent by cassette.

On tape front, RIAA reports unit factory sales of pre-recorded 8-track cartridges took first-ever significant year-to-year nosedive in 1979, dropping 23.4% to 102.3 million, with value, at suggested retail list, dropping 27.8% to \$684.3 million, both 4-year lows. At same time, unit sales of recorded cassettes rose 28.1% to 78.5 million, with value up 29.1% to \$580.6 million, both record highs. Total recorded tape market was pegged at 180.8 million units, down 7.2%, worth \$1.26 billion, off 9.5%.

As for hardware, Commerce import totals show 3.24 million home & portable players (including phono combinations) were brought in last year, down 17.1%. Imports of 8-track car stereos dropped 19.4% to 4.16 million, while cassette autosound imports jumped 18.4% to 6.33 million.

RIAA also reports that phono record sales were down in 1979, with total units at 502.2 million, off 5.5%, value off 11.8% to \$2.41 billion. LP factory unit sales dropped 15% to 290.2 million, with value off 16.8% to \$2.06 million, while singles rose 11.6% in units to 212 million, 35.8% in value to \$353.6 million.

Despite 8-track fall-off, recorded tape continued to grow in importance to music industry, accounted for record 34.4% of dollar sales last year, up from 33.8% in 1978. Improvement was all in cassette, which provided 15.8% of volume in 1979, up from 10.9% in 1978, while 8-track share slipped to 18.6% from 22.9%; 8-track peaked in performance in 1974 when it accounted for 25% of industry sales.

Fuji Photo is spending \$20 million on four-fold expansion of videocassette production capacity in Japan. By summer 1981, company says, capacity of existing plant will be increased from 1 million monthly to 1.5 million, and new plant will have 2.5-million monthly capacity. Fuji claims to have 25-30% share of Japanese videocassette market, about same as TDK. Maxell, meanwhile, says it will spend \$6 million to expand magnetic tape production in Japan. Company says videotape capacity will be doubled by Aug., to be increased additional 60% by year's end. Also by year's end, it plans to double capacity for standard audio tape, and by spring triple ability to produce metal tape.

Japanese spent \$305 million on just-completed 4-year VLSI technology development program, according to Cooperative Labs, which directed effort. More than 1,000 patents were generated by project. Participating manufacturers—Hitachi, Fujitsu, Mitsubishi, NEC & Toshiba—spent about \$185 million; govt. contributed \$120 million. Upcoming is \$260-million advanced computer systems, accessories & terminals development effort, which is expected to get about \$110 million in govt. funding.

Consumer Electronics Personals

Tadahiro Sekimoto advanced at Nippon Electric from exec. vp to pres., succeeding **Tadao Tanaka**, who retires but continues as advisor; **Atsuyoshi Ouchi**, **Katsumi Soyama** & **Kenji Ogata** advanced from exec. vps to senior exec. vps... **Joel Wolk**, ex-SSC&B, joins RCA as ad & media services dir... **Don Buck** appointed pres. of Video Dub, newly formed tape duplicating & film-to-tape transfer unit of Video Services Corp.

Bernard List, former U.S. MOS operations mgr., reassigned at Texas Instruments as head of new speech synthesizer business operation... **Dennis Barnhart** resigns as Commodore International international mktg. vp... **Richard Brown** promoted at Radio Shack to national retail computer mktg. dir.

Ralph Baer, Sanders Assoc., receives Inventor of Year Award from N.Y. Patent Law Assn. for development of first home video game... **William Webster**, RCA Labs, to receive IEEE Frederik Philips Award for R&D work.

Michael Lazar appointed Burndy Components Div. new-product development vp; **Leonard Feldberg** succeeds Lazar as engineering dir... **Harry Marschausen** named JFD Electronic Components Div. national sales mgr... **Richard Booker** appointed Centralab distributor sales mgr.

MATSUSHITA RECORDS: Matsushita reported record results for quarter to Feb. 20, its net jumping 34.2% on 21.4% sales gain. Company attributed improvement to increased emphasis on higher value products, increased sales of VCRs, microwave ovens, audio-visual communication equipment & electronic components.

Matsushita said foreign sales soared 49.3% to \$972.8 million, while sales in Japan rose 9.2% to \$1.64 billion. Sales results by business segment include: Consumer electronics & components \$1.21 billion, up 25.6%; communication, measuring & special equipment \$152.1 million, up 18.8%; lighting & industrial equipment, tubes & semiconductors \$118.3 million, up 32.2%; batteries \$113 million, up 16.4%.

Milton Bradley, not Coleco, is 2nd-biggest marketer, after Mattel, of electronic toys. Prospectus for recent MB 750,000-share offering says company sold \$117.1 million of electronic toys last year, up 141.4% from \$48.5 million in 1978. Last Feb., Coleco said its \$70-million volume for 1979 put it ahead of MB (Vol. 20:6 p10). Prospectus shows electronics accounted for 32.5% of total MB sales last year, up from 18.7%, notes late deliveries & shortages of MPUs resulted in lost sales, increased costs. Situation may continue this year, MB states. Separately, Mattel said bulk of \$5.7-million jump in operating earnings in final quarter to Feb. 2 stemmed from strong demand for electronic games.

RIAA Video Div. organizational meeting is slated for June 14 in Chicago, just before opening of Summer CES.

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
Audiotronics			
1980-9 mo. to March 31	16,482,000	597,000	.63
1979-9 mo. to March 31	14,263,000	676,000	.72
1980-qtr. to March 31	6,074,000	217,000	.23
1979-qtr. to March 31	4,931,000	284,000	.30
Canadian Cablesystems^a			
1980-6 mo. to Feb. 29	32,521,000	8,461,000 ^b	.98
1979-6 mo. to Feb. 28	19,281,000	5,823,000	.71 ^c
Columbia Pictures Industries			
1980-39 wk. to March 29	485,015,000 ^d	29,297,000	2.95
1979-39 wk. to March 31 ^e	410,500,000 ^d	29,908,000	3.08
1980-13 wk. to March 29	188,040,000 ^d	13,133,000	1.31
1979-13 wk. to March 31 ^e	168,415,000 ^d	11,848,000	1.22
MCA			
1980-qtr. to March 31	322,760,000	25,639,000	1.09
1979-qtr. to March 31	283,008,000	63,879,000 ^b	2.74
Oak Industries			
1980-qtr. to March 31	86,368,000	3,761,000	.72
1979-qtr. to March 31	62,752,000	1,770,000	.46
Soundesign			
1980-qtr. to March 31	25,451,000	(1,264,000)	--
1979-qtr. to March 31	28,268,000	(310,000)	--
UA-Columbia Cablevision			
1980-6 mo. to March 31	25,211,000	2,340,000	.71
1979-6 mo. to March 31 ^e	18,496,000	2,038,000	.62 ^c
1980-qtr. to March 31	13,168,000	1,193,000	.36
1979-qtr. to March 31 ^e	9,752,000	1,043,000	.32 ^c

Notes: ^aIn Canadian dollars. ^bIncludes special credit. ^cAdjusted. ^dFrom continuing operations. ^eRestated.

SONY'S VIDEODISCS: Sony videodisc production plant (Vol. 20:17 p9), 20:19 p11) represents investment of about \$6.8 million (1.5 billion yen), will have monthly capacity of 100,000 industrial-institutional discs, 400 different programs. Demonstration of Sony disc with Philips player at Seibu dept. store in Tokyo used stereo music and various images. All discs were 30-min.-per-side. Color and signal-to-noise, as we observed test, were very good, but discs suffered from noticeable dropouts. Philips spokesman emphasized that discs were experimental, not final product. Sony plant uses stamping process, as opposed to injection molding employed by DVA.

Japanese consumer, meanwhile, is involved in love affair with VCR—and, in camera-happy Japan, video camera sales are soaring. Japan is expected to produce 500,000 video cameras this year, 4 times the 120,000 produced in 1978. Value of production this year is expected to exceed \$200 million (50 billion yen), about 10% of total \$2-billion video hardware-software market. Of 1979 video camera production (227,000 units), 42.6% were sold domestically.

Sanyo announced joint venture with Minami Boseki to produce VCRs, Sanyo putting up 75% of capital. Monthly production by new venture is expected to be 20,000 units starting in Aug., raising Sanyo's monthly output to 60,000.

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

NCTA—PAY-TV BATTLE: Premiere, HBO and other partisans gird loins for battle at NCTA convention in Dallas; attendance and exhibit space to set records. Advertising representatives and consumer press attending in larger numbers. (P. 1)

BEHIND THE BACKS EXODUS: Paley sought successor—and Backe wasn't tagged, though 'assessment' wasn't finished. Backe confronted board, lost. (P. 3)

ABC AFFILIATES MEET: Network claims total broadcast-day ratings lead. Downplays competing video technologies. (P. 3)

BIG SATELLITE EXPANSION SET, with tripled number of domestic satellites in operation by mid-decade. FCC has 26 applications, hopes to grant nearly all. Staff hopes to present plan to Commission by Sept.-Oct. (P. 5)

TOP 50 REVISITED: ATC gaining rapidly on TPT as No. 1. Basics rise 12% in 6 months—but pay spurts 20%. Complete directory of all pay-cable systems in Special Supplement. (P. 5)

TRANSATLANTIC SATELLITE FEARS: U.K.'s commercial broadcasters have same concern as U.S. brethren—direct-to-home satellites. (P. 6)

'PRINCESS' AFTERMATH: Best-ever ratings and complete success in beating back lawsuits leave PBS with good feelings over telecast. (P. 7)

FAMILY HOUR VIOLENCE: U. of Pa. Annenberg School finds violence up sharply during family view-

ing time. Finds CBS leads way in overall violence, with ABC least violent. (P. 8)

Consumer Electronics

RCA & SYLVANIA LINES reflect no recession fears. Color models all loaded with features at high prices. Sharp debuts first all-U.S. color line. (P. 10) Run-down on lines. (P. 14)

LIMITED COLOR QUOTA extension recommended by ITC, which urges restriction be dropped for Japan, kept on imports from Taiwan & Korea. Commerce asks court to rescind injunction blocking TV dumping case settlement. (P. 12)

PRODUCTION VERSION of Selectavision videodisc player demonstrated at RCA convention includes new search feature. Lack of stereo audio makes system unacceptable to Sylvania, says GTE's Shepherd. (P. 13)

ATARI FILES SUIT to block sales of cartridges for its video game by dependent designer-marketer Activision. (P. 15)

CONSUMER LVR OUT of picture for 1980. Toshiba to show prototype believed for institutional market at CES, BASF to hold off until after 3rd-quarter field tests. (P. 15)

VIDEOCASSETTE SALES will hit 15 million units this year, rise to 65 million in mid-1980's, TDK official estimates. CBS Video Enterprises introduces pre-recorded videocassette line at June CES in Chicago. (P. 15)

NCTA CONVENTION—PAY TV BATTLE: In continued cable industry boom, record 7,500 or more convention-goers are expected to gather in Dallas this week for an NCTA annual convention where pay cable is king and increasingly competitive programmers are battling for piece of crown.

Pay TV competition is split between 2 factions, those rallying around HBO & Showtime and those behind Premiere, formed by Getty Oil and 4 Hollywood studios. Bottom line could be can-you-top-this offers to pay programming-hungry cable systems. HBO is counting heavily on new Cinemax service, 2nd full service scheduled to begin in Aug. So far, HBO has no plans to reduce its share of 50-50 split on subscriber payments to combat Premiere.

Premiere has elaborate plans for affiliate wooing at convention. It expects at least 500 people at each of 2 Sun. a.m. conferences in geodesic dome assembled at Loew's Anatole Hotel, featuring Charlton Heston and film about service. Exhibit floor booth will have private rooms for more individual romancing. Getty and studios hope to name chief executive, possibly first affiliates. Speculation was that Columbia Pictures Vp Lawrence Hilford has shot at job as does Burt Harris of Harris Cable.

Formal presentations by pay-TV distributors had been scheduled at Sat. meeting of NCTA board. Premiere was invited to attend half-hour presentation but refused, one studio executive calling session "kangaroo court."

Legal situation hasn't changed since Premiere was announced (Vol. 20:17 p2), but feeling is that it will—and soon. Industry source thinks Showtime may start action within 1-2 weeks, doubts strongly that HBO would take lead because court appearance would bring disclosure of own marketing plans & practices. One point, he said, could be program exclusivity, HBO denying other distributors access to movies such as "Meatballs" that it has helped finance. Premiere claims it's prepared to defend 9-month embargo, said time span isn't negotiable, continues to blame HBO for "scare tactics." HBO hasn't altered position that Premiere will use control of 4 studios' movie output—about 60 titles annually—to jack up prices, said it's in cable operators' self-interest not to "rush into Getcom's arms." HBO said it doesn't intend to change marketing strategy.

Convention for first time is drawing significant number of advertising representatives and others wondering how they can cash in on cable boom, NCTA officials said. "My sense is that a lot of people are coming who are not in the business, people who are coming to see what this is all about," said Kathryn Creech, senior vp, industry affairs. Coming too is large newspaper reporter contingent from such places as Cincinnati, St. Petersburg, St. Louis, Atlanta. Consumer press in past hasn't attended event regularly. "People are coming out of the woodwork," said Andrew Litsky, public affairs dir.

Convention has attracted record number of exhibitors—229, up from 195 last year. Exhibitors will use 88,000 sq. ft. (total capacity of building is 90,000), up from 60,000 last year. Bulk of space is still devoted to hardware, but software is taking more & more.

Convention program is expected to be as slick as last year's, due in part to fact that NCTA last year for first time hired producer, has hired him again. Year before, NCTA did it entirely on own, ran into several embarrassing technical problems that still make NCTA officials cringe.

Meeting takes place as FCC is making further moves towards deregulation of cable, and there are increasing signs that Commission will indeed vote to eliminate signal importation and syndicated exclusivity rules, as is expected in current rulemaking.

Cable Bureau staff has completed recommendation, and there's continued strong speculation that staff recommends eliminating signal importation and syndicated exclusivity, but wants to keep cap on franchise fees. Once recommendation is presented formally to Commissioners, it's expected to pass by 4-3 vote. Confusing issue, however, is looming Presidential election. Cable deregulation between now and election would result in howl from broadcasters that could be heard clear to White House. Vote could be put off until after election.

Other actions expected at convention: (1) Warner has major announcement about Qube system and Japanese hardware manufacturer Pioneer; latter is Warner affiliate. (2) Showtime will reveal Ralph Nader tie-in; other programming developments include 24-episode "Bizarre" series, produced in Canada. (3) Las Vegas Entertainment Network unveils plans for fall start of 6-9 hours per night of service, will provide earth stations to cable systems not equipped to get signals from Comstar or Westar, 2 possible carriers. (4) Oak Communications will demonstrate descrambler which can handle 8 pay-TV tiers and Totalcontrol Videotext service. (5) C-COR has new anti-piracy device. (6) Southern Satellite Systems discloses results of limited partnership offer called Satellite Earth Station. Results were mixed. SSS Pres. Edward Taylor told us deal to purchase \$150,000 of Comstar earth stations had been accepted by 7 program distributors, rejected by 4, said he was disappointed. Project needs 10 participants.

Taylor suggests Westar as alternative bird if SES falls through. (7) FCC Chmn. Ferris will speak to convention-goers via videotape made several weeks ago. He's understood to say little that he hasn't said before. (8) Black Entertainment TV (BET) plans announcement on financial commitment to programming and affiliate agreements in top 100 black markets. (9) Reflecting growing clout of cable, bevy of Capitol Hill representatives, including chairmen of Sen. & House Communications Subcommittees (Hollings [D-S.C.] and Van Deerlin [D-Cal.]) and chmn. of House Copyright Subcommittee (Kastenmeier [D-Wis.]) will outline their views in various sessions. Other congressional members attending: Sen. Schmitt (R-N.M.), Reps. Collins (R-Tex.), Danielson (D-Cal.), Wirth (D-Colo.), Rose (D-N.C.), Swift (D-Wash.).

BEHIND THE BACKE EXODUS: John Backe's account of events leading to his departure as CBS pres. hasn't been reported, because he steadfastly declines to talk about it. But CBS's side has been presented fully; its officials have reported the events—though most requested that they not be identified. Here's what they report:

(1) Chmn. William Paley, taking into account his age (79 next Sept.), asked board to "assess" filling his shoes. This included secret evaluation of Backe and others. Clearly, Paley didn't think Backe was the right man. While acknowledging Backe's financial and administrative skills, Paley didn't think these were enough.

(2) Backe learned about this assessment and its clear signal that Paley had virtually written him off. Angered, he confronted board, learned that he couldn't fight city hall—resigned.

(3) Paley insists that assessment hadn't been completed; that Backe might have emerged as winner.

(4) One source of speculation in press all week was impact of our White Paper interview with Backe, in which he sounded like a confident CEO outlining plans for CBS. Some thought that this triggered Paley's decision. Paley says that he read interview long after Backe resigned; that interview had nothing to do with it.

(5) There was speculation, too, that Backe's enthusiastic embrace of new technology wasn't shared by Paley, but latter says he has long pressed for CBS entry to new fields. As to emphasize that, CBS last week announced establishment of new CBS Cable unit, under Robert Shay, to start cable networks, via satellite—and unit reports directly to Office of Chmn. (see p. 5).

Though CBS & Paley have taken some lumps for frequent and sudden changes in presidency and heirs apparent, it's quite unlikely that anyone will really be hurt. There was some muttering on Wall St., and CBS stock took a slight dip, recovering later. Backe gets termination pay over \$1 million, has about \$500,000 worth of CBS stock. More importantly, he leaves with excellent record. As May 26 Business Week headline had it (in most extensive report on episode): "CBS: When Being No. 1 Isn't Enough." Industry doesn't expect Backe to lack for top job offers.

ABC TO AFFILIATES—'WE'RE NO. 1': ABC shrugged off recent 0.1 percentage-point ratings victory in prime time by CBS and assured affiliates that network is No. 1 in around-the-clock ratings, promised aggressive charge in fall season for prime time top spot. Meeting was mirror image of CBS gathering week before (Vol. 20:19 p2)—free from protests by gays and firings of executive officers—but notably with little discussion of new video technologies.

Annual meeting at Century Plaza hotel in L.A. was shortened to 2 days this year, featured competition between ABC Bcstg. depts. for most exciting "live" guests.

"Season was the most intensely competitive in the history of the medium," Network Pres. James Duffy told affiliates in opening address. "We are strong in every department, in every area of activity. No problem areas. No weak areas. None."

ABC made clean breast of prime-time defeat, congratulated CBS on first quarter ratings victory, but also stressed its own pluses: Recent overtaking of NBC's "Today" show by "Good Morning America," domination of daytime programming, growing popularity of new "Nightline" news program.

