

WEEKLY

# Television Digest®

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35  
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The authoritative service for broadcasting, consumer electronics & allied fields

SEPTEMBER 1, 1980

VOL. 20, NO. 35

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**DEBATING DEBATES:** Candidates argue over number, format, date of Presidential debates, resolving nothing. Dim outlook for Sept. 18 League of Women Voters debate. (P. 1)

**FAST FOOTWORK ON SWIFT BILL:** Chmn. Van Deerlin wants to save Swift cross-ownership bill, sent back to Subcommittee after losing support in Commerce Committee markup. (P. 2)

**MINORITY FUND ADVANCES:** IRS & SBA approval expected soon for NAB effort. (P. 3)

**MOVIE SHORTAGE:** Premiere has hurt, say pay-TV distributors. Effects are fewer movies, higher prices, dissatisfied subscribers. (P. 4)

**WUNDER FOR SHOOSHAN:** House Communications Subcommittee minority counsel becomes chief counsel. (P. 4)

**DBS NOTES:** Comsat hits ABC in letters to House & Senate Commerce Committee leaders; DBS session set in Washington. (P. 4)

**CONGRESS VS. PBS:** House balks at allowing PBS-NPR stations to carry ads in program guides. Action seen as bellwether for other traditionally commercial ventures public broadcasters are eyeing. PBS proposes \$50,000 pay-TV study. (P. 5)

**DEBATES STILL DEBATABLE:** Central TV event of fall campaign — debates between President Carter, Gov. Reagan & Rep. Anderson — may never occur. Candidates can't agree on ground rules, sponsorship, number of debates or cast of debaters. With debate problem starting to rival economy & foreign policy as campaign issue, intensive negotiations last week produced much talk, little evidence of compromise.

Key problem: How to accommodate independent candidate Anderson (R-Ill). Carter people want: (1) First debate to be one-on-one with Reagan. (2) First debate in early Sept. (3) Lots of debates — probably 6. President has already accepted invitations to debate Reagan from CBS's "Face The Nation," National Press Club, Ladies' Home Journal, said he will participate in 3-way debate only after head-to-head contest with Reagan. Robert Strauss, Carter campaign chmn., said "we almost insist" that first debate be head-to-head between 2 major candidates.

### Consumer Electronics

**RECORD-SMASHING** Aug. sees color sales to dealers at 10.7-million rate, VCR at 847,000 pace. (P. 7)

**VIDEODISCS ON SALE** in 25 market areas covering 27% of U.S. TV households. Pioneer accelerates, adding 11 markets in 2 weeks. (Pp. 7 & 12)

**SONY'S MAJOR BID** to popularize projection TV: 2-piece high-brightness systems at \$2,495 & \$2,995. Year's sales goal 16,000. (P. 8)

**REMOTE CONTROL** in 25% of color sets made or imported in first half, electronic tuning in 46%. Large screens increase share. (P. 9)

**ADVENT LOSS DEEPENED** in fiscal first quarter. Sanyo & Pioneer results up. Atari records. Lloyd's in red for quarter. (P. 10)

**3-D CASSETTES** may be Christmas fad. Studios could release 10 titles, glasses included. Columbia & Warner devising rental plans. (P. 10)

**PROTECTIONISM'S COST** far outweighs benefits, says FTC study, claiming CB tariffs cost consumers \$48.8 million in year, color quotas ineffective. (P. 11)

**DISC HUNT** underway as programmers seek replication alternatives to DVA. Columbia names titles. Thorn EMI woos Warner. (P. 11)



Reagan wants: (1) First debate sponsored by League of Women Voters, in late Sept. (2) Only 2 debates. (3) Anderson included. Reagan hasn't accepted invitations from groups other than LWV. "There might be no debates" unless President Carter allows Anderson to participate, said Reagan's negotiator James Baker.

Biggest loser if debates aren't held: Anderson. His apparently faltering campaign badly needs massive TV exposure. Last week, 3 top Anderson campaign aides quit, whistle-stop train tour of 13 industrial cities was cancelled, reports appeared of financial problems. Meanwhile, Libertarian Party candidate Ed Clark filed suit in federal court in Baltimore to prevent city from making facilities available for any debate excluding him.

"What worries us more than any other thing," said Ruth Hinerfeld, head of LWV's voter education fund, "is that the debates won't be held. We're confident this won't happen." With outlook for first LWV debate in Baltimore Sept. 18 growing dimmer, one of few factors that may break logjam is possibility that Anderson won't register 15% support in national opinion polls — a showing which LWV has deemed will qualify him to participate.

Note: If telecast debates can't be arranged, it won't be precedent shattering. They've been held in only 2 previous elections: 1960, between Kennedy & Nixon; 1976, between Carter & Ford. Both series of debates were dramatic TV; both have been cited as decisive events in campaigns of those years.

FAST FOOTWORK TO SAVE SWIFT BILL: Key members of House Commerce Committee are trying frantically to work out compromise to save cross-ownership bill sponsored by Rep. Swift (D-Wash.). Measure, dubbed "Christmas Tree bill" because of many attempts to "hang" other amendments on it during Commerce Committee markup, was sent back to Communications Subcommittee on recommendation of Chmn. Van Deerlin (D-Cal.) after bill's support began to falter and flood of amendments showed no signs of stopping. Said Van Deerlin later: "When you know the jig is up, why dither around?"

Action came after hectic 2-day markup in which only 2 amendments were approved — measure by Rep. MacGuire (D-N.J.) designed to obtain VHF station for N.J. and amendment by Rep. Mottl (D-O.) repealing outdated Lee Act which forbids studio musicians from picketing stations — but many more were planned. Swift bill, only broadcast measure that had chance of passage, was seen as convenient catch-all for less-successful measures. Bill bars FCC from considering, in renewal, ownership of other media properties or involvement of principals in day-to-day management, codifies FCC rules barring future cross-ownership.

Immediate reaction to Van Deerlin's move was that it signaled death of bill, but conclusion was premature. Key players immediately began to huddle to seek way of ironing out problems, regaining support for bill in order to get it back to Committee before time runs out. "We hope to get this thing back on the track," said Van Deerlin aide day later.