"I have great confidence in the strength of our commercial broadcast system," said ABC TV Pres. Fred Pierce. "Investments in ABC's continuing leadership are also investments in the future vitality of the free, advertiser-supported TV system—versus the new competing forms." Pierce and ABC Pres. Elton Rule were only executives to mention cable, STV, VCR, and videodisc technology; instead, affiliates were issued booklet (by Bcst. Operations & Engineering Pres. Julius Barnathan) enunciating ABC's dubious outlook on new technologies: "Potential [VCR] buyers are confronted with costly and confusing choices... The lack of original programming is just as much a problem for the disc manufacturers as it is for the tape people... The biggest shortcoming of cable today is that it has poor penetration in major markets."

Comments on relations with Washington were relatively light. Pierce called govt. regulation "quixotic," and spokesman reaffirmed ABC's determination not to make deal with Justice Dept. similar to one agreed to by CBS recently (Vol. 20:19 p5).

Network's strategy for reinforcing weak spots in prime-time schedule center on lineup of blockbuster movies (including "Saturday Night Fever," "Norma Rae," "Midnight Express" and "California Suite") for Fri. & Sun. night. New series: "Breaking Away," taken from movie of same name; "But I'm a Big Girl Now," with Danny Thomas as father of young divorcee; "Bosom Buddies," about 2 junior ad executives in Chicago; "It's a Living," about 5 girls working as waitresses; "Those Amazing Animals," Alan Landsburg productions with features on animal life; "Too Close for Comfort," half-hour sitcom with Ted Knight.

Network appeared especially proud of upcoming mini-series. Brandon Stoddard, ABC vp for specials & novels for TV, called 8-hour "Masada" the "single greatest undertaking in TV history." (ABC plans special half-hour program on history of Masada.) On controversy surrounding "Hanta Yo," mini-series about Sioux Indian tribe, Stoddard promised that "a member of the Lakota tribe will approve the story." Other mini-series: "East of Eden," Steinbeck novel, and "Inside the Third Reich."

On first day of conference, affiliates gave longest and warmest applause to long-time ABC sports announcer Jim McKay, who, along with sports chiefs Roone Arledge and Jim Spence, promised even more powerful sports package and increased emphasis on soccer. After seeing replay of triumph of U.S. hockey team at Winter Olympics—as televised by ABC—affiliates were treated to appearance by goalie Jim Craig and team captain Mike Eruzione. Arledge later attempted to outdo own razzle-dazzle, when, during afternoon presentation on news, anchorman Ted Koppel switched on live satellite link to Washington office of Commerce Secy. William Miller, who was interviewed by Koppel and affiliates.

At closed affiliates business meeting, affiliates' concern about number of late-night programming and scheduling problems came out in open. Network warned of runovers by movies, vowed to continue "Nightline," 20-min. news program, for 4 week nights, and discussed possibility of increasing to 30 min. and 5 nights a week—which would mean death of live comedy show "Fridays." ABC didn't talk about increasing early evening news time. "CBS didn't say anything about it, so we don't see any need to make any comments," said ABC spokesman.

Firing of CBS Pres. John Backe was a major topic. Most common reaction was: "Why?" "Why would you dump someone who's just led your network to a No. 1 prime-time position?" asked one affiliate. ABC officials generally avoided comment, but Chmn. Leonard Goldenson, in closing statement to affiliates, made pointed reference to "stability and continuity of ABC management."

(Note: Last of major annual affiliate meetings is scheduled for this week at same L. A. location—Century Plaza hotel.)

Olympic notes: (1) West Germany joined boycott of Moscow games. (2) France didn't. (3) U.S. Olympic Committee worked for one-year postponement. (4) U.S. dist. judge ruled that U.S. Committee's April 12 boycott vote was legal—rejecting appeal by 19 athletes. (5) President Carter rejected direct personal appeal from International Olympic Committee Pres. Lord Killanin.

Sen. Kennedy (D-Mass.) has appealed FCC's denial of his request for equal time to respond to comments made by President Carter in Feb. news conference. D.C. Appeals Court will hear case May 28. Demand was turned down by FCC staff and full Commission on grounds that conference was bona fide news event, covered by networks in good faith.

BIG SATELLITE EXPANSION SET: Tripled number of domestic satellites will be in operation by middle of decade. FCC has 26 applications—hopes to grant nearly all of them—although it won't be able in every case to give carriers precise orbital slots they desire. FCC staff is examining technical options, hopes to present plan to Commission by Sept.-Oct.

New round of authorizations comes as demand for cable & broadcast transponders has reached 80—double number now served by RCA & Western Union systems. Figure is included in RCA's application to launch new & replacement Satcom birds. RCA intends 44 transponders for cable TV by 1984 if FCC allows it 5 orbital slots requested.

Applications make it clear customers can expect major tariff boosts by carriers looking for ways to pay for increased costs of new-generation satellites. Applications on file at FCC imply cost to put satellite in orbit by 1982 will be about \$70 million—nearly double that of first generation Westars & Satcoms. No details of tariff hikes are yet available, but unofficial sources indicate price of protected transponder, now in \$1.4-\$1.8 million annual range, could easily reach \$3 million or more within 24 months.

We count 14 C-band satellites chasing slots: RCA, 5; Western Union, 3; AT&T/Comsat General, 3; Hughes, 3. For hybrid C/Ku-band slots, demand totals 6 slots: Western Union 2, Southern Pacific Communications (SPCC) 4. Ku-band-only demand is 6 slots: GTE 3, Satellite Business Systems 3. Bottom line: There are 6 slots—75°, 79°, 83°, 100°, 103° & 132°—where FCC must decide among competing applications.

Fiber optic notes: (1) Times Fiber completed 2.4-km video link for Vision Cable, between Fort Lee headend and Palisades Park, N.J. studio—calling it longest single span video optic link yet installed. (2) Largest fiber optic cable ever ordered by Independent telephone company will be supplied by Valtec to Centel to link central offices in Humble & S. Humble, Tex.

Investigation of Premiere by Justice Dept. Antitrust Div. has reached stage of Civil Investigation Demand (CID)—subpoena-like procedure designed to gather information. Groups in pay-cable field have received CIDs, are asked to respond by June 4.

Mountain Bell, AT&T subsidiary, has been accepted as member of Ariz. CATV Assn. "The cable operators in this state have a better working relationship with the phone company than in any other state," said ACTA Pres. Clay Blanco.

ON TV has rights to STV broadcast of welter-weight championship between Sugar Ray Leonard and Roberto Duran live June 20 in L.A. area, will charge \$10 extra.

Newark cable franchise has been awarded to black-owned Connection Communications Corp., which sees 115,000 potential subscribers.

TOP 50 REVISITED: ATC is pressing Teleprompter hard for first place among major cable operators, our latest compilation of top 50 MSOs shows, as included in our Special NCTA Convention Supplement.

As of April 1, ATC had 1,110,000 subscribers vs. TPT's 1,274,754. Six months ago, ATC had 975,000, TPT 1,224,800. And in pay cable, ATC is now No. 1—with 593,000—while TPT has 432,566.

As a group, top 50 have 11,922,004 basics, vs. 10,653,498 six months ago, while pay cable total has soared to 4,445,374 from 3,704,121. Thus, basics rose 12% while pay increased 20%.

There have been some changes in rank. For example, top 10 are now: TPT, ATC, TCI, Cox, Warner, Times Mirror, Viacom, Storer, Sammons, UA-Columbia. Last time, it was: TPT, ATC, TCI, Warner, Cox, Times Mirror, Viacom, Sammons, Storer, UA-Columbia.

Special Supplement also contains one of industry's most vital compilations: Complete listing of all systems with pay cable, showing number of subscribers for each, with breakdown by supplier. Among other features is complete Exhibitors Showcase—companies, products, personnel. Copies are available without charge at distribution points at convention and at Television Digest Inc. Booth 109.

New CBS cable unit will "produce, acquire and distribute entertainment and informational programming via satellite to cable systems across the U.S." Move was expected (Vol. 20:18 p1). Unit will be headed by Robert Shay, ex-KNXT L.A., will operate independently from new Video Enterprises Div., reporting directly to new Office of Chmn. Transponder on Westar system will be used, CBS said. CBS announcement provided few details, didn't say whether service would be basic or pay, when it would start, how many hours daily will be programmed. CBS did say that unit will "develop & produce" original programs and "present programming currently not available in any other medium." Other staffers include Charlotte Jones, ex-Manhattan Cable, as vp-marketing; Gary Hoffman, ex-CBS TV Stations Div., as vp-programming & production. Possible problem: Few cable systems have earth stations pointing at Western Union bird.

Leonard-Duran fight runs \$10 for Columbus Qube viewers (Vol. 20:19 p5), vs. \$30 for closed-circuit theater seats.

Cable News Network has signed Manhattan Cable, which has 112,000 subscribers.

NCTA Booth 109

Television Digest Inc. publications are represented at NCTA convention Exhibit Booth 109 by: Seth Goldstein, Lisa Maurer, Jonathan Miller, Barbara Pratt, Edward Sellers & Albert Warren. Latest issues of publications are available: Television Digest, Satellite Week, Video Week, Special Convention Supplement, etc.

BROADCASTERS vs. SATELLITE TV: Commercial broadcasters in U.S. & U.K. have common ground—mutual fear of satellite-to-home TV. Both groups have discovered their respective govts. far more amenable to satellite TV than had been expected.

In U.S., leader of industry forces aligned against satellite TV is James Ebel, KOLN-TV Lincoln pres., who also is chmn. of CBS affiliates & network affiliates satellite committees. In report to CBS affiliates recently, Ebel warned that "the pressure to adopt the Comsat proposal... has increased substantially... even though no actual proposal has been made to the FCC." Ebel cited "curious change in attitude" towards satellite TV by U.S. govt., especially in boost given to service by U.S.-supported decisions at Geneva WARC.

U.K. commercial broadcasters are also finding their govt. less hostile than previously to satellite TV. British Home Office now seems keenly interested, led by BBC, which wants to launch satellite pay-TV channel. Govt. examination of satellite possibilities includes both direct-to-home services using high-power spacecraft, plus community services (linked to cable TV), which could start sooner, using transponders leased from Eutelsat on forthcoming ECS satellite system.

BBC plan would provide for 2 channels of satellite TV: UK-1—news, topical programs and mix of current BBC 1 & 2 programs; UK-2—BBC-controlled, scrambled pay-TV service. BBC is seduced by pay TV because of increasing financial pressures. Conservative govt. wants to find new way to finance BBC without raising current \$75 color license fee. BBC estimates half British homes could eventually sign up—probably at around \$12 monthly—thereby doubling 1978 BBC income. British cable TV industry is equally enthusiastic—now restricted to offering only BBC 1 & 2 and ITV, it eyes experience of U.S. cable industry with pay TV and is pressuring govt. to permit it same privilege.

But independent TV companies are less enthusiastic, since up to 3 new commercial channels could be accommodated on a broadcasting satellite—diluting current monopoly of companies, now operating only one commercial channel (with one more planned to start soon). IBA has taken skeptical attitude towards satellites, recently rejected using them for distribution of new ITV-2 network.

Advanced CATV system will be built in Canada with \$1.2-million govt. grant. Telecable Videotron, Montreal, plans to add videotext, security alarms & home video games for 95,000 subscribers, at total cost of \$4.5 million.

CARS microwave network, covering more than 330 miles, has been completed in eastern Ariz. by Cablecom-General for more than \$1.5 million. Company says network is largest of its kind in U.S.

"Cities and Cable TV: Local Regulation and Municipal Uses" is title of conference scheduled for Oct 26-28 in Madison by U. of Wis. and National Federation of Local Cable Programmers.

Satellite TV receiver mock-up was shown by Comsat at annual shareholder's meeting last week, but statements by corporate officers added almost nothing to Comsat's previous disclosures about proposed service. Pres. Joseph Charyk told shareholders: "We remain very interested in the early establishment of a satellite-to-home system, and we are in discussions with a number of companies having strengths that complement our own. Our goal is to bring together the combination of financial capabilities, experience and skills necessary for the most successful pursuit of this exciting business opportunity. We are going forward with work on an application to the FCC to provide such a service."

TOCOM's revenues for 3rd quarter rose to \$2.2 million, up from \$1.8 million same period year earlier, company said. Net earnings for quarter, however, were \$2,237, vs. \$102,194 year before. Company reported loss of \$175,000 for first 9 months of fiscal 1980, compared with earnings of \$293,944 year earlier. TOCOM also announced new addressable converter unit called "55 plus." Company said it has orders for 30,000 units from 3 major systems. Company has opened Fla. office in Pompano Beach with eye on expanding cable security business in state, which has been company's largest market.

Scheduling conflicts between 1981 NAB radio program conference and NRBA convention—both Sept. 20-23—have angered NRBA which said it set dates years in advance. NAB countered that NRBA always held conventions in Oct., switched to Sept. without alerting NAB. NAB will reschedule 1982 conference which also conflicted with NRBA's Sept. 12-15 dates, but said it's too late to do anything about 1981. "We try to be accommodating," said NAB Convention Mgr. Harold Niven.

TV-cable cross-ownership waiver had been denied by FCC for Barbara Uehling, member of board of American Cablevision of Kansas City Inc. who sought permission to sit on board of Meredith Corp., which owns Kansas City TV station. FCC said offer by Uehling to sign 10-year proxy on cable stock wasn't same as voting trusts it has previously approved.

Cutting UHF noise figure is essential to comparability, MST told FCC in comments on receiver standards. Acknowledging that "many factors" contribute to reception quality, MST said "the noise figure remains the paramount element."

EEO handbook has been published by NAB legal dept.—including step-by-step approach to developing & monitoring programs and making effective presentation of programs to FCC.

Northern CATV Sales has been named U.S. sales rep for ARCOM Lab's pay-TV security products.

"Radio—It's Red Hot" promotion of RAB will be continued for added 6 months.

'PRINCESS' AFTERMATH: If PBS's "Death of a Princess" caused consternation in Congress & State Dept. (Vol. 20:19 p3), it caused nothing but glee at PBS where officials were thrilled by best-ever ratings of PTV program and across-the-board success in beating down separate suits to require or bar program's airing.

Program beat out networks in N.Y., garnered 17.9 rating and 26.7 share. In Boston, program grabbed 28 rating, 49 share. Show got 16.3/24.3 in Chicago and 16.1/24.4 in San Francisco (where transmitter problem brought numbers down.)

On legal front, federal judge in Houston ordered KUHT to show program after station decided not to, but federal Court of Appeals vacated that order and Supreme Court Justice Powell refused to reinstate it. In Ala., suit was filed to require Ala. ETV to carry program, but court declined. In San Francisco, suit was filed to enjoin broadcast for 60 days. Suit was dismissed. In Atlanta, similar suit was dismissed. After airing, group in L.A. filed \$20 billion law suit seeking damages because show was aired as "part of an international conspiracy to insult, ridicule, discredit and abuse the followers of Islam throughout the world."

PBS Pres. Lawrence Grossman last week outlined to American Jewish Committee (where he was accepting 1980 Media Award for PBS) what he derived from flap: "The final lesson I've learned so far is that after all the noise and the shouting, the system actually worked. Everyone let it work. The U.S. government did not stop us. Mobil Oil did not stop us. As much as I disagreed with Mobil's logic and its position, Mobil has every right to express its views. . . Our stations had every right to reject the programs we distributed, or to carry these programs. . . And at PBS, we did what we had to do. We retained our independence and our dignity. And I believe we may even have helped to retain our nation's independence and its dignity as well."

Grossman said critical comments from elected officials and public "made us realize just how fragile that uniquely American tradition is and how much protection and dedication our First Amendment needs in order to survive—especially at a time of stress or crisis."

In remarks given during presentation of award, former NPR Chmn. Edward Elson said nation is "indebted to PBS for its continuing example of courage under fire and for its defense of that grandest of American ideas."

Wall St. Journal won press freedom battle over right to run story on business dealings of OKC Corp., oil & cement company under SEC investigation. Tex. Dist. Court in Dallas had barred publication accepting firm's unusual argument that article's information was protected by attorney-client privilege (because some facts came from internal report). Court rescinded order after meeting with newspaper attorney, and story ran. Washington Post said fact that court "was willing to flirt, ever so briefly, with plain old-fashioned censorship is a sign of how much has changed—for the worse—in the courts."

"Basic inaccuracies" are present in FCC Network Inquiry report on multiple ownership (Vol. 20:6 p3), NBC told Commission. "Threaded throughout the multiple ownership annex is the suggestion that the Commission generally has taken regulatory action without caring about or bothering to consider the implications for the development of a '4th network.' This charge is both untrue and unfair to the Commission." NBC said it doesn't believe there's "concentration in the TV industry" and there is in any event "no real reason to engage in lengthy speculation concerning the significance of network station ownership with respect to the creation of a '4th network' today, given the ever-increasing diversity of program choices available by virtue of the new technologies." NBC concluded: "The Commission's regulatory attention should be directed toward the changing world of the future. To the extent that the Commission reviews prior decisions, it should be with a view to removing regulatory restraints on conventional broadcasters' abilities to compete in the marketplace with entrepreneurs utilizing the new technologies."

Performer's royalty bill was subject of markup last week by House Copyright Subcommittee, and initial reaction of broadcast lobbyists was that bill may be in trouble. Subcommittee has scheduled second markup session for next week and lobbyists were cautiously optimistic that votes are not there for passage. Bill would require performer royalty fees from TV & radio stations for use of each sound recording. Chmn. Kastenmeier (D-Wis.) is expected to present amendment to exempt stations with less than \$200,000 in gross receipts.

Newsweek Bcstg. will introduce its first full-length series, "Bureau Report," at NCTA. For sale to cable, 1/2-hour series focuses on reporters working in Newsweek's Washington bureau, presents news issues while showing how reporters work. Series marks Newsweek Bcstg.'s move from short news & information spots into major programming.

TV in Cal. courts will be permitted under one-year experiment only if prosecution and defense agree to it, state Judicial Council ruled, changing earlier decision that judge's permission is enough. Change was made because U.S. Supreme Court has agreed to review Fla. case testing constitutionality of allowing TV coverage over defendant's objection.

WARC '79 final acts are available from National Technical Information Service in 2 volumes: (1) Articles, accession number PB 80148075, \$20. (2) Appendices, resolutions & recommendations, accession PB 80148083, \$18. Order from NTIS, 5285 Port Royal St., Springfield, Va. 22161.

"Curious creature" is how NAB characterized petition filed with FCC asking that stations be required to carry PSAs about FCC's Consumer Assistance Office. NAB said petition by Citizens Communications Center "is a procedurally defective attempt" to interfere with licensees.

FAMILY HOUR VIOLENCE: Announcing death of TV's "relatively violence-free family hour," U. of Pa. Annenberg School said annual study shows violence up sharply on early evening network TV (8-9 p.m. EST). Family viewing time was as violent as programming after 9 p.m. where violence level declined slightly in fall 1979 sample, School reported.

Study concluded that in overall programming (prime time and weekend daytime) "CBS leads the violence score with NBC close behind and ABC a fairly distant third." ABC was credited for drop in late prime time violence. Study said NBC had largest increase in violence in family hour viewing and CBS had "a bit more" violence throughout prime time. All 3 networks reduced violence in weekend daytime children's programs "with NBC leading the way," but violence level was "still way above that of prime time."