Bill faced lots of problems: (1) Bill with numerous amendments has little chance of getting out of Rules Committee at this late date in election year; supporters feared that opponents, knowing this, would keep adding amendments as way of defeating bill without directly incurring broadcast wrath by casting "no" vote on bill. (2) Van Deerlin considered N.J. amendment (which opponents charged was approved as favor to colleague seeking reelection) sure death for bill, said it could be interpreted as intrusion into specific FCC matter — disposition of RKO's WOR-TV N.Y. — and set bad precedent. Amendment required FCC to reallocate VHF licenses when feasible to N.J. or Del. if licenses become available through revocation or non-renewal, had Jan. 1, 1980 effective date making it clear RKO situation was intended vehicle.

(3) Rep. Carter (R-Ky.) planned amendment to eliminate major section of Swift bill which protects present cross-ownership from divestiture. (4) Rep. Broyhill (R-N.C.), co-sponsor of Swift bill and ranking minority member, withdrew support, meaning loss of several minority



votes. (Broyhill objected to amendment, approved by Committee, stating that Swift bill's ban on considering cross-ownership in license renewals won't affect cases now pending before FCC & courts.)

Adding to controversy was outcry from broadcasters when Committee voted down Van Deerlin amendment to extend radio license period to 5 years. Van Deerlin introduced measure as maneuver, first step of threat to amend bill to death unless others stopped proposing changes, and bill was defeated in same vein. Van Deerlin says he favors measure but wants to wait on it until comprehensive rewrite next session. However, once amendment was dangled before NAB, it wanted measure retained and mounted sudden lobbying effort.

Efforts to save bill won't be easy. Van Deerlin wants compromise that would keep N.J. amendment but revise it to read less like a directive to FCC, possibly eliminate Mottl amendment to make bill cleaner, and add no more amendments. MacGuire has indicated he won't compromise. "We don't have the reluctance some have about Congress making a reallocation decision, not when public policy interest is involved," said MacGuire staff member.

NAB still likes 5-year licensing amendment, hasn't made up mind, but could push hard for it. Said Howard Symons, staff attorney for Congress Watch, in unusual show of understanding for NAB position: "You can't put a piece of meat in front of someone and say you can't eat it until next year." If talks are successful this week, Subcommittee would take fast vote to send measure back to full Committee. With Congress officially set to adjourn Oct. 4, measure's chances get slimmer every day. Lame duck session is possible but there's no guarantee that measure would be taken up then.

Van Deerlin gave up on bill after Rep. Wirth (D-Colo.), introduced amendment to change tenure for FCC administrative law judges from indefinite to 7 years. Amendment, which might have killed bill by requiring referral to Post Office Committee, was signal that Wirth had thrown in towel.

Also defeated was Mottl amendment to require FCC to make public station financial disclosures. Rep. Preyer (D-N.C.) withdrew plans to offer STV anti-piracy amendment after opposition from earth station makers & private users. Preyer planned to add ban on intercepting satellite signals to amendment, originally intended only to protect broadcast STV operators. Some 50 amendments reportedly had been prepared for possible introduction, including spectrum fee measure. At one point, Rep. Dannemeyer (R-Cal.) introduced short-lived amendment guaranteeing VHF station for Orange County, Cal.

"Astounding, if veiled, revelations of massive tax delinquency and fraud practiced upon the U.S. by RKO" mandates that FCC take another look at RKO's qualifications to retain 13 licenses (Vol. 20:34 p2), maintains New South Media. Aug. 12, RKO informed Commission that it had received "examination report" from IRS imposing penalties on RKO for fiscal years 1969-74. Minority controlled New South hopes to acquire RKO's WHBQ-TV Memphis; licensee hopes to spin that station and 12 radios off into NewCo, to be owned by RKO stockholders and headed by ex-CBS executive Richard Jencks (Vol. 20:33 p6).

NAB officials are overjoyed with results of last week's radio programming conference in New Orleans: Attendance of 1,687 was up from 1,200 year ago in St. Louis; hospitality suites increased from 18 to 54; exhibitors from 13 to 52, with emphasis shifting from software to hardware. Most popular session consisted of management course for young program managers. About 20 groups had separate meetings in conjunction with conference.

IRS & SBA approval of NAB's minority station ownership fund is expected in next couple of months, according to Samuel Ewing, dir. of fund. Some \$10 million have been pledged to fund — including \$2.5 million by each network. Ewing says choice of recipients will be based on "those appearing most likely to succeed financially." Each applicant must be at least 51% minority owned. Funds will go entirely for station ownership — not for program production, etc. Both TV & radio are covered; no percentage of total fund has been allocated for each.

Requirement that "significantly viewed" signals be carried by cable systems should be deleted from FCC rules, according to 19 stations banded together as Smaller Market UHF TV Stations Group (SMU). SMU told Commission that elimination of distant signal restrictions (Vol. 20:30 p2) "obviates any need to classify a signal as significantly viewed." Also, SMU said, measurements for such signals were developed in 1971 "and there is grave doubt as to their validity today."



**PREMIERE'S EFFECT:** Impact of Premiere has been felt, according to depositions from HBO, Showtime & Warner Amex Satellite Entertainment included as part of Justice Dept. lawsuit. Immediate results are product shortages, higher prices demanded by non-Premiere studios such as Warner Bros., hesitation on part of potential affiliates.

Showtime memo helps explain attraction of studios to pay TV. Its royalties to 4 Premiere partners grew from \$2.3 million in 1978 to \$8.8 million last year, out of \$15.8 million total. HBO movie licensing fees have grown from 79% to 83% of programming expenses since 1978.

Nick Nicholas, HBO: "The inability of HBO to purchase the films distributed by the Premiere members has already injured HBO by lowering the quality of its program schedule for the remainder of 1980... HBO's 1981 schedule is less than half full, and the essential blockbusters such as All That Jazz, Kramer vs. Kramer & Chapter 2 are missing... The refusal of [Premiere participants] to license their films... will have a devastating effect on HBO's business in the future... At least one large [MSO] has advised HBO representatives that the new affiliation contract under negotiation must contain a clause enabling it to cancel the HBO service if Premiere goes into operation."