Violence Profile No. 11 also reported: more males than females involved in TV violence; women, especially in minority roles, are more likely to be victims than victimizers; young boys are most common victims; old men and "bad women" are usually victimizers. TV violence, study said, added to fears of viewers, especially residents of high crime areas, adolescents and older people.

Communications law forum, sponsored by American Bar Assn. for lawyers who represent broadcasters and newspapers, will be June 5-6 at Chicago's Hyatt Regency O'Hare Hotel. FCC Comr. Washburn will speak at June 5 lunch. Topics include libel, privacy, FCC regulation, reporters' privileges, ascertainment, political broadcasting. Cost is \$175. Contact ABA: 312-947-3853.

Unusual series of closed-circuit education programs for broadcast news directors gained planning grant from Sloan Foundation. Project, sponsored by RTNDA, San Diego State U. Center for Communications, KPBS-TV San Diego and PBS, would be broadcast via PBS satellite on Sat. a.m. Designed to give journalists background on major issues, program has tentative fall start-up date.

NBC has strongly opposed legislation proposed by Rep. Livingston (R-La.) requiring broadcasters to accept editorial advertising, saying in letter to him: "We believe any government rule... that requires the broadcast of a particular type of program raises serious problems under the First Amendment."

AP Broadcasters Convention June 5-7 in Denver Fairmont Hotel features keynote address by ABC Senior Vp Richard Wald, presentation of Robert Eunson Award to CBS Chmn. William Paley, satellite transmission report. Details: Roy Steinfert, 50 Rockefeller Plaza, N.Y. 10020.

Optometry costs go down in cities where optometrists are permitted to advertise, FTC study says. Quality of service doesn't suffer, report says; it covered 12 cities, more than 400 eye exams.

FCC's kid-TV study "seriously understated" amount of children's programming on air, NBC said in filing its own study with Commission. NBC study, which showed twice as much children's programming in same sample of 52 markets, included PTV and distant stations (picked up by cable or reported by Nielsen to be viewed off the air in markets). NBC said FCC erred by not including alternative programming. "The omission of public TV was particularly conspicuous since Congress intended, when it established and funded public TV, that it would serve as a supplement to commercial TV and provide educational, public affairs, and specialized programming." New study showed 42% increase in programming (from 50 to 71 hours weekly) between 1973-74 and 1977-78.

Anti-Jewish literature distributed by radio preacher Gordon Winrod prompted WWVA Wheeling, W.Va. to drop Winrod's program. WWVA Operations Mgr. Tom Miller said station sent away for literature advertised over air, discovered it was "hate mail." Action was taken shortly before columnist Jack Anderson charged Winrod with using code words to attack Jews over air. Other 3 stations carrying Winrod in U.S.—WNAX Yankton, S.D., KXEL Waterloo, Ia., KWPM W. Plains, Mo.—continue to air broadcasts, but WNAX official said station has sent away for literature. All stations, including WWVA, said they haven't discovered alleged code words.

Hunger strike by WXTV N.Y. -Paterson Pres. Rene Anselmo to protest N.Y. Port Authority's refusal to let station begin transmitting from World Trade Center went into 9th day May 16 with Anselmo pledging to continue vigil (he is in camper parked outside WTC) until transmission is approved. Transmission was to begin May 11 but Port Authority asked for 30-60-day delay in order to work on antennas. Anselmo says action is not "publicity stunt" but protest over "having to put up with 13 years of arrogance, hypocrisy and duplicity" by Port Authority.

Promoting Toledo as national ad market is aim of Toledo Media Inc., new consortium of city's TV, radio, newspaper and outdoor advertising media. Contact: Phil Arrington, 419-248-1169.

GTE has funded major art exhibit, "Post-Impressionism: Cross Currents in European and American Painting, 1880-1906," at D.C.'s National Gallery of Art May 25-Sept. 1.

General Tire and RKO officials are making rounds on Capitol Hill seeking relief from FCC decision (Vol. 20:4 p1), have met recently with several Senators.

Taft Bestg. has agreed to buy assets of Schick Sunn Classic Productions, subsidiary of Frawley Corp., for \$2.5 million.

Clear channel decision is due for FCC consideration May 29.

Personals

J. Richard Munro, leader of Time Inc.'s Video Group during its phenomenal growth, elected pres. & CEO of Time Inc., succeeding Chmn. & CEO Andrew Heiskell, retiring Oct. 1; Ralph Davidson, currently a Time vp, becomes chmn.; Clifford Grum, another vp, promoted to exec. vp; James Shepley will resign as Time pres., remaining on board and continuing as Washington Star chmn.

Terry Shockley, Wis. TV Network pres., voted chmn. ABC affiliates board of governors, succeeding Jeffrey Davidson, WXIA-TV Atlanta pres.; Ward Huey, WFAA-TV Dallas exec. vp, chosen vice-chmn.; Thomas Cookerly, Allbritton Communications Bcst. Div. vp, elected secy.; Max Sklower, KOAT-TV Albuquerque, re-elected treas. Fred Paxton, WPSD-TV Paducah, will be elected chmn., NBC TV affiliates, at meeting in L.A. this week, succeeding James Yager, who had resigned as vp-gen. mgr., WDSU-TV New Orleans; Blake Byrne, KXAS-TV Ft. Worth-Dallas, has been interim chmn.

Merryle (Bud) Rukeyser, former NBC exec. vp for public information, becomes vp-communications, Newsweek; Alan Baker, former vp-corporate relations, takes over Rukeyser's NBC duties; Betty Hudson, ex-vp-corporate projects, named to Baker's old post. Harold Hayes, ex-ABC & Esquire magazine, joins CBS Publications as vp-editorial planning & development; John Appel leaves post as CBS deputy gen. counsel.

New title of dist. mgr. was given to 7 ABC-TV affiliate relations regional mgrs.: Barbara Bree, south/central; Thomas Day, northeast; Warren Denker, southeast; Robert Hingel, southwest; Timothy Kearney, east/central; William Mathesius, north/central; Peter Zobel, mountain/Pacific. Title of district supervisor was given to former regional supervisors Joseph DeGennaro, south/central; Dana Isaacson, northeast; Nancy Manno, east/central; Barbara Mortimer, mountain/Pacific; Richard Muller, southwest; Stephen Parker, southeast; Elizabeth Schiff, north/central.

Marian Searchinger, ex-independent, appointed vp-literary affairs, NBC Entertainment. Nancy Hamilton, ex-Metrotape West, joins Group W Productions as operations dir. James Johnson, ex-Neb. TV Network, selected gen. mgr., KFTY-TV Santa Rosa, Cal. Sandy Rahimi, ex-RKO national sales rep, named national sales mgr., WNAC-TV Boston. Donald Palmer, ex-Coopers & Lybrand, becomes financial mgr., WANE-TV Ft. Wayne. Jerry Sander, ex-WSAZ-TV Huntington, W. Va., appointed news dir., WTVQ-TV Lexington; Michael Wolfe, ex-KXLY(AM) Spokane, named sports dir.

Frank Melton becomes exec. vp & gen. mgr., KLTV Tyler, Tex. Donald Kyser, ex-Hearst Magazines, selected vp-advertising sales, Enterprise Radio. Harold Gross, Gross Telecasting chmn., announced retirement Dec. 31. Don Hewitt, "60 Minutes" exec. producer, will receive IRTS Bcstr. of Year award at June 3 annual meeting. Scott Vaughan, KGUN-TV Tucson gen. mgr., becomes new Arbitron advisory council member representing

ABC affiliates, replacing Jim Landon, who becomes ineligible following resignation from Combined Communications; Dennis Spragg promoted to northwestern mgr., Arbitron TV station sales.

Raul Rodriguez, ABA Chicago asst. dir.-legal services group, selected for NAB minority legal fellowship program. Edward Horowitz moves to vp-network & studio operations, HBO; Dennis Garcher, ex-southeast regional dir., becomes vp-central region; Gail Sermersheim, ex-mid-south/Fla. regional dir., named southeast regional dir.; Glenn Britt, ex-network & studio operations dir., & Kevin Senie, ex-dir. of sales planning & development, placed on special assignments.

Brad Dobbs, Shreveport, named program mgr. of year by ATC. Miskit Airth, ex-WABC-TV N. Y., named Viacom program development dir.-east coast. Roger Pierce, regional mgr., Cox Cable midwest region, named division vp-Cox Cable of S.C.; Sebastian Listro, northeast region mgr., becomes div. vp, Telesystems Corp.; Robert Keller, mid-central regional mgr., becomes div. vp-Telesystems, Cox Cablevision & Cox Cable MDS.

Gregory Groce, former AP Fla. bcst. exec., named national cable TV exec.; Lee Perryman, ex-WULA(AM) Sylacauga, Ala., replaces him in bcst. post. Chester Simmons, ESPN pres., named to added post of CEO of Getty Oil subsidiary. Daniel Helmick, ex-Columbia Gas, named Ohio Cable TV Assn. exec. dir. Arnold Messer, ex-Viacom, joins Columbia Pictures TV as senior vp-studio legal affairs; Randis Schmidt, ex-senior counsel, named vp-studio legal affairs; Lawrence White leaves to reactivate his independent production company; Thomas Tannebaum, departs to become MGM TV pres. Robert Newgard leaves vp & gen. sales mgr. post at Avco Embassy, will announce plans. Gregory Cascante, former HBO co-productions dir., named gen. mgr., program acquisition, Time-Life Films.

Sen. Hollings (D-S.C.) has received permission of Senate to continue as chmn. of Communications and Appropriations Subcommittees and Budget Committee. Senate rules allow only one such Subcommittee chairmanship. Sen. Byrd (D-W. Va.), majority leader, said waiver was allowed until end of this session of Congress "in order that he may complete action on extremely complicated Communications legislation."

Pope John Paul II urged parents to be more "vigilant" about their children's TV viewing because "the vision offered by the media often differs profoundly from that which the family would wish to transmit." Benefits of TV "should not be underestimated," but families should be more critical, he said.

Gerald Ford is president again, this time of Fordstone Inc., which last week received approval from FCC to by KIUP(AM) & KRSJ(FM) Durango, Colo. Ford and Leonard Firestone each own half, bought stations from Radio San Juan for \$1.55 million.

Consumer Electronics®

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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 2 (18th week of 1980):

	April 26- May 2	1979 week	% change	April 17-25	1980 to date	1979 to date	% change
Total TV	226,521	298,422	-24.1	225,390	4,631,561	5,098,040	-9.2
color	134,869	189,225	-28.7	134,486	2,946,176	3,170,176	-7.1
monochrome	91,652	109,197	-16.1	90,904	1,685,385	1,927,864	-12.6
Home VCR	10,028*	6,288	+59.5	7,888	199,578*	126,962	+57.2

Color TV 5-week moving average: 1980—129,864; 1979—162,001 (down 19.8%).

Home VCR 5-week moving average: 1980—8,291*; 1979—5,523 (up 59.5%).

*Record for period.

NO 'RECESSION LINES' FROM RCA, SYLVANIA: If there was any concession to hard times in last week's new-line introductions, it was in exhortations to distributors to sell harder—and lack of significant price increases by RCA. But neither RCA nor Sylvania held back on important changes in product, strongly oriented toward video age.

Most significant new model was first large-screen consumer video monitor by major U. S. manufacturer—RCA's 19" Colortrak with 11 inputs for VCRs, cameras, computers, games, external audio amplifiers & speakers; also complete TV set. Priced at \$680, it's offered, according to Consumer Electronics Vp-Gen. Mgr. Jack Sauter, "to begin a presence of the system approach to home display." Model won't be promoted heavily but will be "focal point" for specialty video dealers in conjunction with VCRs & videodisc players.

RCA offered remote control in 22 of 43 basic models, introducing 17-button infrared keyboard with programmed scan remote for Colortrak, last year's 4-function up-down system now relegated to XL-100 line, added midband cable channels to most remote & non-remote models. New XL-100 chassis is unitized, non-modular, contains color-contrast tracking, while Detail Processor (comb filter plus peaking) has been added to all except low-end Colortrak models. Only price increases in line (generally \$10 or \$20) are in some consoles to which Processor has been added. Scan tuning has been added to most keyboard-tuned models.

Sylvania also has gone heavily into electronic tuning, expanding on-set and remotes with keyboard random-access tuners, opting for infrared in remote in both Sylvania & Philco lines. New compact high-efficiency chassis, light-absorbing phosphor 100-degree deflection tubes are used in all Sylvania 25" consoles. Sylvania still hasn't added 13" remote or models with built-in CATV channel tuning capability. These are expected later. Pricing is up \$20 on most portables, \$40 on consoles, but earlier Sylvania increases weren't as stiff as some posted by others.

RCA had price increases in Feb. & March, and Exec. Vp Roy Pollack told us new round was skipped because of "competitive situation." In talk to distributors, Sauter conceded "we are at some stage of a recession," but noted that America's new orientation toward upcoming video age, plus bargain prices and 30 million candidates for replacement sets, position TV on solid growth path. Later, at press conference, he said reports from field indicated April was "unusually good" at retail, and asserted drop in wholesale sales resulted from dealer "conservatism" rather than "pessimism." If retail sales continue at current rate, he said, "dealers will have to buy back in."

In video, RCA showed completely redesigned and more compact AC line with "soft-touch" pushbutton audio electronic tuning ("our own design & tooling") with lower prices. Low-end model has remote pause, channel change & picture search, at \$995 is down \$100 from predecessor ("first VCR... priced below \$1,000 with high speed picture search"). Step-up is open-listed (\$1,200-\$1,250) with 8-program, 2-week program ability. Hitachi-made portable now has 3 speeds, is down \$125 to \$1,200, with 7-day programmable tuner-timer accessory at \$350. Upcoming in Aug.-Sept. is high-end 4-head special-effects programmable, all functions remote-controlled. Also upcoming are new 4-lb. electronic-viewfinder low-end color camera with 4-1 zoom, and deluxe camera with automatic fade, fl. 4 lens, 6-1 power zoom, both unpriced. Thru-lens leader color camera is open (about \$800, down \$100), while current high-end camera, at \$949, is down \$100.

Video price cuts represent changing dollar-yen relationships, Sauter said. "There's no indication of downward pricing—in yen, prices are all up." He said RCA is back-ordered on deluxe VCR models, won't have "stripped-down models [which don't] benefit industry or consumer."

RCA "Best for Less" promotion Aug. 21-Oct. 12 will offer remote for price of standard console with trade-in—\$120 off on Colortrak, \$100 on XL-100, with \$20-\$30 savings on remote portables. TV & VCR ad programs will be comparable in size with last year's.

RCA is sticking with 9.2-million color-set forecast for this year, Sauter said. Other points: Dual Dimension Sound models were increased from 2 models to 4-5, but feature hasn't been barn-burner. "The consumer's not that excited about sound, but we believe there will be growing interest." RCA moved slightly away from anti-projection-TV stance but stated its goals hadn't changed. "It will be viable business with significant volume for us when quality levels in the \$3,500-\$4,000 category can be achieved in a \$2,500 unit." Sauter cited MGA-Mitsubishi product as example of quality sought, and added that required quality level "does seem to be moving toward that price... so our interest is greater than it was a year ago."

Sylvania's 1980 color sales forecast matches RCA's. GTE Entertainment Products Group Senior Vp Thomas Shepherd said he felt first quarter wholesale sales "were abnormally high," and as for April dip, "the lowest month of the year is not a good month to forecast from." Sylvania is on move again in color, expects to have 10% share of market this year (including Sylvania, Philco & private brands), up from 9% in 1979, 6% in 1977. "We consider 10% as what it takes to be viable in the U. S. color industry."

Sylvania is still a booster of improved TV audio, but this year, instead of building it in at extra cost, it has added audio output jacks to most 19" & 25" Superset models, will offer separate audio amplifier with speaker at \$90. Projection also is coming product for Sylvania, which demonstrated prototype of one-price 3-tube rear-screen unit it developed in cooperation with Projection Systems Inc. (Vol. 20:17 p9). Again like RCA, Shepherd said price in \$2,000 range was needed for it to be major consumer product, said unit on display would sell for closer to \$3,500.

GTE's sale of money-losing Saba of Germany to Thomson-Brandt of France earlier this year was just start of restructuring of worldwide consumer electronics business. In 3rd quarter, Shepherd said, GTE's export operations will be moved into Entertainment Products Group. That includes 13 manufacturing licenses, 125 distributors & factory-direct account. Also, it's understood, Taiwan b&w TV plant, acquired along with with Philco TV business in 1974, will shift to audio only, and b&w will be sourced from other, unrelated, Far East suppliers.

Sharp showed its first U. S.-built color line, 10-model series all from new Memphis plant (Vol. 20:6 p10). Company has had no price increase since last May (even reduced dealer prices last Jan.), and new line reflects \$10-\$20 hikes above comparable former-line models. All color sets feature new Sigma 4000 chassis, newly designed woodgrain cabinets, with 7-year warranty on high-end varactor tuning systems. Top-end set has 20-channel pre-set pushbutton tuner with 24-function direct-access infrared remote. TV/VTR Gen. Mgr. Robert Whitehouse told national sales meeting in Memphis: "Sharp will posture itself much more aggressively in the color TV business with the aim of doubling our market share within the year."

ITC VOTES FOR LIMITED COLOR QUOTA: Dropping what could be political hot potato in President (and presidential candidate) Jimmy Carter's lap, International Trade Commission last week recommended he let voluntary export restriction on U.S.-bound exports from Japan expire on schedule July 1, but keep restraint in effect for Taiwan & Korea. In industry's other hot foreign trade issue, Commerce filed motion asking D.C. Appeals Court to dissolve injunction blocking completion of \$76 million agreement to close most of outstanding Japanese TV dumping case.

In recommendation written by Comr. Alburger and concurred in by other 3 voting members, ITC said industry has moved to rationalize & modernize production facility during 3 years of quota protection, and "success of these programs would be jeopardized if all relief were terminated." Japanese have altered presence in U.S. market by shifting to assembly here, "are now part of the U.S. domestic industry," and color TVs from Japan "no longer pose a serious concern." It notes that Taiwan manufacturers also have started setting up in U.S., says "their quotas should be reviewed sooner if the process continues to the point that, like Japan, it is no longer a serious problem."

Problem posed by recommendation is tough one for Carter. Current quota agreements put 2.98-million ceiling on annual imports (2.14 million complete sets, 840,000 chassis & kits), with Japan, which has been under quota for 3 years, controlling 1.75 million (1.56 million complete, 190,000 incomplete). Taiwan has 1.02 million (373,000 complete, 648,000 incomplete); Korea, with short history as exporter just 204,000, all completes. Taiwan & Korean quotas went into effect in Jan. 1979.

Ending quota would please Japan. But it would have Taiwan and Korea clamoring for major chunks of Japan's allocation. Quotas have to be negotiated, and it would be impossible to get those countries to accept status quo when 59% of what was considered acceptable import limit in 1979 is being eliminated. There's also problem of getting them to swallow quota pill at time when imports from Singapore, Philippines & Mexico are allowed unrestrained growth.

ITC report went to Carter last week end. Still to come are analysis & recommendations from Commerce, State & Labor. Labor is expected to back extension, State opposes it, Commerce falls somewhere in middle but leans toward letting it expire. Final evaluation and recommendation to Carter will be from Office of Trade Representative, where staffers would like to see quota ended. Urged as compromise solution by some insiders is one-year extension for everybody, with increased allocation for Taiwan & Korea. This would make everybody acceptably unhappy, defuse issue in election year. Carter has right up to June 30 deadline to announce decision.

In asking court to vacate injunction, Commerce said agreements calling for importers to pay \$66 million to end dumping liability on all unliquidated entries of Japanese TVs before April 1, 1979, plus \$10 million to settle possible civil suits stemming from false invoicing on Customs documents, was about as much as govt. could hope to collect if case had been processed normally. It notes that injunction gives importers chance to back out, might preclude possibility of later settlement, points out govt. legal position in dumping case is weak.

Attached to brief are memos in support of those contentions from Commerce & Customs. In one, Commerce Gen. Counsel Homer Moyer says that only defense against an importer legal challenge to use of Japan Commodity Tax payments as method of deriving fair value of home market TVs would be to show that such value was identical to actual sales prices in Japan, and "it is almost certain that we could not make such a showing." Memo from Don Furtado, acting Treas. undersecy., says best estimate of dumping duties now owed by importers is now in \$50-to-\$100 million range, down from earlier estimate of \$502-million, based on results of rulings on importer protests. Of assessments on imports before June 1973 and processed through last Feb., he says, Hitachi dumping liability was cut from \$215,000 to \$60,000, NEC to \$1.6 million from \$2.1 million, Sanyo to \$620,000 from \$6.5 million, Sharp to \$900,000 from \$7.4 million. It also notes that protest results tend to make proving fraud in false invoicing cases difficult. Other memos note it would take at least 3 years work by 13 analysts, plus support staff of supervisors & attorneys, to clear up TV entry backlog, and that litigation would require at least 10 govt. attorneys for a period of years, excluding at least 2 man years spent establishing "the validity of the underlying dumping finding."

RCA SHOWS PRODUCTION-VERSION DISC PLAYER: Final design of capacitance Selectavision videodisc player was demonstrated at RCA distributor meeting in Las Vegas last week—and it contained new feature not shown on early prototype models, "visual search." What it didn't have was stereo sound, something Sylvania says must be included in any disc system it adopts.

Visual search permits forward & reverse scanning of program at fixed speed, apparently about 10 times normal, without loss of picture or sync. Feature replaces crude manual locating system shown on some earlier prototypes. Also on machine demonstrated—informally called "production prototype"—is "rapid access" feature, high-speed locator for any desired disc segment, using digital time-lapse indicator. Exec. Vp Roy Pollack said addition of visual search demonstrates how system can be expanded "both in capabilities and feature content."

As RCA has always said it would, first player will have mono sound, with stereo version coming later and "priced at a premium," Pollack said. That appears to rule Sylvania out as licensee. At Sylvania-Philco line showings in Batavia, N. Y. last week, GTE Entertainment Products Group Senior Vp Thomas Shepherd said his company planned to be in home disc player market next year, and "our first offering will have stereo sound. We will not be in the business until we have stereo sound."

Shepherd said GTE looks on disc more as extension of audio phono than a video device, making stereo a necessity, noted RCA hasn't promised availability of stereo capability for Selectavision in 1981. As for pricing, "\$500 is plenty to pay for a videodisc player, with or without stereo." GTE is still looking at various options, isn't going to rush things. "We're feeling no pressure for [videodisc] from our customers," Shepherd said. Along with stereo audio, "whatever system we embrace will have an adequate software supply," he stated, adding, "we'd like to make an announcement of our choice in June," but said decision probably won't be made until later.

RCA's new compact player weighs about 22 lb., contains 5 controls—2 pushbuttons each for rapid access & visual search (forward & reverse), pause button, off-play-load lever. Illuminated digital indicators show playing time & record side being played. Disc presentation was preceded by session comparing operation of optical & capacitance systems, emphasizing complexity of former, simplicity of latter. Demonstration was received enthusiastically by distributor sales personnel.

Picture displayed on 19" monitors was excellent, search feature appeared to be easy to use and visually attractive. Demonstration model, made from "soft tools," was said to be final design version. RCA officials said plans are on target, and player will sell for "under \$500 in 1981 dollars," discs \$15-\$25, depending on content. Production will begin in last quarter this year. First year's output under RCA label was put at 200,000 units, in addition to undisclosed number built for Zenith. "There's some flexibility beyond that, but not substantially," we were told by James Alic, RCA videodisc strategic planning staff vp.

Asked to comment on gloomy reports of optical disc player sales in Dallas & Atlanta (Vol. 20:19 p8), RCA Consumer Electronics Vp-Gen. Mgr. Jack Sauter said that was inevitable result of regional "rollout kind of introduction," as opposed to nationwide launch planned by RCA. Debut of new product such as videodisc, he said, requires national advertising, "massive PR" to create public excitement, and participation & support of all dealers—not just selected few. "Stories of slow business," he said, "do not concern our launch."

Videodisc demonstration featured film previewing selections in first & subsequent catalogs," including movies, former TV shows, music, how-to, all previously announced. Next major showing of RCA disc system is scheduled for hotel suite in Chicago during Consumer Electronics Show.

Departure of Pres. John Backe isn't expected to affect CBS's plans to produce videodiscs for RCA capacitance system. Recruiting and pilot development work is already well under way. CBS source said Chmn. William Paley was "directly involved" in decision to adopt capacitance system and supported it enthusiastically. (See also p. 3.)

Standardization agreement providing common format for digital audio recording was announced at Audio Engineering Society convention in L. A. by Sony & Studer. Also at AES, Matsushita displayed own industrial audio digital recording system. All systems proposed are for recording studios and potentially for radio stations, not consumer market.

RCA, SYLVANIA, SHARP: RCA color line (see p. 10) generally follows pricing established in last March's retroactive increase (effective Feb. 13); prices unchanged except as noted in consoles which now have Detail Processor. Color starts with 13" at \$360, with scan remote at \$470; 17" is open (\$430-\$440), scan remote \$530. In 19", former open-list leader (\$400-\$420) is gone, presumably to be replaced later, and first listed model is \$460, with keyboard step-up at \$510, scan remote \$570; Colortrak 19" models start with keyboard unit at \$530 (\$520 leader deleted), with keyboard & scan model at \$550, infrared digital remote with Detail Processor \$640, with Dual Dimension Sound \$650 (Dual Dimension non-remote at \$550 has been dropped), new monitor with audio & video inputs & outputs is \$680. Autoprogrammer programmable set at \$570 has been discontinued.

Table-model 25" XL-100 sets (missing in preceding line) have been reinstated, bringing starting price down to \$660, with scan remote \$760; these replace Colortrak tables at \$750 & \$820. Leader XL-100 consoles at open list & \$680 have been dropped, line now starting with 3 one-knob varactors at \$700, new series at \$710, 3 new scan remotes at \$800, one at \$810 (compared with former \$730 top end of XL-100 line, then all non-remote).

Colortrak consoles start with 4 scan-&-keyboard models at \$810 (up \$10), series of 5 with Detail Processor at \$860 (up \$20 from series without feature), infrared remote versions at \$930 (up \$10), new contemporary remotes \$980 & \$1,000, new Dimensia modern remote (2) at \$1,180, 4 Dual Dimension Sound double-sided remotes at \$1,200, VCR-ready cabinet remotes at \$1,300 (up \$50) & \$1,500 (up \$100).

RCA b&w line is unchanged except for addition of 5" battery-portable mini-combos at \$160 (FM-AM) & \$200 (FM-AM-weather-clock); 9" are \$130 & \$190, last with batteries; 12 are open (\$100 & \$110), \$120, with AC-DC at \$130; 16" open (\$150) & \$160; 19" open (\$160-\$170), \$180 & \$190.

Sylvania new portable color, all up \$20 from Jan. on comparable model basis, starts with mechanically tuned 13" at \$340 & \$360; sole mechanically tuned 19" is \$440, version with 1-knob tuning is \$480, GT-matic step is \$500; 19" Superset with keypad tuning, audio output jack is \$560, version with keypad remote is \$650. New 21" table models, all with keypad tuning, are \$630 (2 models, up \$60) with remote at \$720. In 25", most sets are up \$40, all feature 100-degree 25" tubes with light-absorbing phosphors. Table GT-matic with 1-knob tuner is \$670, step-up Superset with keypad remote is \$780. Leader GT-matic consoles with mechanical tuners are \$640 & \$660; 4-model Superset series with 1-knob tuning is \$700 & \$710, versions with keypad tuner, audio output jack are \$770, with remotes at \$820 & \$870; trio of double-sided consoles with keypad tuning is \$820, with remotes at \$920; Supersets with Supersound, keypad tuning, are \$880; special designer series with keypad remote are \$975 and, with doors, \$1,025; special console with shelf for VCR, doors, is \$870, combination with keypad remote is \$1,625.

New 3-speed VCR home decks with electronic tuning, touch-button controls, are \$1,150 & \$1,395, last with 9X visual fast forward & rewind, programmable tuner; new battery portable with freeze frame is \$1,500, including programmable tuner-timer. B&w opens with 5" AC-DC at \$180, 9" AC-DC is \$130; 12" is \$105, \$110 & \$130, last AC-DC; 16" has been dropped from line. In big-screen, 19" is \$180 & \$190, 22" table is \$220 with consoles at \$260. In audio, revamped line features compacts at \$350 to \$430, consoles \$380-\$700, component systems at \$530 & \$650.

Philco color, most up \$20, starts with mechanically tuned 13" at \$340 & \$360, 15" at \$380, 19" at \$440 & \$490; new 19" with keypad tuning is \$520 with remote at \$600; 21" with mechanical tuning is \$520, \$490 for table, \$600 for console; 25" mechanically tuned table model is \$600, with console versions at \$640. Consoles with keypad tuning are \$740 (5 models), with remote at \$860; double-sided consoles are \$800, combo is \$1,375, all with keypad tuning. Philco video line is same as Sylvania's. In b&w, new 5" AC-DC is \$160, 12" are \$100, \$104 & \$109. New stereo compacts are \$330 to \$650, sound centers are \$370, \$390 & \$570, new consoles are \$380-\$520.

Sharp's first all-U.S.-made color line shows \$10-\$20 increases over predecessor models. New 9", at \$330, is unchanged in price from predecessor; 13" leader is \$340 (up \$20), new auto-color step-up \$410, new varactor-tuned model \$450, 5-function up-down remote unit \$510 (up \$10); 19" line starts with mechanically tuned model at \$420 (up \$20), new auto-color step-up \$500; 12-channel varactor \$560 (up \$10), up-down 18-channel remote \$630 (up \$10), new 20-channel varactor with 24-function infrared remote \$740 (replacing former top-end model at \$970). Added to b&w line are 5" AC-DC with varactor tuning at \$150, same with AM-FM-weather band \$180.

Added to Sharp audio line are: "Panel component system," less than 4" deep, including combination tuner and metal cassette deck, amplifier, bookshelf speaker system, at \$1,000; new "Pro" series receiver at \$340; metal tape deck \$190; metal portable radio-cassettes at \$320 & \$540. Sharp will show first Optonica metal tape deck at under \$250 at CES.

GE added first capstan-drive micro cassette to line, a 2-speed pocketable model at \$100, continues with rim-drive minis. Other new tape units include slim-line cassettes at \$45 & \$53, pocketable cassettes at \$55 & \$73, FM-AM-TV band combo at \$82, small FM-AM combo with LED indicators at \$103, stereo FM-AM combo with 4 speakers at \$220. New clock radios include \$100 version of dual-alarm programmable with synthesizer up-down tuning, hidden switch to adapt radio to 9-kHz AM station spacing if FCC puts proposal through; FM-AM portable with LCD clock is \$80. CB isn't dead issue with GE, which introduced HELP, hand-held 4-watt 40-channel self-contained unit packaged in carrying case with power cord that plugs into auto cigaret lighter, magnetic-mount telescoping antenna, at \$116. GE will promote unit as safety device. Also added was conventional under-dash CB at \$84.

ATARI VS. ACTIVISION: Atari has filed \$20 million suit against Activision (AV), charging company with theft of video game secrets, unfair competition, trademark infringement. AV, formed last Oct., is independent producer of programmable video game cartridges, plans to introduce first cartridges, designed to be used with Atari game, at June Consumer Electronics Show in Chicago (Vol. 20:17 p11).

In suit, which also asks for injunction to keep AV cartridges off market, Atari notes that AV's 4 game designers are ex-Atari employees, says speed with which AV is bringing out cartridges would have "been virtually impossible without the wrongful use of trade secrets" acquired by designers when they worked for Atari. Suit says "Drag Race" cartridge planned by AV infringes Atari trademark for a coin-op video game, claims amount of damages being sought reflects estimated profit loss as result of AV's marketing efforts, value of Atari R&D allegedly being used by defendant.

"We are mystified by the action," we were told by AV Pres. James Levy. AV "extended a written offer to Atari 3 months ago to open our books & records" so that "any concerns they may have with regard to our possible use of their trade secrets could be allayed," but Atari never responded, he said. Calling charges in suit "false & unsubstantiated," Levy said AV will continue with plan for game cartridge marketing.

Atari is facing another problem, and one which may be more serious than competition in cartridge market, and that's IC game chip shortage. Toshiba Semiconductor of Sunnyvale, Cal., formerly Maruman IC, announced it will no longer accept orders for custom IC memories. TS is understood to have been source for about 30% of Atari's IC requirements. TS said it will continue to fill orders already placed, won't take new ones. Atari was among companies seeking to acquire Maruman before Toshiba took it over earlier this year.

LVR OUT FOR 1980: Possibility of marketing consumer type fixed-head longitudinal-scan video recorder can be all but ruled out for this year. BASF has cancelled plans to show unit at June Consumer Electronics Show in Chicago, and Toshiba will be coming in with another pre-production prototype demonstration.

Toshiba endless-loop VCR model to be put on display, it's understood, is designed primarily for institution-education use, and will incorporate modifications in line with demands from that market segment. Feeling is that 2-hour play-record time now available isn't long enough for consumer version, and that longer-play model is being developed. Officially, Toshiba will only confirm that 3rd generation model will be shown at CES, where specification and marketing plan details will be announced. It's likely price will be above \$500 widely estimated to be Toshiba's target for consumer model.

For BASF, this is 2nd CES postponement of single-cartridge reel-to-reel LVR system which, to date, has only been demonstrated at International

TV-Radio Exposition in Berlin last Aug. (Vol. 19:34 p7). At that time, BASF said system would be on market in mid-1980 at \$850-to-\$1,000, including both battery portable deck & separate programmable tuner-timer. Unit was to have been shown at last Winter CES in Las Vegas.

Current schedule, we were told by BASF Systems Pres. Guenter Grochla, calls for production of about 100 units at recently completed Fountain-Valley, Cal. plant, for field testing in 3rd quarter of this year. He said units will be essentially same as those shown in Berlin. What happens after that will depend on test results, economic conditions, Grochla told us.

Videocassette sales will hit 15 million units this year, with VHS 2-to-1 leader over Beta, rise to 65 million in mid-1980's, with VHS at 40 million, Beta at 20 million, other formats 5 million, TDK Vp-Gen. Mgr. Ken Kohda estimates. He says video now accounts for about 20% of consumer magnetic tape business, estimates that videophiles spend some \$500 yearly on tape, following pattern of hi-fi buffs who spend \$1,500 on audio tape during first 4 years of recorder ownership. TDK introduced new High Grade videocassettes which deliver improved performance at slow speed, with T-60 at \$23, T-120 at \$31.50, new head cleaning cassette at \$25. . . **CBS Video Enterprises** will introduce pre-recorded videocassette line at June Consumer Electronics Show in Chicago. Library includes movies, music productions, CBS TV network shows. . . **Movies** to order with overnight delivery to consumer VCRs via vacant CATV channels is plan of Codart, Santa Rosa, Cal. Customer phones in name of program desired, punches code into MPU control box which switches VCR on & off at appropriate time. Controller retails for \$195 but could be built into VCR. Films are intermixed, sent in 5-min. segments, making unauthorized copying all but impossible, company says. Consumers will pay \$3-\$4 per feature. Codart plans to launch audio-only experiment in Santa Rosa this summer.

Statistical program on pre-recorded videocassette sales is being launched by ITA, with first data scheduled to be available by late summer or early fall. Agreeing to participate so far are Blackhawk, Caravatt, Columbia Pictures, Disney, EMI, Fotomat, Home Theatre, Instant Replay, Magnetic Video, National Video, Niles, Sports World, Swank, Time-Life, UA, Universal, Video Communications, VCA, Video Tape Network, WCI.

Matsushita videocassette printer (Vol. 20:16 p16) is being tested at Magnetic Video Farmington Hills, Mich. plant. Earlier model was subjected to similar examination, eventually underwent "dramatic change in technology," said MV Pres. Andre Blay. Blay thinks MV might buy 1-2 units, has no plans to convert present master-slave duplicating process, suggests less radical changes to save costs.

N. American Philips has agreed to acquire Computervision's semiconductor parts manufacturing unit, Cobilt, terms undisclosed. Cobilt had sales of about \$26.3 million last year.

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Consumer Electronics Personals

C.W. Spangle advanced at Memorex to chmn., replacing **Robert Wilson**, who continues as vice chmn. until retirement Aug. 31; **Charles Strauch** promoted from exec. vp to pres., replacing **C.W. Spangle**. **Lewis Lehr** promoted at 3M from vice chmn. to chmn., succeeding **Raymond Herzog**, retiring. **Richard Horner**, **E.F. Johnson** pres., adds post as chmn. **Roger Smith** appointed Warner Communications corporate affairs vp.

Robert Mitchell has left post as head of Pickwick International Video Div. **Judith Bresler** appointed ABC Video Enterprises asst. gen. attorney & assoc. business affairs dir.

Patrick Wilson promoted at GTE Entertainment Products Group (Sylvania & Philco) to public affairs dir. **John Tran** appointed GE Audio Products Dept. gen. mgr., replacing **Walter Williams**, now vp-gen. mgr. of Housewares & Audio Business Div. **Joe Gandolfo** named Quasar asst. controller. **Don Johnstone**, ex-GE, joins Litton Microwave Cooking Products as mktg. vp. **James Stewart**, ex-Team Electronics, now Yamaha N. Central region mgr.

Paul Lego named vp of new Westinghouse Electronics & Control Group, responsible for development, production & mktg. of products & systems using solid state technology. **Robert Penn** promoted at American Microsystems to exec. vp & chief operating officer. **Karl Zainiger**, former U.S. Army microelectronics R&D dir., named to head Central Research Dept. being established in U.S. by Siemens. **Florian Funk** appointed Centralab national field sales mgr. **Gus Lebkuecher**, ex-Fairchild, joins General Instrument Semiconductor as Discrete Div. national sales mgr.