Jules Haimovitz, Showtime: "Showtime will be severely injured. Without access to the films of 4 of the 6 majors, Showtime will not have the requisite complement of hit films to offer quality programming and to compete effectively... I could be as short as many as 28 hit films a year, or approximately half of the number I need [and] there are not enough [other titles] to fill those programming slots. [20th Century-Fox & MCA] already have enforced the 9-month boycott... There can be little doubt in my opinion that... any cable operator faced with a choice... will choose Premiere."

John Schneider, WASE: "There has been a drastic reduction in the supply of first-run, hit films which would normally be available for showing in late 1980 and early 1981. Specifically, [Universal's] The Jerk and Electric Horseman... have been withdrawn. We start planning our schedules 7 months in advance, and the schedules go to press at 2 months in advance. Our programming is suffering right now from the absence of the defendants' films, and Premiere is not even in operation yet... There is a wait-&-see attitude among cable system operators about selecting a pay movie service... We are more vulnerable... than our 2 principal competitors because we are an all-movie channel."

KBCI-TV Boise turned controversial videotapes over to Federal Dist. Court in Boise; court will keep tapes sealed until lawsuit is settled over whether county prosecutor's search of newsroom violated First Amendment.

A. F. Assoc. has been named rep for Marconi broadcast studio products.

**WUNDER FOR SHOOSHAN:** In unusual staff move, House Communications Subcommittee Minority Counsel Bernard Wunder has been tapped by Chmn. Van Deerlin (D-Cal.) to replace Chief Counsel Harry Shooshan when Shooshan leaves Oct. 3.

High level majority-minority staff switches aren't common on Capitol Hill, but Shooshan said Subcommittee has been "apolitical" anyway. "Our differences here don't divide along party lines. We've had a team approach here all along... Certainly when Van asked for my feelings on Bernie I highly recommended him."

Shooshan plans to set up consulting firm with Charles Jackson, Subcommittee staff engineer who also is leaving, and Brookings Institution economist Robert Crandall, who will work part time. Shooshan said time had come for him to leave Hill. "After 11 years — with Torby [McDonald, deceased former Democratic chairman from Mass.] and Van — you burn yourself out and lose your effectiveness. I don't regret my time here at all. I can't say every moment was a happy moment... The thing I'll miss the most here are the friendships."

Shooshan, who has often rankled lobbyists and broadcasters with a self-admitted arrogance, said he's aware that past fights might hurt when he sets up shop. Said he: "The battles I've had have not been tinged with vindictiveness or anger but rather a combativeness of an advocate. I'm realistic enough to know some people have long memories and I'm sure that will be a factor in some decisions." Wunder is viewed by lobbyists and broadcasters as far easier to deal with than Shooshan.

DBS notes: (1) Comsat's Satellite TV Corp. Pres. John Johnson, in letters to House & Senate Commerce Committee Chmn. Staggers (D-W. Va.) & Cannon (D-Nev.), opposed ABC's request (Vol. 20:34 p5) that Congress review FCC's pro-DBS stance, stated that DBS would "not compete directly with, or present a threat to, conventional advertiser-supported TV. While ABC's request may serve its parochial interest, these broader national objectives would be impaired. [We] urge you to take no action which would delay or prevent the FCC from proceeding with the orderly consideration of this important issue." (2) Speakers at DBS session at Public Service Satellite Consortium conference in Washington Oct. 8 include: Nina Cornell, dir. of FCC Office of Plans & Policy; George Billings, Satellite TV Corp.; Alan Pearce, consulting economist; Wilson Dizard, retired foreign service officer; Wilbur Pritchard, Satellite Systems Engineering pres. Session will be chaired by Satellite Week Managing Editor Jonathan Miller, at Washington Hilton.

Multimedia's "Phil Donahue Show" doesn't qualify for exemption from Sec. 315 as a news program, according to FCC Best. Bureau.

Educational WFUM (Ch. 28) Flint went on air Aug. 23, raising U.S. operating total to 1,026 — 744 commercial, 282 noncommercial.



**HOUSE VS. PTV BUSINESS:** Public broadcasters who increasingly are looking for traditionally commercial-sector money raising methods last week received strong message on topic from Congress: Stick to on-air fund raising.

Message came in form of passage of House appropriation bill, to which amendment sponsored by Rep. Bauman (R-Md.), was attached barring any public TV or radio stations receiving federal funding from accepting advertising in any publications. Measure, sought by Washingtonian magazine publisher Philip Merrill, still must go through Senate, where public broadcasters are hopeful they can save day. Communications Subcommittee Chmn. Van Deerlin has opposed such legislation, was caught off-guard by House action and was reportedly irritated.

Measure in itself is powerful setback to stations which take ads in program guides — particularly brand-new "Dial" magazine (Vol. 20:28 p3), at which legislation was aimed. But it's more important as bellwether to what Congress would do if PTV launched own pay-cable service or went STV, both of which PBS is examining seriously.

PBS's Task Force on Technology Applications meets this week on just these subjects, and PBS management has recommended that PBS invest \$50,000 to examine market for pay-TV service, although one other than proposed in June by Carnegie Commission (Vol. 20:18 p6). Meanwhile, PBS stations in L.A., N.Y. & Boston are working on joint project aimed at launching cultural pay-TV or ad-supported basic service.

In satellite area, PBS is recommending that it get into business of providing specialized technical maintenance to all earth station facilities, public and private. PBS also plans to add 4th transponder on Westar in Jan. and is considering making surplus time available to Western Union for resale to commercial customers. PBS also is planning to move into satellite teleconferencing in big way.

PBS also is examining possibility of setting up TV standards conversion operation for foreign programming and public TV-radio music publishing company.

FCC is busy in D. C. Appeals Court, which has received following appeals: (1) Denial of fairness doctrine complaint against United Way spots, filed by National Committee for Responsive Philanthropy. (2) Grant of new FM, and approval of frequency change to 91.5 MHz and power increase to 1 kw for WUAL(FM) Tuscaloosa, to U. of Ala., filed by WBRC-TV Birmingham. (3) Seven groups opposing denial of license renewal for WHBI(FM) Newark. (4) Decision to reduce nighttime protection for clear channels to 750 miles, filed by Capital Cities.

At request of EIA Consumer Electronics Group, FCC has extended comments on CBS teletext proposal (Vol. 20:30 p3) to Oct. 2, replies Oct. 17.