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
Acton			
1980-qtr. to March 31	30,670,000	804,000	.27
1979-qtr. to March 31	25,485,000	675,000	.24 ^a
Chyron			
1980-9 mo. to March 31	4,670,000	512,000	.40
1979-9 mo. to March 31	3,255,000	335,000 ^b	.28 ^a
Comcast			
1980-qtr. to March 31	5,758,000	451,000	.16
1979-qtr. to March 31	4,646,000	312,000	.12 ^a
Doyle Dane Bernbach			
1980-qtr. to March 31	31,354,000	1,733,000	.66
1979-qtr. to March 31	21,863,000	1,235,000	.46
Esquire Radio & Electronics			
1980-qtr. to March 31	9,438,911	172,703	.36
1979-qtr. to March 31	4,839,190	118,623	.25
Foote, Cone & Belding			
1980-qtr. to March 31	35,757,000	1,610,000	.60
1979-qtr. to March 31	29,308,000	1,019,000	.39
ITT			
1980-qtr. to March 31	4,272,021,000	346,532,000 ^c	2.38
1979-qtr. to March 31 ^d	3,807,214,000	210,064,000	1.46
Movielab			
1980-13 wk. to March 29	8,591,234	576,527	.35
1979-13 wk. to March 31	8,105,103	502,895 ^b	.31 ^a
Philips NY^e			
1980-qtr. to March 31	4,107,500,000	81,800,000	--
1979-qtr. to March 31	3,626,400,000	81,300,000	--
Pioneer Electronic^f			
1980-6 mo. to March 31	635,600,000	49,400,000	1.15
1979-6 mo. to March 31	486,900,000	27,000,000	.63
Superscope			
1980-qtr. to March 31	37,615,000	(2,588,000)	--
1979-qtr. to March 31	51,291,000	(1,710,000)	--
Taft Bcstg.			
1980-year to March 31	235,946,000	31,715,000	3.58
1979-year to March 31	167,068,000	25,881,000	3.06
1980-qtr. to March 31	44,989,000	4,679,000	.50
1979-qtr. to March 31	31,577,000	3,569,000	.42
Teleprompter			
1980-qtr. to March 31	43,960,000	6,412,000 ^b	.38
1979-qtr. to March 31 ^d	39,825,000	(3,920,000) ^g	--
J. Walter Thompson			
1980-qtr. to March 31	67,814,000	696,000 ⁹	.23
1979-qtr. to March 31	51,538,000	690,000	.23
Video Corp. of America			
1980-9 mo. to March 31	9,143,000	432,000	.37
1979-9 mo. to March 31	6,522,000	219,000	.19
1980-qtr. to March 31	3,709,000	212,000	.18
1979-qtr. to March 31	1,991,000	(63,000)	--

Notes: ^aAdjusted. ^bIncludes special credit. ^cRecord. ^dRestated. ^eAt guildler's current rate. ^fAt yen's current rate. ^gAfter special charge.

Labor Dept. terminated investigation into possible import injury involving workers at GTE Altoona receiving tube plant. It said they're already covered by Nov. 1978 certification that all GTE Altoona workers are eligible to apply for adjustment assistance.

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

CBS GOES OUTSIDE, takes Wyman from Pillsbury. He expects Paley to be helpful and his performance to be 'fairly reviewed.' (P. 1)

CABLE's NEW PLATEAU: Programming highlights NCTA convention as attendance exceeds expectations by 50%, exhibits up 40%. Premiere makes its pitch—results still unknown. (P. 2)

NBC TV AFFILIATES GLUM about network prospects for fall, though Paxton says most leave L.A. convention with positive attitude. Network pledges not to go into cable programming. (P. 3)

FTC BILL APPROVED: House & Senate vote for authorization, ending 3-year struggle. Carter doesn't like bill but is expected to sign. (P. 4)

CABLE's NEW TECHNOLOGY: Ammunition in battle for new franchises includes 2-way, 400-MHz plant with new model customer terminals. (P. 5)

COMSAT ON CABLE: Direct satellite TV won't hurt cable, NCTA told. (P. 5)

PREMIERE GALVANIZES NCTA, draws crowds & rough treatment from established pay-TV distributors. Studios promise 53 films, \$3.75 price to operators. Showtime issues position paper to affiliates. (P. 6)

CBS GOES OUTSIDE FOR PRES.: "I've been asked if I'm worried that [CBS Chmn.] William Paley will stay too long. It's just the opposite. I need him. I find him an absolutely fascinating man." That was comment to us by Thomas Wyman, vice chmn. of Pillsbury Co. in Minneapolis, soon after he was picked as CBS's new pres.-chief exec. officer.

With that, Wyman attempted to put aside concerns expressed by many that CBS would have major difficulties hiring new pres. because of sudden fashion his 2 predecessors—Arthur Taylor & John Backe (Vol. 20:19 p1)—were dismissed. Wyman said he had this question: "Was Backe's departure a capricious, quick decision that would make me terribly nervous? And most important, was it unfair? I am convinced that my performance will be fairly reviewed. Another question: My experience was largely in other domains. What makes Paley, the board—and me—think that I can do the job? Obviously, I think it's do-able."

Wyman said that he first met Paley in Jan., that CBS chmn. asked him to become a CBS director. Wyman said he couldn't at time, because he was on too many other corporate boards—Scott Paper, Northwestern Bancorporation, Toro Co., National Executives Service Corp.—but would be interested within year. Paley next called shortly after Backe left CBS unexpectedly;

NCTA TECHNOLOGY VIEW: FCC foresees near-total deregulation. SPC, Warner-Amex suggest systems offer home security, viewdata, video game services. (P. 8)

Consumer Electronics

ZENITH, MAGNAVOX, QUASAR move into '81 with heavy emphasis on keypad tuning, CATV channels, comb filters. Zenith introduces TV-telephone combination, closed-circuit security. (Pp. 10 & 14)

VIDEODISC PROGRAM development venture, Optical Programming Assoc., formed by MCA, North American Philips, Pioneer. Magnavox readies for disc competition. Zenith discusses capacitance disc. (P. 11)

COLOR SUPPLY DOWN 8% in first quarter as production rose less than 1%, imports fell by half, analysis of EIA & Commerce data indicates. (P. 12)

JVC DROPS BID for Decca's U.K. TV-audio business. Sony investing \$23 million in U.K. Trinitron color tube plant. (P. 14)

RESTRAINED OPTIMISM expressed by industry executives at new-line showings. Zenith & Quasar see 9.2 million color set sales, Quasar 9 million. (P. 15)

TV IMPORT BREAKDOWN for March, first quarter, pinpoints source countries accounting for rise in incoming b&w, incomplete color shipments. (P. 16)

Wyman was offered job May 15, he accepted May 20. It's clear that new pres. is Paley's hand-picked choice. Minneapolis Tribune broke story May 22; CBS announced it later same day—2 weeks after Backe's resignation was announced.

As for a contract, Wyman has none: "I didn't want one. It was my choice. It's a subjective thing, I suppose. Contracts don't make things work any better." He refused to discuss salary, said he plans to bring nobody from Pillsbury with him to CBS. N. Y. Times reported that Wyman will be paid \$800,000 annually, plus \$1 million bonus (CBS exec. said "that's a little high"). Wyman told us he'll have a "normal incentive plan," and CBS said there's agreement on financial arrangements beyond salary but no formal contract.

Wyman, 50, has no broadcast background but has impressive credentials in other businesses. He was pres.-chief exec. officer of Green Giant when that company was acquired by Pillsbury in 1978. He has been vice chmn. of Pillsbury since March 1979 and was considered heir-apparent to current Chmn.-CEO William Spoor. He also has been a top exec. with Polaroid & Nestle. He graduated magna cum laude in English from Amherst, played varsity soccer and was captain of golf team. He was an Army officer in Korea 1952-55.

Announcing Wyman's appointment, Paley said: "The choice of Mr. Wyman concludes an intensive reevaluation of the qualifications of the chief executive post at CBS which was undertaken over the past several months... with all the outside members of the board... He has my enthusiastic endorsement." It was this "reevaluation" which reportedly caused confrontation with Backe, which the then CBS pres. learned about only after it was well underway (Vol. 20:20 p3).

Wyman goes to work at CBS June 2, becomes its 5th pres. in 8 years—following Frank Stanton, forced to retire after becoming 65 (only Paley, at 78, is exempt from CBS retirement rule); Charles Ireland, who died after 8 months in office; Arthur Taylor, who was forced out under conditions similar to those that faced Backe. Close associate of Taylor told us last week that Taylor "has a feeling of vindication" after manner in which Backe was removed. Backe himself hasn't commented publicly since leaving CBS presidency 2 weeks ago.

CABLE's NEW PLATEAU: NCTA convention in Dallas marked another step in cable's stride to national medium. Attendance of 9,000 vs. 6,000 last year, exhibits up 40%, testify to awareness of cable, finally, in nation's major cities. This was produced by major franchise battles, given exposure locally and nationally.

NCTA officials were ecstatic, despite snafus, caused largely by extraordinary attendance. Chmn. Douglas Dittrick termed attendance and exhibits "awesome." Said he: "I have a total high," and he paid tribute to staff and convention committee. Essence of convention, he said, was "programming and big business."

Said Pres. Thomas Wheeler: "The industry is trying to stretch beyond itself. It's healthy. I have no regrets that there wasn't German army precision. We were trying. That's a reflection of the industry."

Unexpectedly large attendance overwhelmed facilities. Almost every session, including 7:30 breakfast meetings, overflowed. Even sessions in theater, which held 1,800, were full. More than 10,000 are expected next year. Convention is planned for L. A., but move is under-way to shift it elsewhere, for better facilities. Attempt will be made to secure dates in Las Vegas—which may be very difficult on such short notice. Furthermore, although staff and convention committee were praised for handling enormous job, there's good likelihood that fulltime convention staffer will be hired.

A major awkward situation developed at "The Big Event"—evening presentation of awards plus performance by Dionne Warwick. Steve Allen (at \$10,000) was MC, and many convention-eers thought he was somewhat condescending at first. Later, they said, he seemed to find programming clips impressive, in fact commented that he'd like to present them in a network program. Even more embarrassing was Warwick performance. She was late, evidently had argued with producer, criticized him before audience. Then, audience started to leave in droves because it was late, most heading for big HBO feed & dancing (a shrewd HBO move, because

audience was hungry). Warwick called for guards to close doors. Altogether, it was rough. NCTA officials said there won't be similar event next year. However, banquet won't be resumed, either.

Spotlight was on programming this year, as expected And Getty-Oil-led Premiere made strong effort to corral affiliates. Group is still headless, suffered from it. Task force from 4 film producers did its best to persuade. It put on opulent presentation, had elaborate exhibit, sent gifts to rooms of large MSOs every day. At show's end, they claimed signing affiliates, disclosed none. We hear, however, that Norman Lear signed for his cable systems. Operators told us they listened attentively, will study proffered contracts, but few said they were signing. One commented that he was disappointed with pricing structure, obviously had hoped for better deal than he gets from HBO, et al.

Elsewhere in this issue you will find detailed coverage of convention highlights, including Premiere performance, satellite situation, copyright status, non-entertainment services, technical developments, etc.

NBC TV AFFILIATES—GLUM: Large majority of 2 dozen NBC TV affiliates we talked to at end of last week's convention in L. A. were more than a little gloomy about network's chances to pick up any ground in fall prime-time programming. If network picks up any ground it will be because of weaknesses at CBS & ABC and not through any strengths of NBC, exec. of major group told us. Affiliates also were critical of NBC's presentations of fall program plans, one alleging "the network sabotaged its own meeting."

Newly elected Affiliates' Chmn. Fred Paxton disagreed, however. "I didn't get that kind of reaction," he told us. "I thought the affiliates were in pretty good spirits by the time they left L. A. . . There's always concern when you're number 3 and that creates a lot of anxiety." Paxton said that he's particularly pleased by pledge from TV Network Pres. Robert Mulholland that NBC won't supply programming for cable and other new technology—as CBS plans. "If they're going to have 2 program services, then we've got to wonder if we're going to get their best efforts," Paxton said. On other hand, another affiliate called NBC "shortsighted" not to be making plans to enter cable programming.

Mulholland said: "NBC intends to stay in the business it knows best—free over-the-air advertiser-supported broadcasting, not narrowcasting but broadcasting. The delivery system is not what counts, it's what you deliver that counts. . . Technology is not a substitute for creativity." He predicted networks will be in toughest battle ever for audiences next fall, said 1980s will see end to "the days of daypart dominance by any network. . . The old ways will no longer do, and new ways—and words—will become obsolete overnight as we enter this new era of competition and change."

Mulholland predicted network will bill \$1.4 billion this season, increase of 14% from 1979, 30% from 1978. NBC TV will start fall season Sept. 14 with 12-hour mini-series "Shogun"—first 3 hours of which was shown affiliates last week. ABC plans week earlier start of new season; CBS hasn't announced plans. Mulholland claimed NBC had largest audience gain of any network during Sept.-April, increased reliance on regular series from 49% to 62%—and will be over 70% next fall.

In closing session of convention, NBC Pres. Fred Silverman reviewed much of what had been said earlier by Mulholland and NBC Entertainment Pres. Brandon Tartikoff, cracked a few jokes. Look what happened when CBS became No. 1 in prime time, Silverman said. "They fired the president. Thank God I realized what could happen in time to slow down or I could be out of a job today."

Silverman claimed NBC made "solid improvement in virtually every area" for season just ended. "Unfortunately, little of this has been noted in the press. I guess the disappointments are better copy." He said NBC is "striking out in new [program] directions—that indeed is the only way to go. NBC is the only one of the 3 networks taking the chances in going for what truly is different on TV. . . Our future in this business and our survival in this business depends on it." He said news is "the most important service we can provide in the '80s. There is nothing more

important... It's the one service which most clearly the new technologies cannot match... We are determined to be No. 1 in news—and we will be."

In luncheon address, NBC Chmn. Jane Pfeiffer stressed excellence of people working at NBC—"the underpinning of it all"—and reported in detail how NBC News obtained clear beat in reporting aborted rescue mission in Iran. She added: "NBC has made a commitment to be the very best in everything it undertakes... not only in what appears on the air, but in what goes on within every division and department... I know of no one who exemplifies this striving more than Fred Silverman."

Tartikoff said NBC's fall schedule is "probably one of the most important and controversial... of all times. Important because this has been the season those rebuilding years have been pointing to. Controversial because the schedule was different than a lot of people... thought it would look like." He added: "We have a lot of people with a lot of pride that don't want to be No. 3—they'll settle for nothing but No. 1." Silverman said NBC needs "just one or 2 hits" to become No. 1 in prime time.

News Pres. William Small made what most affiliates considered best received presentation. He detailed several changes planned in "Today" and other news presentations, expansion of "Tomorrow" to 90 min. after Johnny Carson is cut back. He was followed by panel of newsmen, moderated by anchorman John Chancellor, on 1980 election prospects.

NBC surprised affiliates and competitors alike by announcing full schedule of specials & movies through May 1981. Most of time at closed affiliates' meeting—and again at closed session with network affiliates—was taken up with questions about new compensation contract. Affiliates now pay ASCAP & BMI fees for network music, want network to take over payment.

FTC BILL PASSED: Historic 3-year struggle in Congress over fate of Federal Trade Commission came to end last week as both houses passed FTC authorization essentially as recommended by House-Senate conference (Vol. 20:18 p2). President was expected to sign bill, despite earlier expressed opposition to legislative veto.

Three-year authorization measure passed House by 272-127 vote and Senate by 74-15. "The President feels this is a minimally acceptable piece of legislation," said a White House aide. "He feels the 2-house veto included in the bill is unconstitutional and will be struck down by a court very soon. And if they had stopped a rulemaking, then he probably would have vetoed the bill. But right now, it's my expectation he'll sign it." At press time, Carter had received bill, along with approval message, at Camp David.

Summary of effects of 3-year fight: (1) Chastened FTC. Hill onslaught has already resulted in several small rule pullbacks and dispirited staff. (2) Triumphant lobbyists. Industry representatives (including NAB) succeeded beyond wildest dreams, nearly breaking up large federal agency. (3) Damaged—but not destroyed—children's ad rulemaking. FTC Commissioners will have to approve single, explicit rule before rulemaking can proceed.

Meanwhile, FTC did issue ruling on Sears dishwasher ads, saying company had no substantiation for claims that dishwashers eliminate need for prior scraping of dishes. Sears was enjoined from making claim.

WDTN Dayton, ABC affiliate, has been sold by Grinnell (la.) College to Hearst for about \$45 million cash. Broker: Stark.

NCTA committee chmn.: Associates, Nat Marshall, Systems Wire; Cablepac, William Bresnan, Teleprompter; Rewrite, Ralph Baruch, Viacom, and Richard Loftus, AmVideo; Convention, Jerry Lindauer, Times Mirror; Copyright, Monroe Riskin, ATC; Engineering, Frank Bias, Viacom; EEO, Christopher Derick, Viacom; Financial, Keith Cunningham, Prime; Independent Operators, Sally Davison, Staunton Video; State & Local, William Strange, Sammons; Utility Relations, Amos Hostetter, Continental. Three new committees were formed: Enhanced Services (non-entertainment), Robert Wright, Cox, chmn.; Franchising, Loftus; Advertising, Kay Koplovitz, UA-Columbia. Following committees were eliminated: Membership, Public Relations, Elections & Bylaws, New Technology.

Major NCTA awards: Walter Kaitz, Spencer Kaitz; Committee Chmn., Kenneth Gunter; Engineering Operations, Harold Rosen; Engineering Development, Gunter; Beisswenger, Sidney Topol; Jerry Greene, Brian Lamb; Idell Kaitz, Gail Sermerheim; Boggs, Robert Rosencrans; President's, Ted Turner, William Strange & Charles Walsh. Big winner in programming was Marin II, San Rafael, Cal., which took 4 first places plus several nominations. Peter Rafalow is dir., community programming.

Alan Baker has been named NBC vp-press relations, Betty Hudson vp-corporate information, in split of job functions formerly held by Merryle (Bud) Rukeyser, ex-NBC exec. vp-public information now with Newsweek (Vol. 20:20 p9). Baker & Hudson now report to Vice Chmn. Richard Salant, who said search is underway to find Rukeyser successor.

ATC has purchased Honolulu cable system serving 52,000 subscribers (32,000 pay) from Oceanic Cablevision for undisclosed sum.

CABLE'S NEW TECHNOLOGY: New-generation cable-TV technology displayed at NCTA is designed for use in cable's frontier franchises—big cities & rich suburbs. With franchise-awarding authorities seeking more than plain old cable service, it's clear that success in winning franchise jewels lies in service offerings more sophisticated, flexible (and costly to build) than any previously brought to marketplace.

If systems planned by MSOs for Atlanta, Cincinnati, Dallas, Minneapolis & Pittsburgh are guide to what lies ahead for industry, consumers will be offered 8 or more levels of tiering, 54 or more video channels—with 2-way capability for upscale home market and industrial telecommunications applications. Rep. Van Deerlin (D-Cal.) told conventioners: "To put it bluntly, movies & sports, alone, won't make it. In developing a strategic plan for the next 10 years you will have to discover new applications for broadband technology."