"PTAR has proved itself. It deserves the FCC's full support" in opinion of SRA, which last week asked Commission not to mess with controversial rule restricting network programming in early evening. Disputing findings of FCC Network Study Staff that PTAR hasn't worked (Vol. 20:25 p2), SRA says rule "has fostered the development of an independent syndication industry, has restrained total network domination of prime viewing and, most important, has assisted local licensees in exercising their own [programming] judgment."

"Selling in the 1980's" is theme of TvB convention Nov. 9-11, Las Vegas Hilton. John Naisbitt, Trend Report publisher, keynotes; BBDO Exec. Vp Larry Light is a featured speaker. Also highlighted will be release of 2 new sales tools — electronic breakthrough making media comparisons easier & faster; changing video technology and its impact on TV.

Operations of FCC & FTC will be highlighted at Oct. 26-28 4A seminar, Four Seasons Hotel, Washington. Group's Govt. Relations Committee meets during seminar.

### Our 35th Anniversary

Today, Sept. 1, marks exactly 35 years since the first issue of Television Digest appeared. When we started, TV was entirely blue sky — the industry comprising exactly 6 licensed stations & 3 CP-holders, plus some 6,000 receivers built before World War II. The predecessor of our Television Factbook was 2 sides of one piece of paper, listing all operating TV stations, including every commercial account of each.

It has been a source of deep satisfaction to report, each week, the growth of this enormously important medium. It has been exciting to observe how pioneers threw their energy & resources into what was only a promise to develop the industry into what it is today. And now, we're right in the middle of a new burst of innovation — what with proliferation of satellites, with cable's move to the big city, with videocassettes and videodiscs emerging as the new frontier for consumer electronics manufacture, with videotext & teletext looming on the horizon — and many other innovations striving for breakthroughs.

Some of these new fields have expanded so that we've generated new services to meet their needs — Public Broadcasting Report, Satellite Week, Video Week, Factbook Research Inc., videocassettes of major demonstrations, etc. Indeed, we have several additional services in the works in related fields.

A remarkable number of our subscribers have been with us from the very first years. To them — and to today's pioneers — we pledge continued effort to provide accurate, concise, unbiased reporting.



## Personals

Fred Silverman, NBC pres., speaks at HRTS newsmaker luncheon Sept. 9, Beverly Wilshire Hotel, L.A... FCC Comr. Anne Jones, ABC Pres. Elton Rule and CBS correspondent Dan Rather speak at U. of Fla. communications seminar week of Oct. 6; Jones also speaks to NRBA convention Oct. 7 in Los Angeles, at Colo. State U., Ft. Collins, Oct. 24, and at USC, L.A., Oct. 25, latter on First Amendment & minorities.

Julian Goodman, ex-NBC chmn. & pres., and Andrew Brimmer, financial consultant and ex-Federal Reserve Board, elected Gannett dirs... Charles Everill (head of cable operations) and Richard Schlosberg (head of newspaper div.) promoted to senior vps, Harte-Hanks.

Kenneth Elkins, ex-KETV Omaha gen. mgr., moves to similar post at KSDK St. Louis; he's succeeded at KETV by Gary Nielsen, former program operations mgr... George Bassett promoted to dir. of on-air operations, WDBJ-TV Roanoke... Mary Lou Nanalli advanced to news & public affairs mgr., KPHK-TV San Francisco; Kerry Andrews, ex-Field Spot Sales, named sales mgr.

Cecil Forster, vp-gen. mgr. of WINS(AM) N.Y. and a dir. of parent Group W, resigns to invest in own stations... Walter Blower, ex-U. of Colo., appointed community relations dir., WMUL-TV Huntington, W. Va... Judith Green, ex-Sandy Frank TV, joins Newsweek Bestg. as marketing dir.

Valdo Conte promoted to commercial operations dir., WCVB-TV Boston; Kate Steed, ex-White House press staff, named PR mgr.; Bonnie Hiramoto advanced to research & sales promotion mgr... Richard Holcomb, ex-KRMA-TV Denver gen. mgr., appointed vp for public affairs, ATC... John Baker promoted to vp in charge of production & operations, CNN... Peter Goodman advanced to mgr., CBS News information services.

Robert King, Capital Cities Bestg. and NAB TV chmn., keynotes Sept. 15-17 BFMA convention, Town & Country Hotel, San Diego; RKO Radio Pres. Dwight Case and Nationwide Vp Kenneth DeShelter also speak... Gene Autry, celebrating 50 years in broadcasting, will receive NRBA "Golden Radio Award" during Oct. 5-8 convention, Bonaventure Hotel, L.A.

Kathleen Sheekey promoted to deputy asst. gen. counsel for legislation & congressional liaison, FTC, succeeding William Baer, now with Washington law firm Arnold & Porter... Stoddard Johnston, KXES(AM) Salinas, elected Cal. Bestrs. Assn. chmn.; Joseph Lake, KXTV Sacramento, vice chmn.; Lionel Schaen, KHJ-TV L.A., TV vice chmn... John Harris, ex-Village Bestg., appointed AP broadcast exec. for N.C. & S.C., succeeding Steve Eames, now in AP Raleigh bureau.

Fred Schnier promoted to vp, program

## WEEKLY Television Digest

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acquisitions & motion pictures, Viacom Enterprises, new post; William Andrews, Viacom senior vp for domestic syndication, resigns at end of year to form own syndication company... Thomas Maples, ex-20th Century-Fox TV, appointed mgr. of MCA TV Dallas office.

Jeanne O'Grady advanced to programming vp, Daniels & Assoc.; Fred Cohen, program consultant and onetime FCC staffer, appointed dir. of co-productions, HBO... Larry Brown, ex-consultant on minorities, named pres., Cablevision Training Centers, St. Louis, joint venture of Telcom and Teleprompter to train minorities... Claude Nobs, WEA International, also named European consultant for Warner Communications... Joseph Scott, ex-RCA, appointed dir. of r&d, General Instrument Lab, Chandler, Ariz.

Peter Hager, Goldman, Sachs & Co., and Jackson Smart, Chicago Central National Bank, elected dirs., John Blair & Co... James Monahan, ex-Metro TV Sales, appointed research dir., TeleRep; Lou Morlino, ex-Petry, named mgr. of new TeleRep Seattle office (2121 4th Ave. 98121)... Patricia Beers joins Petry TV as PR dir.