In big franchising battles set for months ahead in Baltimore, Boston, Queens, N.Y. & Philadelphia, super-cable technology will play crucial role. Among ammunition on display at record-sized hardware show (4000 exhibitor personnel on hand):

(1) Developmental alphanumeric 2-way home terminal from Pioneer—available in 1981 to permit video channel selection, 2-way viewdata, home security, electronic funds transfer, electronic mail. Unit is designed for Qube IV. Already available from Pioneer, and to be used by Warner Amex in Cincinnati, Pittsburgh and (if successful in franchise struggle) Dallas: Hand-held, calculator-like Qube III terminal—smaller, more versatile than box now in use in Columbus. Unit is capable of offering infinite tiering, pay-per-view program selection and 110-channel remote-control program selection.

(2) 400-MHz plant—from all significant manufacturers—for headends, trunking, scrambling, 2-way and terminal equipment. Fifty-six channels are possible with new equipment, but with multiple cables, 112 channel, 168 channel or larger capacity systems are possible.

(3) Tiering & security systems, to permit greater flexibility by operators in customizing program offerings to individual tastes, to prevent unauthorized reception of premium programming services. Oak Industries emphasized computer-controlled "TotalControl" system offering 8 levels of tiering. Jerrold and Scientific-Atlanta were among manufacturers showing equipment with roughly comparable capabilities. C-COR showed pole security attachment able to secure 58 channels of video, designed to get expensive stealable gear away from temptation.

(4) Value-added cable hardware—for home security and teletext applications, from Pioneer, Oak, Scientific-Atlanta & Zenith. Home security was strongly emphasized as potential profit center in technical sessions. Also significant: Growing interest in use of cable plant by telecommunications carriers, especially Satellite Business Systems, and by govt., especially for traffic control.

(5) New earth stations, to equip cable systems for wave of new programming services set for Com-

star & Westar satellite systems, and to handle MATV-earth station requirement. Among most notable displays was that of Scientific-Atlanta—showing \$12,000, 3-m unit suitable for home, apartment & hotel use. With manufacturers already committed to minimum 300 earth stations for 2nd cable network on Comstar, question had changed to one of whether 3rd cable network will be viable on Westar.

Biggest deal we heard about was for 300 earth stations (for \$10 million) ordered from Microwave Assoc. Communications, subsidiary of M/C-Com. Buyer: Satellite Communications Network, launching program packages on Comstar. Another big earth station deal in works: Around \$1 million, from Scientific-Atlanta, by Satellite Syndicated Systems, launching programming on Westar 3.

COMSAT OUTLINES DBS PLANS: Cable TV won't be hurt by direct broadcast satellite service (DBS), Comsat General Vp Michael Alpert told NCTA last week. He said Comsat's DBS feed will be made available to cable systems for retransmission to subscribers. "We propose to be a source of pay programming that should be of considerable interest to cable operators," he said.

Alpert also said: (1) Developmental teletext service is being considered for service, with "other possibilities" including stereo sound or 2nd language audio track, closed captioning and an experimental high-resolution picture service. (2) Service will use 3 in-orbit satellites to provide 2 channels nationwide with 2 more channels in selected areas covered by spot beams.

(3) "Our studies show that at least 15 similar DBS systems are technically possible in North America. In terms of available spectrum and orbital arc we are dealing with an environment of abundance, not scarcity." (4) "Narrowcasting" of programs to special-interest audiences will be emphasized. (5) New target date for commencing operations is 1985.

Alpert noted that "the alarm has already been sounded, the gauntlet thrown down" by broadcast interests afraid of DBS. But he reminded NCTA that previous predictions that new technology would replace older ones have been proven inaccurate in the case of radio & phonographs, FM & AM, TV & movies and cable & broadcast TV.

"Let me be frank. Our projected market penetration is insignificant compared to the TV networks' share. According to a study we have commissioned, our calculated market penetration would have to increase many times over—well beyond our reach—for us to generate any adverse impact on TV that could even be termed significant."

Hearst cable div. has been formed to buy first systems, explore programming & in-home and data delivery systems. Raymond Joslin, ex-Joslin Communications, has been named vp & gen. mgr. of new Hearst Cable Communications.

Another cable publication: Tabloid-type magazine is planned for Aug. start by Paul Maxwell, backed by Fairchild (CapCities). Maxwell has worked for several other cable publications.

PREMIERE'S AUSPICIOUS DEBUT: Appearance of Premiere—Getty & 4-studio joint venture—galvanized NCTA convention in Dallas last week. Established pay-TV services, major cable operators & NCTA officials didn't exactly put out welcome mat, and Premiere executive corps responded in kind.

Press conference held Sun. afternoon, before official opening of convention, showed hostility on both sides. Studio brass answering questions—Paramount's Richard Frank, Columbia's Lawrence Hilford, MCA's Thomas Wertheimer, 20th Century-Fox's Stephen Roberts—were perceived as arrogant and unresponsive. Problem was aggravated by lack of single Premiere voice. Studios had expected to name chief executive at convention, were still negotiating with Harris Cable Pres. Burt Harris, 1-2 others, and didn't expect to have announcement until this week or next. First choice would be cable industry executive, last someone from the 5 companies.

HBO, Showtime & Warner officials had uniform, unvarying response to Premiere: It wouldn't survive legal tests as long as venture stuck to 9-month embargo of feature films. Sample comment, bit stronger than most, from WASE Mktg. Vp Robert McGroarty: "If these people sat in a room [and made this deal], they'd all be in jail by now."

Despite talk of legal action, nothing has happened and won't until after June 4 when 4 studios & pay distributors submit documents as requested by Justice Dept. Showtime is still considered likeliest to bring treble-damage suit, but major cable company CEO doubts distributors will get injunctive relief without JD assistance, won't prevent Premiere from getting underway next year. If no injunction is obtained, he said, litigation is likely to run for many years while Premiere operates. Studios see venture as another form of distribution, not exhibition, an arena barred to them by Supreme Court's Paramount decision in 1949.

Showtime is trying other means as well. Distributor has circulated position paper to affiliates warning of significant loss of subscribers & revenues if they add Premiere, Pres. Jeffrey Reiss told us. Reiss said another movies-only package would cause viewers to switch services, not add tier, a view widely held in industry. Quality of movies embargoed is also factor. HBO Chmn. Nick Nicholas said HBO wouldn't be so adamant if major features weren't involved.

List of films scheduled for Premiere affiliates, including MDS & STV operators and stand-alone systems plus satellite delivery, is impressive. Four studios have committed 53 titles released since Nov. 1979, offer Coal Miner's Daughter, Electric Horseman, Smokey & the Bandit II, Somewhere in Time (MCA); Kramer vs. Kramer, Mountain Men, Wholly Moses, Chapter 2 (Columbia); All That Jazz, Final Conflict: Omen III, Brubaker (Fox); Star Trek, Little Darlings, Urban Cowboy, Popeye, Rough Cut (Paramount). MCA has 16, Columbia 11, Fox 10, Paramount 16.

Basic price to systems is \$3.75 per subscriber per month plus 50% of charges over \$8, translating to minimum subscriber fee of \$7-\$8. Also available

are volume discounts, ranging from 5% for up to 80,000 subscribers to 20% for 200,000 or more, and choice of either 30¢ per subscriber ad allowance or studio-produced promotional material. With Premiere showing 12-15 features monthly, per-program cost is higher than any of established services, which show as many movies in addition to special events, sports, etc. Key is 9-month lead time. "I doubt we'd have much chance of success without it," said Wertheimer at press conference.

Venture puts cable operator already carrying pay in ticklish position, increasingly evident during convention. Marketing executive for one of largest said systems are hoping for legal block because "they'll have to buy Premiere otherwise." He considers Premiere blatantly illegal, at same time probably would buy service if it overcomes expected obstacles.

Foregoing position is basically that of everyone we interviewed. Ambivalence was apparent in NCTA statement released on Sun., within hour of first of 2 Premiere introductions hosted by Charlton Heston. (Events drew 300-400 and about 200, respectively, fewer than the more than 1,000 venture had expected.) Assn. said that it welcomes competition, that members are "free to conduct all business with Premiere" they want, but would continue to raise legal issues "regarding announced structure and practices." NCTA & Premiere finally got together Wed. afternoon, after convention closed, for brief session explaining concept. Studios rejected earlier invitation, then thought new board members might be more sympathetic. Columbia's Hilford represented venture; "nothing much happened," we're told.

Premiere exhibit—series of meeting rooms—was busy with 4 executives as salesmen. Getty Oil Vp Stuart Evey said venture had 10-15 signed customers by Wed., reportedly including Tandem Communications' cable systems (Norman Lear) and STV operators.

Premiere's satellite plans have vague shape. Uplink will be Getty Oil subsidiary ESPN facility in Bristol, Conn., which may also handle film-to-tape transfers, other production chores. Location of downlinks depends on cable affiliates and which satellites carry signal. If service goes on either Westar or Comstar, it must provide earth stations to operators aimed at Satcom. Deals could be made with Satellite Communications Network and Satellite Syndicated Systems, each trying to install dishes to carry non-Satcom programming.

NAB will file amicus brief in Cal. court supporting National Subscription TV and Oak in suit seeking to stop sale of STV decoders to public (Vol. 20:16 p11). In recommending filing to Exec. Committee, NAB Exec. Vp-Gen. Mgr. John Summers said failure to counter such "piracy" will threaten all ancillary uses of broadcast signals. Judge has issued temporary injunction against sale and asked FCC for interpretation of Communications Act.

New Exec. Committee members named by NCTA Chmn. Douglas Dittrick: William Bresnan, Teleprompter, and Gustave Hauser, Warner. Other members are officers: Dittrick; Allen Gilliland, Gill Cable; John Saeman, Daniels; Jerry Lindauer, Times Mirror.

AUDIENCES & ADS: Two NCTA convention sessions, both standing room only, underscored emphasis on cable audience measurements as way to attract national & spot advertising. First featured Video Probe Index, Nielsen & Arbitron, gave each opportunity to outline developments to date. Efforts to create valid measuring techniques take on new urgency with CTAM decision to establish Cable TV Advertising Bureau in N. Y. and raise \$100,000 from program suppliers & others to support effort, while seeking bids from 20 market research firms hoping to create rating service.

VPI Pres. Robert Schultz said basic problem with proliferation of cable services is that "there are more channels for the audience to forget," pointed to April survey of 150 N. Y.-area households which suggested large percentage didn't know programming such as ESPN & USA Network was available. Schultz thought pay-TV's "memorability factor" made it likely ad candidate, especially since study showed 45% approved idea of commercials between movies and 35% favored intermissions during performance. Results are part of Arbitron-VPI cable, pay-TV & VCR multiclient study due in July.

Nielsen Home Video Index Mgr. David Harkness said company has been testing methods such as 24-hour telephone recall for UPI Newstime, is developing national diaries for other services, acknowledged that local system measurements were "more difficult area." Prime requirements are reasonable prices, acceptable accuracy. Arbitron Cable Dir. Thomas Delaney offered Cable Audio Measurement & Profile (CAMP) as answer, said it counts 5 day-parts and 7 age & sex groups using samples as small as 250 households. Three agreed that it would be several years before syndicated research was available and that use of monthly bill to gather subscriber data carried "negative connotation."

Example of aggressive approach to advertising was Gill Cable description of San Francisco-area interconnection of 3 systems expected to have 500,000 subscribers in year. Gill buys Cable News & sports channels, makes them available to partners in return for ad time, predicts more than 60% of adults will watch CNN, and 90% CNN, sports & movies. Exec. Vp Robert Hosfeldt said system expects to compete with local TV stations for ad dollars.

BATTLE OF TIERS—HBO VS. SHOWTIME: Aside from Premiere, hottest topic at NCTA was pay-TV tiers, sale of more than one program package to cable operators. Tactic seems to work on the 100 or so systems trying it, will bring HBO's Cinemax in competition with Showtime & Warner Movie Channel, regional services such as Prism.

Conflict came to head during NCTA programming & marketing debates, pitting HBO Senior Vp Winston Cox against Showtime Senior Vp John Sie. Cox said addition of 2nd package was "premature, unwise" before Cinemax, claimed HBO had invested millions in designing new service based on affiliates' feed-back—i. e., eventual drop in tier customers. Sie responded that Cinemax was going after fringe audience only marginally interested in pay, while Showtime offers same type of programming as HBO,

"just different titles," thus has been highly successful as 2nd maxi.

Disconnects have been minimal, and HBO data were claimed to distort program duplication, making it much higher than it is. Statements got support from Warner Amex Satellite Entertainment Mktg. Vp Robert McGroarty who said only 30% of Movie Channel programs were repeats. Sie's final comment: "We appeal to the same kind of audience [as HBO]. . . Our data have shown that's the way to go." Feeling among distributors was that no cable operator lost money adding 2nd maxi, but question remained as to how long 2- & -3 tier systems would remain attractive after promotion push and subscriber euphoria ended.

ABC faces "more difficult year" in 1980 but still will earn 2d highest profit ever, Chmn. Leonard Goldenson predicted at annual meeting. First-quarter income decline (6% drop to \$24.3 million) was blamed on recession, increased competition, high news costs because of long Presidential campaign and Persian Gulf crises, start-up costs of new Video Enterprises and Motion Pictures divs., operating losses of Travel Network. Goldenson said Video Enterprises and Motion Pictures divs. "appear very promising but they cannot be expected to return a profit in their early stages of development, and they will not do so." He said company is "re-evaluating our plans with respect to Travel Network" and has adopted "strict measures to reduce controllable costs" in other areas. Expenditures for attractions such as 1984 Summer & Winter Olympics are "investments in the future," he said, adding "as independent TV stations and pay-TV systems become more aggressive, a TV network must maintain its ability to present the best attractions—or else face potential fragmentation and erosion of its audience." Video Enterprises, with programming ranging from classroom materials for National Education Assn. to stage productions with Shubert Organization and Robert Altman, is example of ABC's plans "to be in on the ground floor," he said. Pres. Elton Rule predicted ABC Radio will "rebound . . . from the somewhat disappointing results of 1979." ABC Publishing "performed quite well" with Chilton Co. "even better than expected," but "problem area developed" at R. L. White in setting up new computer system, he said. Rule said that in Leisure Attractions, 2 Fla. parks suffered decline because of fuel crisis, and 1980 is "clouded" by economic climate.

More trouble for RKO: Bi-racial New South Media last week asked FCC to revoke RKO's license to operate WHBQ-TV Memphis and said it was willing to buy Ch. 13 outlet at "close to its market price" under distress sale policy. New South is 51% minority owned, is headed by Kenneth Dean, pastor of Prescott Memorial Baptist Church in Memphis and head of WLBT Jackson interim operation 1970-76.

NAB board has been invited to White House briefing & reception—latter to be attended by President Carter—on last day of June 3-5 board meetings in Washington.

TECHNOLOGICAL OUTLOOK: FCC deregulation continues apace, demand exists for cable-carried data services & new consumer applications, according to NCTA technologies panel.

(1) Stanley Besen, co-dir. of FCC network inquiry, said cable was on verge of almost complete deregulation, believed "substantially relaxed" regulatory environment would foster growth of MDS & STV, thought Commission no longer worried about program siphoning—"this is not 1970." Major issue likely to confront industry is cable system ownership of program distributors. Besen said he wasn't prepared as yet to answer question of broadcast networks acquiring cable properties (Vol. 20:18 p1).

(2) Southern Pacific Communications Pres. Gus Grant suggested cable operators become local distributors of voice, data & facsimile transmissions, sent via satellite, before phone companies upgrade 2-way wire capacity. Grant considered present telco connections "awkward & technically inadequate," said SPC would devote one of 4 proposed satellites to carriage of video & other signals, told audience that "today you're in the driver's seat... don't get written out of the script." He claimed DBS was feasible within next 4-5 years "if we really want to do it."

(3) Warner Amex Cable Co-Chmn. Leonard Reinsch gave home security top billing as potentially biggest money maker after pay TV, said cable could have "greater impact than the automobile," estimated current development costs at twice industry's 1978 revenues. New applications include home & business energy management, shopping at home ("range is unlimited"), video games ("fantastic possibilities"), advertising, meter reading, polling services, data transmission, electronic mail & facsimile.

During NCTA, Cox Cable and company called Homserv announced test of banking services in 100-300 homes in 2 systems, beginning this year; subscribers also will be able to charge local purchases to their accounts. Warner Amex Cable claimed 1,000th order for security system introduced in Columbus, O., mostly from homeowners but with increasing number of commercial customers.

FRANCHISE & FINANCE OUTLOOK HEADY: Lots of money will be available for cable plant expansion in years ahead as industry gears to wire rich new territories. NCTA Pres. Thomas Wheeler described situation as "great franchising land rush."

Only sour notes sounded at panels on money & markets: (1) Risk of dislocations in money supply, causing temporary (but not lethal) cash shortages. (2) Possibility of unethical conduct by franchise-hungry operators involved in difficult franchise contests. (3) Possibility that operators are offering too much to secure franchises, creating potential unprofitability.

John Wilson, First National Bank of Dallas: "Cable has arrived. You're on everyone's prospect list. I personally am a little bit concerned about STV, and there's always possibility of direct satellite.

But raising the funds will not be your primary problem in the 80s."

Nathaniel Coolidge, John Hancock Mutual Life: (1) CATV loans have achieved respectability. (2) Supply of funds is more volatile. (3) "Reports of the demise of the bond market are exaggerated." Caveat: "Increased competition for franchises gives us cause for concern."

David Wicks, Warburg, Paribus, Becker: "I'm concerned that unethical practices could come back to haunt us. We have a great deal of concern." Henry Harris, Metrovision pres.: "Things are going to get better. The 3-5 year franchise outlook is for the last major wave of franchising." Future of existing systems: "I do not think you have the luxury of not rebuilding. If you don't do it, then you've got a franchise [renewal] problem."

COPYRIGHT CAUCUS: Session on copyright at NCTA convention produced these highlights:

(1) Rep. Kastenmeier (D-Wis.), chmn. of Copyright Subcommittee, asserted that "retransmission consent would repeal Copyright Act provisions." He has asked FCC to go slow about eliminating distant-signal and exclusivity restrictions, said he still wants to talk "informally" with FCC Chmn. Ferris. If FCC acts first, he warned, "we will be called upon to respond."

(2) Rep. Danielson (D-Cal.) said: "I don't know what to do," although he did urge FCC to hold off on rules changes "for a few months" to see how Copyright Tribunal works out. He said he's optimistic about finding "fair market value" for signals. Maybe, he said, guideline may be found in prices paid for material sold directly to cable for pay operations. And, finally, he said: "When everyone has a dishpan on his roof, we're going to have to come to another compromise."

(3) Randolph Nichols, FCC Cable Bureau chief, stated: "Congress has provided the mechanism for change."

(4) Alan Pearce, consultant, said that fragmentation and retransmission consent were "dead issues," that there's no need to rewrite Copyright Act. He was echoed by Barry Simon, Teleprompter.