Reduced AM channel spacing from 10 to 9 kHz can be done by station overnight without disruption of service at a cost of \$500 to \$750, depending on FCC requirements, said new NTIA study. Changes "are greater in practice than theoretical predictions would indicate," but interference changes are "minimal" for most stations. Time for partial proof of performance is 6 man-days, full proof 21 man-days, for average station with single DA pattern. Report (PB 80-199433) is \$7, National Technical Information Service, 5285 Port Royal Rd., Springfield, Va. 22161.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 15 (33rd week of 1980):

	Aug. 9-15	1979 week	% change	Aug. 2-8	1980 to date	1979 to date	% change
Total TV .....	273,651	233,018	+17.4	266,481	8,584,403	9,256,497	-7.3
color .....	178,859	143,787	+24.4	165,557	5,468,298	5,795,345	-5.6
monochrome..	94,792	89,231	+6.2	100,924	3,116,105	3,461,152	-10.0
Home VCR .....	11,907*	4,562	+161.0	10,313	373,800*	229,711	+62.7

Color TV 5-week moving average: 1980—178,723; 1979—171,986 (up 3.9%).

Home VCR 5-week moving average: 1980—12,627\*; 1979—7,701 (up 64.0%).

\*Record for period.

**AUG. A RECORD-SMASHER IN COLOR SALES:** Yes, it happened. Color sales to dealers went through roof in recession-ridden Aug. Not only did sales of 788,900 for month exceed those of Aug. 1979 by 14.9%, but 3 of month's 4 weeks set weekly records, and the one non-record week was 24.4% above comparable 1979 figure. Month's sales came in at annual rate of 10.7 million.

Aug. color sales bested previous record for month — 777,639, set in 1978 — by 1.4%. For year's first 8 months, color TV sold to dealers at annual rate of 9.8 million. Aug.'s 10.7-million rate was best for any month this year — highest, in fact, since June 1979.

VCR sales for Aug. totaled 56,600, up 56.2% from 1979, running at annual rate of 847,000 for month, 772,000 for first 8 months. Monochrome TV sales in Aug. totaled 452,600, down 8.7% from Aug. 1979.

Final week in EIA's statistical month of Aug., which actually ended Aug. 22 (Sept. will have 5 weeks), was particularly hot — color sales exceeding 244,000, up 18.5% to new record, and VCR hitting 19,700, highest weekly total this year and 2nd highest on record, up 76.6%. B&W sales for week were 112,000, down 31.1%. Unquestionably, dealers are buying color again. Sept. results will indicate whether public does.

**VIDEODISCS ON SALE IN 27% OF U.S:** Accelerating fan-out of videodisc players across country, Pioneer last week opened up 7 new markets to optical Laserdisc sales, including largest so far — Boston, nation's 5th largest marketing area — and plans to add 4 more this week. By this week's end, optical players by Pioneer & Magnavox — and discs by MCA — should be on sale in 25 market areas encompassing some 27% of nation's TV sets-in-use.

Moving more rapidly than planned, Pioneer added St. Louis, Houston, Denver, Ft. Wayne, Buffalo & Phoenix in addition to Boston. This week, Laserdisc players are scheduled to go on sale in Washington, Baltimore, Richmond & Jackson, Miss. New markets will include first dept. stores for Pioneer player — Washington's Woodward & Lothrop and Richmond's Thalheimer's — as new marketing strategy aimed at older, non-hi-fi buyers is inaugurated (Vol. 20:31 p11).



Magnavision players are on sale in 18 markets, Laserdisc in 15, as of this week's end. The 2 brands compete in 8 markets, and each of the 2 manufacturers is expected to enter more markets where the other sells because of availability of discs there. Of last week's 7 new Pioneer markets, 4 were already selling Magnavox player.

Videodiscs & players will be available by week's end in markets with about 20 million TV households, based on Arbitron's ADI figures. These include nation's 5th & 6th markets as well as Nos. 8-13. For list of videodisc markets to date, see p. 12.

RCA wound up demonstrations to Japanese licensees last week. Its disclosure that it would offer stereo version in 1982 once again casts spotlight on Sylvania, which has said it won't go with monophonic system. Sylvania says decision between RCA's CED & Japanese VHD system will be made in matter of "weeks." Actually, it's understood RCA's stereo version is planned for availability in Spring 1982.

In Japan, Toshiba praised RCA's "accomplishment" in developing CED system, but continued to walk tightrope on videodisc, stating that it was "pursuing an equidistant diplomacy" toward all systems, has reached no conclusion, but that it planned to manufacture software as well as hardware for any format chosen. JVC continued to react in behalf of VHD system, announcing establishment of videodisc software production firm jointly with Victor Musical Industries, said it has already signed up some Japanese movies and is talking with Thorn EMI for foreign films, will spend \$9-\$13 million this year on production & acquisition.

**SONY'S MAJOR BID TO POPULARIZE PROJECTION:** When was the last time Sony introduced brand-new product at lowest end of price scale? If you answered "never," you're probably correct. But last week Sony backed up its belief in future of projection TV — and in need for more popular prices — with introduction of 2 innovative models at prices matching lowest in industry for 3-tube systems.

Second surprise at last week's N.Y. press introduction was fact that Sony's new projection systems are 2-piece, bucking apparent trend to single-piece units. Systems are priced at \$2,495 for 50" and \$2,995 for 72" — latter matching that of Kloss Video's similar-sized 2-piece system, previously lowest-priced 3-tube system on market. Sony says its single-piece projection systems, at \$3,300 for 50" and \$3,700 for 72", will remain in line at those prices (reduced last May) although special promotional allowances on them have been cut. Its new projectors have pictures almost twice as bright, leaving doubt as to how long those particular one-piece units will coexist.

New giant-screens have pictures rivaling best we've seen. They use new 5.5" high-brightness monochrome projection tubes, faceplates water-cooled by proprietary system, with American-made U.S. Precision f1 plastic lenses. Projectors are in "cocktail tables" identical except for throw distance, each covered with tinted tempered glass and containing 14-button electronic tuner, consumer operable convergence system. To get to desired price points, Sony cut out such frills as remote control, touchpad tuning and video input, although future step-ups could have these.