(5) David Polinger, WPIX N.Y., chmn. of NAB Copyright Committee, rose from audience to insist that cable was hurting stations. For example, he said, N.Y. stations lost 8 percentage points to cable. And producer Bud Yorkin asserted that many producers were losing money because of cable inroads.

U.S. Treasury and State Dept. officials have confirmed that govt. refused to permit CBS to transmit news special on Cuba via satellite last week, because such transmissions are limited to specific news events, such as evacuation of Cuban refugees. State Dept. spokesman Hodding Carter said such special uses fall under trade embargo against Cuba, that CBS had "other means" of moving story to U.S.

WTVE (Ch. 51) Reading has started operating as nation's 1,019th TV station. Major stockholders in independent station are Pres. Henry Aurandt & wife Helen with 25%; Edward Zellefrow is gen. mgr.

Personals

Fred Paxton, WPSD-TV Paducah, Ky., elected chmn., NBC TV Affiliates Board; **John Ruby**, KVOA-TV Tucson, and **Blake Byrne**, KXAS-TV Ft. Worth-Dallas, vice chmn.; elected to board were **Francis Martin**, KRON-TV San Francisco, and **Bazil O'Hagen**, WNDU-TV South Bend, succeeding **Robert Kruger**, KTVB Boise, Ida., and **Michael McCormick**, WTMJ-TV Milwaukee. . . **Eugene Kummel**, McCann-Erickson chmn., elected chmn., AAAA; **Don Johnston**, J. Walter Thompson chmn. & CEO, vice chmn.; **Robert Wilder**, Lewis & Gilman pres. & CEO, secy.-treasurer.

George Duncan, Metromedia Radio pres., appointed group vp, Metromedia. . . **Joe Mazza**, ex-WXIX-TV Cincinnati and KXTV Sacramento, joins WPTF-TV Durham as general sales mgr. . . **William James**, WJR-AM-FM Detroit pres., named senior vp for nonbroadcasting & nonpublishing activities, Capital Cities Communications, retaining his WJR duties. . . **John Goldhammer**, ex-WTOP-TV Washington and KABC-TV L.A., becomes vp-programming, Paramount TV. . . **Shirley Frederick**, ex-WJKW-TV Cleveland program dir., promoted to operations & programming dir.; **Virgil Dominic**, news dir., adds community & public service to his assignment; **Ron Pulera** moves from local to general sales mgr.

Thomas Tannenbaum, ex-Columbia Pictures TV, selected pres., MGM TV. . . **Alan Raphael**, ex-NBC, named vp-industrial relations, Warner Bros. . . **Nancy Hamilton**, ex-MetroTape West, joins Group W Productions as operations dir. . . **Kenneth Cox**, MCI general counsel, speaks at NCCB brown bag lunch May 27. . . **Frederick Dent**, former U.S. Commerce secy., and **Lewis Foy**, Bethlehem Steel chmn., elected to Comsat board; **Joseph McConnell** retired as a dir., was named chmn. emeritus.

Jerrold Levine, ex-Viacom and Sonderling, starts broadcast consulting firm in Miami.

Counting down to June 1 start, Ted Turner's Cable News Network announced new advertisers (joining Bristol Myers): General Mills, Sears, Sharp Electronics, Time. **Kristin Kramer**, CNN sales, told us network will "conservatively" have 2.5 million-2.7 million subscribers on first day, with "over 3 million" scheduled to have service available by Labor Day. **Kramer** says her dept. is still counting results of NCTA promotion. **Turner**, for his part, was number one celebrity at NCTA convention, held cocktail party for system operators at which many new contracts were signed. **Dark spot**: Channel for CNN in upper Manhattan may not be immediately available—since Teleprompter has no surplus capacity. Teleprompter intends to use its apartment security channel if necessary, but says conversion could take several months. **Manhattan Cable TV**—serving lower portion of island—has no problem, will carry CNN on Ch. N.

NAB plans 3-day seminar for top 14 execs. "to polish the staff's planning and goal-setting skills." As part of same program, NAB execs. are spending 2-3 days each at member stations.

WEEKLY

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FCC Comr. Quello, only ex-broadcaster on FCC, who is waging battle for reappointment, in speech to Puerto Rican radio broadcasters: "I believe that I bring to the Commission an 'inside' understanding of the industry. I believe that it's important for at least one or 2 members of the Commission to have the perspective that only marketplace experience in industry can provide. I believe it's important for the Commission to have some appreciation of the practical impact its proposed regulations are likely to have. . ."

There are 456.2 million working radio sets in U.S. and 99% of homes have at least one working receiver, according to RAB. Average household has 5.7 radios, according to new "Radio Facts," booklet on radio & competitive media prepared for agencies & advertisers. Other findings: Radio reaches 82% of adults each day, 95% each week, 90% on weekends; 95% of cars have radios; 537 million radios were sold 1970-79.

Black Entertainment TV will spend \$1 million this year to produce black college sports and special events, plans to carry minimum of 18 football & basketball games from colleges such as Grambling and Fla. A. & M. and cover events such as National Urban League's Whitney Young Awards Dinner. **BET** will charge affiliates monthly one cent per subscriber fee in top 100 black markets beginning in Sept. to help finance programming.

Obituary

C. Phyll Horne, 59, who retired in Feb. as chief of FCC Field Operations Bureau, died of cancer May 22 at George Washington U. Hospital. **Horne** was at FCC 18 years, including service as engineering asst. to Chmn. **Hyde**, **Burch** & **Wiley**. Survivors include wife, 7 children.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended May 9 (19th week of 1980):

	May 3-9	1979 week	% change	April 26- May 2	1980 to date	1979 to date	% change
Total TV	211,847	248,134	-14.6	226,521	4,843,408	5,346,174	-9.4
color	137,848	164,440	-16.2	134,869	3,084,024	3,334,616	-7.5
monochrome	73,999	83,694	-11.6	91,652	1,759,384	2,011,558	-12.5
Home VCR	11,723*	5,457	+114.8	10,028	211,301*	132,419	+59.6

Color TV 5-week moving average: 1980-131,594; 1979-164,577 (down 20.0%).

Home VCR 5-week moving average: 1980-8,892*; 1979-6,288 (up 41.4%).

*Record for period.

ZENITH, MAGNAVOX, QUASAR MOVE INTO '81: Optimism that downturn will be brief and mild, and that future of consumer electronics is virtually unlimited, was sounded again last week as Zenith, Magnavox & Quasar introduced new lines. Heavy emphasis in product was placed on MPU keypad tuning, including direct access to cable channels, and virtual stampede to industry's newest signal-processing wonder, the comb filter. Prices were firm to up, increases generally reflecting added features.

The really new talk-producing products came from Zenith—both billed as first steps in extension of TV into home communications terminal: (1) Space Phone, which uses TV as telephone amplifier. (2) Video Sentinel, combination b&w TV and home surveillance system. Space Phone, featured in top 19" remote (about \$710) and 4 consoles above \$1,000, permits TV set to receive incoming telephone calls, lets viewer listen to caller's voice through TV sound system. Microphone in set lets viewers talk to caller without leaving their chairs. When phone rings, buzzer is heard through set's speaker and pressing button on set's wireless remote unit activates phone system, muting TV sound. Remote unit also has privacy switch to let viewers confer without being heard by caller. Feature adds about \$30 to retail price of set (replacing zoom feature which has been discontinued), will be promoted through ad campaign geared to slogan, "Hubie, you're wanted on the television." Introduction of Space Phone at Las Vegas meeting was greeted at first with laughter, and later, when distributors realized Zenith was serious, with standing ovation.

Video Sentinel includes 12" b&w set which also functions as monitor & video intercom, plus b&w camera which can be mounted at front door together with doorbell intercom unit. Caller's image automatically appears on monitor and audio intercom is activated whether TV is on or off (unless "camera defeat" button is pressed). System was developed by GBC Closed-Circuit (Vol. 19:51 p13), which is making camera and other components for Zenith. Price is \$400, lower than \$450 originally quoted by GBC.

Comb filter feature, which increases resolution and eliminates cross-color, was pioneered by Magnavox, now appears certain to spread to all makes, as we forecast when it was introduced in 1978 (Vol. 18:26 p13). RCA's picture-peaking & comb filter IC is now in most Colortrak models, and Zenith added own system using glass delay line and discrete circuits in 32 of its 55 models. Circuit is used in all Magnavox 19" & 25", and Quasar will add own version in Aug. in sets at \$550 & up.

Keypad tuning is also sweeping industry. It's now in vast majority of Zenith 19" & 25" models, in increased number of Magnavox & Quasar sets. New Zenith keypad remote has pro-

grammable up-down scan as well as digital address, features on-screen time & channel. Zenith still is only TV brand offering direct tuning of all mid- & superband CATV channels, features it on 35 sets. Quasar will add 105-channel tuning in Aug., using new dual-MPU keypad tuning. Magnavox now features midband cable tuning on sets starting at \$540 and all remotes.

New chassis haven't been held back by recession fears. Zenith now uses modular chassis across-board. Quasar introduced "Service Miser" one-board chassis in 15" & 19" and Magnavox is expected to announce new chassis later this year or for 1982 models. In TV sound, Zenith continues separate hi-fi chassis on top-end consoles, with 4-speaker system on 8 others, audio output jacks on three 19" sets and 11 consoles. While Quasar still calls improved sound "the one remaining TV frontier," and expects it to become more important, pseudo-stereo Audio Spectrum Sound has been dropped from 19" and is retained only in high-end 25". Magnavox has consoles with 7- & 12-watt audio amplifiers.

Projection is in almost everybody's future—even holdout RCA seemed to be modifying its stand at its recent meeting (Vol. 20:20 p10). Quasar demonstrated 3-tube rear-projection system which, like similar one shown by Panasonic (Vol. 20:17 p8), is being assembled in Franklin Park. It differs from Panasonic unit in that it has 105-channel keypad remote, high-style decorator cabinet, will sell at about \$3,800 against Panasonic's targeted \$3,299. Magnavox has developed 3-tube front-projection 50" model using 5" tubes, all U.S.-made parts. No price has been set, and final decision won't be made until mid-summer. Zenith's target for projection TV has slipped to "late 1981," Sales Co. Pres. Walter Fisher said. It will be "Zenith-type item, with innovation," he added. He said price target originally was \$1,995, but indicated it would come in somewhat higher. Zenith subsidiary Heath Co. already is marketing projection TV kit, but Fisher indicated new set would be different.

Panasonic & Quasar are edging into home computer field with add-on accessories for handheld translator to give it full computer capability, including video display or printer output, telephone coupling, will show model at CES. Zenith, which says it has "running start" in home computer field through its Zenith Data Systems & Heath operations, doesn't think time is ripe yet. Senior Vp Jerry Pearlman said Zenith entry probably would be add-on to color sets. "The critical issue is what application it can serve. Many products introduced have not met that test. Work must be done to make the computer more easily understood" by consumers.

Magnavox & Quasar showed new VCRs & cameras. Zenith stood pat on its video line, presumably will introduce new Beta recorder & cameras at Aug. convention. For details on products & prices, see p. 15.

Zenith's meeting had air of celebration, coming just year after Fisher was forced to concede it had been squeezed out of No. 1 position in color (Vol. 19:22 p9). He claimed solid first place in both color & monochrome. For comments on business prospects by Zenith, Magnavox & Quasar, see p. 14.

OPTICAL DISC DEVELOPMENT GROUP FORMED: Optical Programming Assoc. (OPA) is new videodisc program development partnership formed by MCA, North American Philips (NAP) & Pioneer to encourage creation of discs that make use of features found on optical disc players—random frame access, discrete 2-channel sound, variable speed forward & reverse motion, still frame, etc.

Magnavox Consumer Electronics Pres. Kenneth Meinken revealed existence of OPA at new-line press briefing in N. Y. last week to emphasize commitment of Magnavox and parent NAP to program of software support for optical disc players. OPA, he stressed, will concentrate on "life enhancement" how-to & educational programs, won't interfere with or duplicate efforts of existing MCA Discovision (MCAD) operation, or music disc producer Pioneer Artists, being formed by Pioneer.

On OPA's 3-man governing board are MCAD Pres. James Fiedler, NAP Vice Chmn. Frank Randall, Pioneer Senior Vp Barry Shereck. OPA will supply 10-12 discs in first year for distribution by MCAD, Fiedler told us, explaining shows can exist in any format, only requirement being that suppliers "have something to sell & demonstrate." How much financial backing OPA

will provide for creation of unique disc programming is still up in air, Randall indicated. OPA will be in business of buying programs, "will not be involved in production," but could supply funding or equivalent support to actual producer, he said. Among first OPA discs, we've learned, will be NFL-sponsored show on how to watch football, packaged with guidebook.

Videodisc business gets down to brass knuckles in 1981 when RCA's Selectavision capacitance system is due to hit market. "If there is a strong competitor out there next year we will be very aggressive," said Kenneth Ingram, Magnavox senior sales & mktg. vp, adding "it's difficult to take an aggressive stand" when you are alone in market with new product. Part of program will be emphasis on A-B demonstrations of optical & capacitance systems. "Who would buy a monaural player when they can have stereo?" he asked.

Magnavox is still following marketing plan it set at end of 1978. "We've had a little trouble" with discs, but "quality of discs is on the way up," both in terms of performance & content, and "we have solved some very knotty problems" with players, Ingram said. He reported that MCA plans to have new movie titles out on discs within 3 months of theatrical release, revealed that 250-title MCAD catalog has been dropped, with revised 165-title list substituted. Slow-moving titles have been phased out, new ones added, and more are coming. Catalog has to be dynamic—"this had to be learned and our friends in Indianapolis are going to have to learn it too," Ingram stated. He discounted importance of Fotomat's giving up disc rental program in Dallas (Vol. 20:19 p8), said it was "doomed to failure before it started," because of small player population in consumer hands.

Videodisc was back-burner subject at Zenith sales convention last week, Zenith Sales Co. Pres. Walter Fisher mentioning it only in inventory of bright prospects facing industry (see p. 10). Asked specifically about disc at press conference, he reiterated Zenith's plans—to field RCA-made machine (with different cosmetics) in mid-1981, introduce unit of own manufacture at May 1982 convention. As to stereo sound—it's "a concern, not a worry. The optical system proponents will make a tremendous defensive campaign on behalf of their high-cost system. Eventually we will have stereo, when we are manufacturing our own product—that's reasonable to expect. But I don't see music as such as an all-encompassing motivation to buy software. The big thing is to have a good, wide profusion of software."

Fisher made it clear Zenith supported RCA system because of "generous availability of software," and because this will encourage more programming. "RCA & Zenith said loud & clear to the software group that there is a unified system." He said program discs would be sold by Zenith distributors & dealers under Zenith label—"that's part of the ballgame."

As to under-\$500 target for player, Pres. Revone Kluckman told press conference, "I don't know if \$500 will hold [into 1982] but the price relationship as opposed to the optical system will stay the same." In remarks to distributors, Fisher said he didn't quite agree with RCA Chmn. Edgar Griffith's forecast that disc players would be in 30-50% of U.S. homes by end of decade—"but suppose its one-half or one-third off—what a tremendous business opportunity."

New optical disc replication system being tested by Dutch Philips is claimed to result in sharply improved yields. Called photo polymerization, it uses ultra-violet light to make blanks conform to pattern on master. In Japan, meanwhile, Sanyo has taken out Philips optical disc license, joining Kenwood, Sharp & Sony. Pioneer's optical license is from MCA. Sanyo, like most others, is still voicing uncertainty over way to go, may end up producing 2 or more systems. Also in Japan, JVC said it acquired rights from International Soccer Assn. to copy & edit matches, including World Cup Games, for release worldwide on VHD capacitance video-discs and videocassettes.

COLOR SUPPLY OFF 8% IN OPENING QUARTER: Minimal rise in domestic color TV production, combined with steep drop in imports, resulted in 7.9% dip in first quarter new supply, compared with Jan.-March 1979, according to our analysis of EIA & Commerce Dept. figures, which also shows sharp decline for total & b&w TV markets.

Domestic color output of more than 2.22 million sets was just short of first quarter record of 2.23 million set in 1973, and was 4th largest for any quarter. Relatively insignificant 5,000-

unit increase in indicated domestic color output comes as something of surprise in view of sizable production boosts in period, compared with same year-earlier months, announced by such established Japanese TV manufacturers here as Mitsubishi, Sony & Toshiba, plus production of Hitachi & Sharp plants which weren't operational in first quarter last year. Admiral was completing commitment to produce color for private-label customers before leaving TV business at end of quarter last year, but it's understood most of those sets were turned out in closing weeks of 1978, and its output was little more than trickle in 1979. So strong impression is that production was down, on collective basis, at plants of traditional U.S. color manufacturers

We don't put too much stock in b&w market totals showing nearly 95% drop in domestic output. Total supply figures for quarter issued by EIA include results for reporting companies, estimates for others, and were released before complete import totals for March were available. B&w imports were down 4.1% in Jan.-Feb., unexpectedly jumped 138.5% in March, to close quarter up 9% (Vol. 20:19 p10). So it's likely that EIA underestimated full-period b&w total substantially, throwing both b&w and overall TV results off on low side. In fact, if quarter's imports of 98,800 b&w mini-combos are added in, domestic industry ends up with negative b&w production total. It's assumed figures will be adjusted.

Totals indicate domestic color factories accounted for whopping 91.4% of new supply in quarter, up from 84% in same 1979 period. However, some 40.1% of domestic color sets were assembled from essentially complete foreign-made chassis or kits, up from 27.1%, giving imports 45.2% effective market share, up from 38.8%. Here's how we see first quarter TV market:

U.S. TOTAL TV SUPPLY

		U.S.- Produced*	% change	Imports*	% change	Total Supply	% change
Total TV	Jan.-March 1980	2,244,000	-15.3	1,486,000	-6.7	3,730,000	-12.1
	Jan.-March 1979	2,651,000		1,593,000		4,244,000	
Color TV	Jan.-March 1980	2,223,000	+0.2	209,000	-50.5	2,431,000	-7.9
	Jan.-March 1979	2,217,000		422,000		2,639,000	
B&w TV	Jan.-March 1980	22,000	-94.9	1,277,000	+9.0	1,299,000	-19.1
	Jan.-March 1979	434,000		1,171,000		1,605,000	

*U.S. production includes sets assembled from imported chassis & kits, imports are complete sets only. B&w imports exclude combinations.

Solution to cable TV VCR problems is offered by B. Cofsky & Assoc., Canadian CATV equipment manufacturer, which is making converter which changes midband & highband channels to UHF. Consumer-installable converter makes it possible to tape programs on special cable channels while away or watching another channel. It also lets viewer tune all cable channels with TV set's remote control. Unit is distributed in U.S. by Vidcor at \$89. Cofsky is supplying similar unit for OEM cable-inclusive remote-controlled TVs to Magnavox, RCA, Philips (Canada). Company says it has already delivered more than 200,000 OEM units in Canada alone. Addresses: Cofsky, 8 St. Louis, Ville Lemoyne, Que. J4R 2L4; Vidcor, 200 Park Ave. South, N. Y. 10003.