Sony claims 100-ft.-lambert brightness for 50" unit, 50-plus for 72" (vs. 60 & 30 for its one-piece systems). Pictures on free-standing aluminum washable screens were excellent, as displayed in normally lighted room on sunny afternoon. Viewing angle was quite wide (Sony claims optimum extends to 45 degrees from center line). Sony says it expects to sell 16,000 units in next 12 months — just slightly under the 18,100 EIA says comprised first half 1980 total industry sales of 3-tube projection systems.

Systems are made in Japan — Sony says there's no room for them in San Diego plant. Deliveries start this month, presumably in fairly large quantities since company had planned to offer them earlier, held off because of high inventories of its single-piece systems. Sony says it's aiming new projectors at dealers who handle regular TV line rather than video specialists (who also will sell them), and dealer margins are comparable with those on high-end TVs.



Sony brandname on more popularly priced projection sets can be expected to have some effect on that currently stagnating section of the business, particularly if company can talk more traditional TV outlets into handling them. Unquestionably, Sony's picture is right, but some nervousness was detected on subject of whether it can force revival of 2-piece format on basis of quality performance at moderate price. New Sony projectors are designed for U.S. market, haven't been offered in Japan. Advent said its reaction to Sony's move would be evident this week.

**REMOTE CONTROL NOW 25% OF COLOR MIX:** Color TV's "automatic transmission" finally reached magic 25% share of market in first half 1980, slightly over one of every 4 sets produced or imported containing TV's top step-up feature, remote control. EIA figures show 25.3% of color sets had remote, up from 19.4% in same 1979 period, 33.2% of consoles and 23.1% of portables & table models containing the feature.

EIA data show total new color supply slipping 2.1% to 5,078,482 in first half — unexplained discrepancy of 824,000 sets from record production plus imports reported by International Trade Commission (Vol. 20:34 p8). Consoles gained fractionally in share, to 21.8% from 21.5%. Projection TVs, reported for first time, totaled 18,132 (Vol. 20:32 p9), or about 0.4% of total color. (This covers only sets built from ground up for projection, not modifications of standard sets, which are included in totals for conventional TV.)

Electronic tuning was feature of 46.2% of new color supply in first half, up from 40.6% last year. Percentage of consoles with electronic tuning actually declined to 75.4% from 77.9%, while share of portables & table models with feature increased to 23.1% from 17.7%.

There were no strong changes in color screen-size trends, but smaller tubes lost some market share — under-19s shrinking to 31% of portable-table market from last year's 32.4%. In lower color market this year, only screen-size category to show actual increase in sales was 20"-&-over segment of table model market, with surprising rise of 31.1% to 152,000, representing 3.8% of portable-table market, up from last year's 2.9%. In 18-19" category, production plus imports totaled 2,587,000, down 1.6% for 65.2% share (vs. 64.7% last year). Other sizes and their shares of portable-table supply: 14-17", 314,000, down 15.5% for 7.9% share (from 9.1% last year); 13", 702,000, down 0.3% for 17.7% share (from 17.3%); 12" & under, 214,000, down 12% for 5.4% share (from 6%).

In b&w, new supply totaled 2,857,072, down 8.9% from year earlier. Surprising in light of mini-combo "boom," AC-DC category plummeted 43.1% to 352,100, its share of b&w market dropping to 12.3% from last year's 19.7% (EIA figures apparently don't include some mini-combos made by non-traditional TV manufacturers). AC-DC suffered most in mini-combo screen sizes — 10" & under — which dropped by 52.2% to 5.3% of b&w from 10.1% last year, AC-only versions in this category quadrupling from year earlier to 130,000 units. In 11-12", AC-DC fell 33.3%, its share dipping to 7% from 9.5%.

#### FIRST-HALF COLOR TV PRODUCT MIX

Type	Units	1980	% of total	Units	1979
		% change			% of total
Portable-table...	3,968,660	-2.3	78.1	4,063,606	78.3
Console.....	1,108,703	-0.5	21.8	1,113,977	21.5
Combination.....	1,119	-88.9	0.02	10,093	0.2
TOTAL.....	5,078,482	-2.1	100.0	5,187,676	100.0
Projection TV*...	18,132	--	0.4	--	--
Remote control...	1,283,671	+27.4	25.3	1,007,768	19.4
Electronic tuning	2,346,846	+11.6	46.2	2,103,637	40.6

\*Not included in totals.



**ADVENT POSTS LOSS:** Advent continued in red in fiscal first quarter to June 28, and loss deepened to \$893,000 from \$802,000 in same year-earlier period, while sales dipped modestly (Vol. 20:34 p12). Advent said audio equipment sales rose 5.9% to \$2.94 million, reflecting market acceptance of new speakers, while projection TV sales slipped 5.5% to \$3.16 million. Video volume was held down by lack of product availability, and no improvement in that business segment is expected until 4th quarter, company said. It also announced that planned Sept. convertible debenture offering has been increased from \$1.5 million to \$2 million.

**Sanyo Electric (Japan)** consolidated profit for 6 months to May 31 totaled \$76 million, more than double year earlier, on sales of \$1.94 billion, up 31%. Export sales totaled \$1.1 billion (up 62%), domestic \$840 million (up 5%). Company's VCR sales were 2.8 times greater than year earlier, color TV up 85%, audio recorders up 73%. Full-year sales were forecast at \$3.9 billion (up 17%), profits \$133 million (up 40%).

**Pioneer (Japan)** announced record consolidated results for 3rd quarter & 9 months ended June 30. For 3rd quarter, export sales totaled \$188.2 million, or 63.9% of total; for 9 months, exports represented \$933.5 million, or 63.3%. For 9 months, home audio sales totaled 61.3% of all sales, mobile audio 33.4%, other products (including videodisc players & CATV equipment) 5.3%. Company expects videodisc & CATV businesses to "grow greatly," helping to counteract effects of continuing audio recession in U.S., high costs and intensified competition.

**Telefunken** expects loss of \$56-\$112 million this year, down from \$540 million in 1979, anticipates sales rise of 5.6% to \$8.3 billion. Size of loss will depend on 2nd half results of consumer electronics & appliances business, company stated.

**Atari** had best quarter in history in April-June period, parent Warner reports. "Continued year-round strong consumer demand for... Video Computer System & related game cartridges has virtually assured another sellout of this product line for 1980." System now has 40 cartridges available.