Microwave oven factory shipments jumped 71.4% in April to 149,400, bringing 5-month total to 960,200, up 51.2%, AHAM reports. Figures include domestic & imported ovens & range combinations.

JVC will be biggest producer of VCRs in Oct. — unless Matsushita or Sony expands again in meantime. JVC plans to produce VCRs in current loud-speaker plant in Yokohama, bringing monthly capacity to 100,000 from 70,000. Sony & Matsushita have already announced plans to enlarge capacity to 95,000 & 90,000 a month, respectively. Among other expansions, Toshiba will increase capacity to 30,000 from 20,000 monthly.

Video conferences on tap: Eurotape, sponsored by Nord Media, June 19, at Bella Center, Copenhagen, Denmark; Annual Billboard International Video Music Conference, Nov. 20-23, Sheraton-Universal Hotel, L. A.

Color TV sales to dealers for week ended May 16 showed lowest decline from year earlier since mid-March. Total of 126,800 was down only 5.1%. B&w sales for week totaled 62,500, down 34%, and VCR sales were up 41.5% to just under 8,000.

JVC DROPS DECCA BID: JVC and Racal have dropped negotiations over JVC's possible acquisition of Decca's U. K. TV & audio manufacturing operation. Racal acquired Decca earlier this year, announced then it was interested only in retaining military & commercial electronics segments, intended to dispose of money-losing consumer electronics units. Before acquisition by Racal, Decca sold its music & phono record business, also a money loser, to Polygram. Decca, it's understood, produces about 10,000 color TVs monthly, posted loss of about \$1 million from consumer electronics last year.

JVC & Racal said they were unable to get together on terms. However, speculation is that JVC pulled out to avoid conflict with Thorn-EMI, which recently agreed to join with JVC & Matsushita to promote JVC's VHD videodisc format on world-wide basis, and is also private-label customer for JVC VHS VCRs. Only other company known to have made bid for Decca's TV unit is Binatone, a small audio producer which last year acquired mini b&w TV manufacturing business of defunct Sinclair Radionics (Vol. 19:38 p11). Racal, it's understood, never gave it serious consideration. JVC is one of 2 Japanese color producers without European manufacturing base. Matsushita, Mitsubishi & Sony have own plants in U. K.; Hitachi & Toshiba are in joint ventures there. Sanyo, which owns major interest in Italian TV producer Emerson, Sharp, now uninvolved in Europe, and France's Thomson-Brandt, among leaders in fight to restrict Japanese involvement in European industry, are among those now considered most likely purchasers of Decca operation.

Also in U. K., Sony announced plan for \$23-million Trinitron tube production addition to South Wales color TV plant. Due for completion in 1982, new unit will have annual capacity for 150,000 tubes. Sony currently produces 125,000 color sets yearly at plant, recently said it would start making consoles there this year. New plant will add 100 to existing 700 jobs there, boost value of Sony's investment in U. K. to \$46 million.

RESTRAINED OPTIMISM: Long-term outlook is great; near-term isn't so bad as some people paint it. That's view expressed by top industry officials last week at new-line showings (see p. 10).

Zenith's Las Vegas meeting for distributor principals & sales personnel was marked by 2 standing ovations—one for Space Phone, the other for Sales Co. Pres. Walter Fisher who looked into future, forecasting 12-million color-set sales annually by mid-1980s. For more immediate future, Chmn. Joseph Wright accused govt. of trying to "scare the pants off the consumer," and both he & Fisher pointed out Zenith in past has increased its market share in business downturns when dealers & consumers turn to known brands.

Zenith set color sales records in 1978, 1979 & first quarter 1980, Pres. Revone Kluckman told audience, forecasting another record for full year, and "good financial picture" for this year as result of company's recent reorganization. Fisher quoted first-quarter color market-share figures—Zenith

21.9%, RCA 19.2%, Sony 8.1%, GE 7.6%, Magnavox 7.5%, Sears 6.8%—reversal from last year when RCA was credited with 21.9%, Zenith 20.5%. In b&w, he said, Zenith had 16.9% of market, RCA 16.2%, GE 9.8%, Sears 9.1%, Panasonic 6%.

"We're in a down cycle," said Fisher. "We don't expect it to last very long or slide into a depression." He pointed out dealer inventories are low so "any turn-up at retail will be quickly reflected in sales to dealers." He forecast 1980 sales to dealers at 9.2 million color, 5.7 million b&w, 640,000 VCR. To help prime pump, Zenith announced more liberal ad campaign—100% company-paid spot TV, 30% more color TV co-op ad dollars, 75-25 audio co-op Sept.-Dec.

Magnavox Senior Vp Kenneth Ingram agreed that dealers have "too little inventory," having "discounted the recession too far in advance." He called this major difference between current situation and 1975 recession. At new-line showing in N. Y., he said Magnavox's manufacturing plans haven't changed, forecast industry sales of 9.2 million color sets, 700,000 VCRs—"800,000 is not out of the question." He forecast strong 4th quarter for video games, which "have now stabilized into something that's an industry." Although general industry sales will be down, he predicted increase for Magnavox.

Consumer Electronics Pres. Kenneth Meinken told us Magnavox is stepping up production sharply to build backlog against June 30 expiration of IUE contract at Greeneville plant, although he anticipates no strike. He cited terms of new IUE contracts with RCA, GE & Sanyo as being not unreasonable.

Quasar Pres. Alex Stone, at press briefing and in remarks prepared for Chicago distributor meeting, said he anticipates sales of 9 million color sets, 5.63 million b&w this year. With sales of 650,000 VCRs, 12 million blank videocassettes and rise in sales of cameras and other accessories, he forecast video business of nearly \$2 billion this year.

Increased profitability for retailers may be end result of economic downturn, Stone said, since most dealers "have already cut operating costs to a minimum" and will be getting \$30-\$40 more for color sets as result of price increases—in addition to sales of new video products less affected by recession.

Ad notes: MCA Discovision appoints Doyle Dane Bernbach/West as first agency, says DDB's major role will be market consultant until need for major ad program for optical video discs develops. . . Panasonic signs Yankee outfielder Reggie Jackson as spokesman for TV & VCR, impressionist Rich Little for microcassette audio recorders, rock group Earth, Wind & Fire for portable stereo radio-cassette recorders. . . Sony responded to BBB National Ad. Div. challenge to ads for dictation recorder by dropping some exclusivity claims. . . Quasar adopts "That's Fantastic. That's Quasar" as ad theme.

AM stereo IC chip joint development effort has been launched by Sprague & Signetics. Chip will be for Magnavox system picked as industry standard by FCC. Signetics & Magnavox are both Dutch Philips affiliates.

ZENITH, MAGNAVOX, QUASAR: Zenith color line (prices unchanged from April 1 except as noted; see p. 11) starts with 13" at \$380, one-knob varactor version \$390, System 3 model \$420, up-down remote \$480; 17", all open list, are about \$450, System 3 varactor \$480, up-down remote \$560; 19" stays with 4 open list models, leader in \$400-\$420 range, step at about \$410-\$430, electronic tuning at \$450-\$470, keyboard tuning about \$500. First System 3 19" with PRP (comb filter) is \$530 (up \$10 from non-PRP predecessor), first keyboard tuner is \$560 (up \$20 from one-knob predecessor), new remote is \$660, non-remote step is \$580 (up \$20), remote \$680 (up \$20), same with Space Phone is open-list (about \$710).

Except for one model, 23" line is unchanged from Feb. introduction, starting with open-list table (\$610), new up-down remote with on-screen time & channel indication at about \$700, 4 consoles at \$660. Long 25" line starts with one-knob leg console at \$680, with 3 consoles at \$720, 2 up-down remotes at \$810; System 3 models with PRP, keyboard tuning, audio jacks, start with table at \$790 (up \$20 from less-deluxe predecessor), keyboard remote \$890 (up \$20); step series of 5 is \$850, with remote versions at \$950 (all up \$20). Avante modern remote is \$970 (up \$20), curved Panorama modern model is \$900 (up \$10), with remote version at \$1,000 (up \$10). Dual-speaker trio is \$900, remotes are \$1,000 (all up \$10); double-sided remote console pair with 10-watt audio amplifiers & Space Phone are open (about \$1,150), full door version is about \$1,180, model with transparent acrylic cabinet is about \$1,580, stereo-TV combo is about \$1,550.

New b&w, prices unchanged, are open list. Leader 9" is about \$110, AC-DC about \$120; 12" are about \$100 & \$105 with AC-DC about \$110 & \$125. Others are carryovers. In audio, Zenith added first portable radio-cassette at \$90, component speakers at \$100, \$150 & \$200, high-end component-featured console at about \$995.

Quasar prices are up \$20 on most portables, \$40 on most consoles from Jan., with new mechanically tuned 10" leading off color line at \$340. Sole 13", mechanically tuned, is \$370, 15" with one-knob varactor is \$420; version with up-down remote, on-set keypad tuner is \$500. Mechanically tuned 19" leader is \$450, one-knob varactor steps are \$480 & open (\$490). First 19" with keypad tuning is \$520, with up-down remote at \$570; coming in Aug. are versions with 105-channel TV & CATV remote & on-set keypad tuners, audio output jacks, comb filter, at \$550 with remote at \$640. Table 25" are \$580 with mechanical tuner, \$700 with varactor remote. Consoles with one-knob tuners are \$650, \$700, double-sided at \$720. Keypad tuner models are \$720 & \$730 (3), with remotes at \$800 & \$810. Double-sided series with keypads, Audio Spectrum Sound, comb filter, are \$760 (2), remote at \$1,050. For Aug. delivery is double-sided series with Audio Spectrum Sound II, 8-watt audio amplifiers, 105-channel remote keypad tuners, comb filters, at \$1,000 (3) & \$1,050.

B&w starts with 3" stereo radio-cassette combo at \$400; 5" battery portables are \$155, \$185 & \$200

with FM-AM radios, \$230 with clock-radio. New 7" battery portable is \$170, version with FM-AM is \$200. Two 12" AC models are \$105 & \$110, sole 19" is \$170. New stereo compacts with cassette are \$370, \$420, \$470, last with LED function indicators. In video, Quasar introduced new color cameras with electronic viewers at \$1,000, 6-hour VHS deck with mechanical tuner at \$1,100, electronic-tuner version at \$1,400. Portable 6-hour is \$1,100; power supply is \$150, basic tuner \$250, programmable tuner \$350.

Magnavox color, most up \$20-\$40 from Jan., starts with mechanically tuned 13" at open (\$350) & \$360, one-knob step is \$390, remote with on-set keypad tuner is \$490. In 19", mechanically tuned leaders are open (\$410), \$450 & \$470; versions with one-knob tuners are \$480 & \$500. Keypad 19" with 20-channel CATV capability, LED channel display, are \$540, \$600 with decorator cart; remotes are \$600, \$630, \$690 & \$720 with carts, \$650 (2) with decorator cabinets, \$720 with cart. Leader 25" consoles with mechanical tuning are open (about \$550); first step with one-knob varactor tuner is \$700, with 2 steps at \$740; dual-speaker versions (3) with 7-watt audio amplifiers are \$790. Keypad-tuned consoles with 20 CATV channels are \$880 (2) & \$900, with remotes at \$950 (3), \$995 (4) & \$1,025 (3). At \$1,050 are 25" with dry sink cabinet, double-sided pair with 12-watt amplifiers; with \$1,095 at high end. Combo console with one-knob tuner is \$1,195, vertical console with keypad tuner, 20 CATV channels, is \$2,695. Sole b&w TVs are 12" open list pair (\$100, \$110).

VHS VCR line starts with open-list mechanically tuned model (\$1,000), 7-day programmable step is \$1,050, version with double-speed visual fast forward, other special effect is \$1,195. More advanced home decks due later are still unpriced. New 13-lb. portable with timer is \$1,075, \$1,195 with basic tuner, \$1,295 with programmable tuner. New color camera with zoom, through-lens viewer is \$950.

Extensive audio line features new high-end compact series at \$350 to \$700; Magnavox's first portable stereo radio-cassette combo is \$200, new LCD battery portable clock radios are \$60, \$75 & \$80.

TV FEATURES SURVEY: Consumers want their new color TVs loaded with step-up features and are willing to pay substantially more for them, according to national survey by Venture Development Corp.

Nearly 70% of consumers surveyed said they considered low power consumption important, and on average indicated they would pay up to \$41 extra to get that. Some 60% said they wanted high quality speakers, at cost of about \$66, indicated stereo was worth \$80 premium. Automatic VIR color control was rated important by 41.5%, who put \$48 value on it. Some features didn't fare so well, with pushbutton tuning rated very important by only about 25%, dual display and flat screen of interest to only about 17%. For details: VDC, 1 Washington St., Wellesley, Mass. 02181.

Thomson-Brandt of France says it plans to cut workforce of Saba operation, recently acquired from GTE (Vol. 20:14 p12).

Consumer Electronics Personals

Robert Bowen resigns as Zenith mktg. & international vp, leaving June 1 to take post with unidentified company outside industry; he's succeeded as mktg. vp by **John McCallister**; Sales Vp **Dan Dougherty** assumes Bowen's international responsibilities; **Philip Rauen** promoted to Zenith Sales sales plans vp, replacing **McCallister**; **Joel Motel**, ex-Panasonic, joins as audio planning mgr... **Nihiro Katayama** advanced at Mitsubishi Electric from exec. vp to pres., succeeding **Sadakazu Shindo**, who moves up to vacant chmn. post; **Masatsugu Mizuno** advanced from exec. vp to vice chmn... **Thomas Floerchinger**, ex-C. M. C. Corp., joins Advent as vp-finance & treas., succeeding **C. William McDaniel**, resigned.

Thomas Kuhn, ex-Alan Landsburg Productions, joins RCA as west coast Selectavision Videodisc staff vp responsible for program acquisitions & production planning... **Gene Voris**, ex-MCA Records, named WCI Home Video production mgr... **Norman Smith** appointed Media Home Entertainment acquisitions vp... **Leroy Hester**, former Memorex video engineering mgr., joins InterMagnetics Technology & Development Group as mgr.; **Natasha Vaynerov** appointed video project research mgr.

John Roach, Radio Shack exec. vp, named dir. of parent Tandy... **Martin Honig** advanced at Panasonic to Portable Data Systems Div. asst. national sales mgr... **William Sick** promoted at Texas Instruments from Materials & Electrical Controls vp to head of U.S. Consumer Products Group, replacing **Ronald Ritchie**, reassigned to terminals & peripherals management post.

Bill Alberger named International Trade Commission chmn., effective June 16, replacing **Catherine Bedell**, who'll continue as comr. under term expiring in 1984. ITC chair is rotated regularly... **Alan Greenspan**, former chmn. of President Ford's Council of Economic Advisors, named keynoter for ITA Home Video Programming Seminar Oct. 21-23 in N. Y. C.

Yoshiyuki Okamoto advanced at Osawa (U. S.) from pres. to chmn., named a dir. of Japanese parent... **Warren Pompei** named SAE sales vp in consolidation of consumer & professional divs.; **Mark Cohen** named national sales mgr.; **Vincent Dellamonica** appointed export sales mgr... **John Robbins** named JBL OEM sales mgr.

Wayne Stewart advanced at NEC Electronics to mktg. mgr.; **Shigeo Kirimoto**, secy.-treas., adds post as operations & finance vp... **Steve Stewart**, ex-Fairchild, joins Hitachi America as MPU product mktg. mgr... **Douglas Dunn**, ex-Motorola U. K., appointed Plessey Semiconductor managing dir.

JAN.-MARCH TV IMPORTS: Major surge in incoming shipments of b&w TV, plus healthy boost in incomplete color in March, pushed first-quarter TV imports to record high, despite rather lackluster Jan.-Feb. results (Vol. 20:19 p10).

Here's breakdown by country of TV import re-

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
Emerson Radio			
1980-year to March 31	81,907,000	1,619,000	.70a
1979-year to March 31	74,177,000	3,151,000b	1.47a
1980-qtr. to March 31	15,807,000	62,000	.02a
1979-qtr. to March 31	15,180,000	400,000a	.18a
Filmways			
1980-year to Feb. 29	168,566,000c	1,617,000b	.24
1979-year to Feb. 28d	95,127,000c	7,842,000	1.57a
1980-qtr. to Feb. 29	28,431,000c	(6,731,000)b	--
1979-qtr. to Feb. 28d	23,121,000c	1,304,000	.24a
Outlet Co.			
1980-qtr. to April 30	63,110,000	(1,993,000)	--
1979-qtr. to April 30	61,980,000	(553,000)	--
Seaport			
1980-qtr. to March 31	5,768,399	(32,433)	--
1979-qtr. to March 31	5,946,117	(55,046)	--
Sega Enterprises			
1980-9 mo. to March 31	109,743,000	10,210,000	1.43
1979-9 mo. to March 31	56,233,000	6,871,000	1.10
1980-qtr. to March 31	26,439,000	46,000	.01
1979-qtr. to March 31	24,382,000	2,740,000	.42

Notes: aAdjusted. bAfter special credit. cFrom continuing operations. dRestated.

sults for March with first quarter totals in parentheses: Japan, total TV 58,800, -40.2% (291,500, -31.8%); color 32,900, -46.8% (193,600, -1.4%); b&w 25,800, -29% (97,800, -57.7%). Taiwan, total 317,300, +86.3% (1.11 million, +23.5%); color 56,600, -2.8% (214,400, -14.4%); b&w 260,700, +132.6% (893,000, +38.4%). Korea, total 158,100, +129.5% (391,900, -10.3%); color 13,800, +2.9% (36,100, -75.4%), all complete sets; b&w 144,300, +160% (355,700, +22.8%). Singapore, which shipped no b&w in early 1979, total 57,300 (188,600), color 56,100, +2354.1% (180,200, +980.2%); b&w 1,300 (8,400). Canada, color-only 8,700, -50.1% (37,100, -29%). Mexico, color-only 133,700, +12.1% (392,300, +11.5%).

Results for imports of complete color: Japan, 19,000, -54.3% (56,600, -43.0%); Taiwan, 19,000, +51.5% (73,200, -4.9%); Singapore, 3,700, +61% (14,300, -14.5%); Canada, 8,400, -50.4% (20,900, -56.5%); Mexico, 1,800 (2,800).

Imports of chassis & kits: Japan, 13,900, -31.6% (137,000, +111.8%); Taiwan, 37,600, -17.7% (141,200, -18.7%); Canada, 300, -36.4% (16,200, +284.4%); Mexico, 131,800, +10.6% (389,500, +10.7%); Singapore, 52,400 (166,000) and Philippines, 10,600 (21,400) against none in same year-earlier periods from either country.

Big hotel TV order—"probably the largest received by any TV manufacturer today"—is claimed by Zenith, supplying special 25" remote sets to N.Y.'s new 1,100-room Palace hotel.

Sony demonstrated optical videodisc system for prospective institutional customers in L. A. hotel suite last week during Video Expo.