**Lloyd's** reported steeper loss on 1.6% sales decline in fiscal first quarter. Sales for 1979 period were restated to reflect recent disposition of U.K. & Canadian businesses.

**Sears & K mart** both reported lower 2nd quarter & first half earnings. K mart sales were up for both periods. Sears said sales of merchandising operations were down, reported merchandising income of \$30.5 million in quarter, following \$18.3 million opening quarter loss, leaving segment profitable for half. Retailers said continued softness in consumer credit sales was holding results down.

**Apple Computer**, currently privately held, plans public offering of common stock this year, proceeds to be used primarily for working capital. Company's 1980 sales are estimated at \$175 million.

**3-D CASSETTES:** Next fad in pre-recorded cassettes could be 3-D movies. MCA Videocassette is preparing sale of cassette versions of 3-D features released in early 1950s, complete with red-&-green special glasses to give viewer depth perception, according to trade source. As many as 10 movies from several studios may be marketed in 3-D this fall.

Bell & Howell is said to have made film-to-tape transfers for MCA, although process is "pretty tricky," says executive. Cassette orders are 5,000-7,000 per title. Another prospective supplier hopes to offer newly taped 3-D rock concert, with box label also in 3-D, using same glasses.

Among other developments: (1) Columbia and Warner Home Video are devising separate rental plans, Columbia's along lines of Disney dual inventory scheme (Vol. 20:31 p15). Studio is looking for Oct. start, WHV early next year. WHV has postponed release of 5 titles, including *Clockwork Orange* & *Summer of '42*, pending solution of clearance problems with one of packages. (2) Lorimar is still trying to peddle cassette rights to 9-10 of its features at about \$200,000 per title, will throw in Allied Artists Video catalog as bonus (Vol. 20:33 p10). It's also selling retailers packages of up to 1,000 cassettes as part of inventory closeout and effort to settle Bell & Howell duplication debt. (3) Sears has ordered Beta format for all 10,000 copies of ABC Video Enterprises Lake Placid cassette. Tapes will be offered in catalog only, possibly as giveaway with VCR purchases. (4) Magnetic Video expects to select west coast plant site by Oct., will have 1,100 VCR slaves at 2 locations when production begins in Jan.

Home terminals & teletext are focus of HVC Corp., Dallas management consulting firm formed by Lloyd Haldeman, ex-pres. of Inovision. Haldeman left Inovision as result of cutback in home video plans (Vol. 20:9 p11). New company will stay away from pre-recorded cassettes, concentrating instead on terminals, which Haldeman thinks will be installed in 10-15% of U.S. homes this decade. HVC plans newsletter, seminar, participation in teletext experiments.

Teletext decoders will be provided by Zenith of Satellite Syndicated Systems for use at CATV satellite receiving stations. "Virtext" decoder allows any of 800 pages with 40 characters on 20 lines to be selected for distribution to cable subscribers. SSS will use system for Reuters & UPI newswire service.

**Philco** tradename and slogan — "Famous for quality the world over" — are on U.S.-market refrigerators again. They're imported from Italy and sold here through Warwick Mfg. Corp., subsidiary of Philco Italiana, Chesapeake, Va. GTE has rights to Philco name on consumer electronic products.

Color TV set penetration in Taiwan last year came to 59.4% of households (up from 47.1% in 1978), while b&w penetration declined to 41.4% from 51.9%.



**PROTECTIONISM'S COST:** Cost of import restraints such as quotas and increased tariffs far outweighs benefits, with consumers footing bill for billions of dollars. That's thrust of staff report by FTC's Bureau of Economics, which examines trade restrictions on 5 products, including color TV & CB radios.

In the case of color TV, report concedes there probably was no additional cost to consumers — "prices of TV sets in the U.S. have not increased." Following U.S.-Japan Orderly Marketing Agreement (OMA) on color sets, report concludes: "(1) There was a ninefold increase in color TV imports from South Korea. (2) Taiwanese imports more than doubled. (3) There was a dramatic increase in incomplete color TVs from Mexico & Taiwan (from U.S. subsidiaries largely). (4) There was an increase in U.S. production attributable in part to... Japanese subsidiaries.

"The combined effects of all these factors," report says, "has been an actual increase in the quantity supplied of color TVs domestically and no increase in the U.S. price. As a result, the costs to consumers and the inefficiency costs to the U.S. economy have been marginal." Additional U.S. output, report adds, has been produced by fewer production workers, largely because of the increased number of incomplete TVs imported for assembly."

Added tariffs on CBs are expected to cost consumers \$48.8 million in first year (ended April 1979), \$40.6 million in 2nd and \$31 million in 3rd, report estimates, with total costs of higher tariffs coming to \$8, \$6.50 & \$5 per CB in the 3 years. It estimates each job created by the increased tariffs costs consumers \$83,000 per year, with "inefficiency wastes per job created" \$17,000-\$21,000 per year. Although "tariff has not benefited the domestic industry which has been nearly eliminated," it "continues to impose costs... and lowers the sales & employment of those firms who distribute imported CBs."

Color TV case demonstrates, says FTC report, that "exporter can be tried simultaneously for the same problem under a number of different statutes," raising possibility of "harassment." As result, staff concurs with General Accounting Office recommendation that fair-value provisions (Sec. 205b & 205c) of Antidumping Act be eliminated and "persistent below-cost sales" be handled under other laws.

Full report, "Effects of Restrictions on U.S. Imports," is available from Public Reference Branch, Rm. 130, FTC, Washington 20580.

"Magnex" will be new video & audio tape brand made & marketed in Japan by joint venture of Ampex & Konishiroku Photo (Vol. 20:34 p11). Tape won't be sold under Ampex brandname.

Sale of Saba & Videon by GTE to Thomson-Brandt was completed last week.

**REPLICATOR SEARCH:** Hunt for optical disc replicators is underway in earnest, spurred by uncertainty about DVA output. Optical Programming Assoc. (OPA), joint venture of U.S. Pioneer, MCA Discovision & Philips, says it's seeking "one or more" additional makers for discs, including 2 on NFL football & children's games.

OPA candidates include Sony, Pioneer & 2 Philips plants — Blackburn, U.K. unit, one likely in U.S. Columbia has talked with same potential sources, still expects DVA to produce first discs. Ten titles include new version of Close Encounters, China Syndrome, Chapter 2, Midnight Express, 3 from Cinema 5 collection.

Situation in VHD is just the reverse. Thorn EMI is aggressively pursuing software, made a proposal to Warner Home Video that "sounds very attractive to us," says WHV Pres. Mort Fink.

**Japan VCR notes:** With Japanese VCR production expected to exceed 3.5 million units this year, Matsushita says its production capacity by year's end will be about 1,680,000 annually, double last year's figure. Company is spending about \$44 million for VCR expansion this year, compared with total of \$66 million spent in all previous years... Hitachi says portables represent 50% of its VCR sales; about 70% of its production is exported... Japan color video camera production this year is expected to reach 600-700,000, more than double last year's figure. First-half total was 270,000, vs. 278,000 produced in all of 1979. JVC is largest manufacturer, making 20,000 monthly and planning to boost output to 30-35,000. Matsushita has completed new camera plant which can make 20,000 monthly.

Pro-Arab stance of French govt. is expected to help Thomson-CSF beat U.K.'s Plessey out of \$960 million contract to supply Iraq with equipment & knowhow for consumer & military electronics production. Plessey has complained openly that govt. hasn't given it enough support in effort to capture what would be largest electronics export order ever received by U.K. firm. Separately, France is planning to supply Iraq with nuclear technology, ignoring complaints of other Western nations.

Winter CES, in Las Vegas Jan. 8-11 is already virtual sellout, with 90% of exhibit space applied for, despite 50,000 sq.-ft. increase to 500,000 sq. ft. Addition comes from doubling space in Hilton, adding 30 outdoor exhibits between Convention Center & Hilton and 50 suites at Jockey Club. Show is expected to have 950 exhibits, up from 750 last Jan.

Korea has revised regulations to permit color TV manufacturers to import parts such as magnet wires, cams & sliders which are "not produceable" in Korea.

Sansui programmable turntable, which can play up to 7 selections on one disc side in any order, is now being shipped at \$650 suggested retail.



Consumer Electronics Personals

Tamotsu (Tom) Iuchi, former exec. vp, appointed U.S. Pioneer pres., post vacant for year since resignation of Bernie Mitchell... Robert Shortal, ex-corporate news & information dir., named staff vp, public affairs, RCA Selectavision videodiscs; Charles Mitchell, former independent producer, named special programs dir., concentrating on music & sports programming... Don Rushin, ex-retail products mgr., 3M Magnetic Audio/Video Products Div., becomes mgr. of new Home Entertainment Products Dept., including Div.'s former retail mktg. operation, labs & mfg. control.

A. John Torre, former exec. dir., elected vp-gen. mgr., Zenith picture tube operations... Richard Osgood, ex-GTE Consumer Electronics planning & business development vp, named business development vp of parent GTE... William Mount, ex-IBM, appointed DVA programming vp... Marshall Brown named Craig vp, quality & customer service.

Jane Schwartz, ex-Warner Cable, named to new post of program & product acquisitions mgr., Video Corp. of America... Tom Daly, ex-R.H. Macy, joins Fuji Tape Div. as national sales administrator; Fuji Tape Mktg. Mgr. Steve Yoneda returns to Tokyo hq; Tony Kobayashi, from Fuji Tokyo Magnetic Products export sales, assigned to U.S. tape operation... Mark Heyer promoted to Sony Video Products eastern mkt. development mgr.

J. Mitchell Kolesaire promoted at Sharp from TV sales administrator to TV sales coordinator, responsible for K mart account... Ron Graham, ex-Sheller-Globe, joins Electro-Voice as employee relations dir.; E-V/TAPCO names regional sales mgrs. in consolidation of sales & mktg. of the 2 brands: Ferdinand Boyce, ex-Genave (aviation equipment), west; Tony Satariano, ex-E-V Hi-Fi Products sales mgr., central; Chuck Gring, ex-Music Products sales mgr., south... John Bubbers, ex-Dynaco pres., joins Sound Concepts in new post of mktg. vp.

Joseph Scott, ex-RCA IC technology dir., joins General Instrument as corporate R&D Lab dir., with hq in Chandler, Ariz.; Richard Sanguini, ex-RCA LSI products dir., named GI MPU dir., succeeding Howard Raphael, now Cermetek pres... Dieter Ammann named Commodore Computer Systems software dir... David Pava promoted from Byte Industries gen. mgr. to pres... Duane Burnham, exec. vp, becomes Bunker Ramo pres.-chief exec. Oct. 12... Thomas Burns, ex-Beckman Instruments, named dir. of research & product development, Allen-Bradley Electronics Div., succeeding Harold Roth, now in new post of senior scientist.

Safety recall of about 5,600 Philips turntables was announced by Consumer Products Safety Commission, which said improper wiring of circuit breakers could result in severe shock. Philips Hi-Fi Labs is conducting recall, involving 2 models sold since March 1979.

**VIDEODISC MARKETS:** These are current official optical videodisc marketing areas (see p. 7), each followed by its rank as U.S. TV set market, based on Arbitron ADI figures:

Markets with both Magnavox & Pioneer players — Dallas-Ft. Worth (11), St. Louis (12), Minneapolis-St. Paul (16), Denver (26), Buffalo (29), Phoenix (32), Syracuse (48), Madison (96).

Magnavox players — Detroit (6), Cleveland (8), Pittsburgh (10), Atlanta (15), Tampa-St. Petersburg (17), Seattle (20), Kansas City (22), Cincinnati (24), Portland, Ore. (28), Knoxville (68).

Pioneer players — Boston (5), Washington (9), Houston (13), Baltimore (18), Richmond (60), Jackson, Miss. (81), Ft. Wayne (83).

**Computer notes:** Texas Instruments is going national with \$200 rebate offer to purchasers of its personal computer. Offer of \$100 in cash and \$100 of free software has been tested in Cal. since last spring (Vol. 20:26 p11). New promotions being tested in selected markets include 15-day refund offer to dissatisfied customers, free computer to top salesman at dealerships hitting sales goals. TI is also expected to announce \$100-\$150 drop in computer list. Price of Zenith-made 13" color monitor will probably be left at \$450... Sinclair Research has started mail-order ads in U.S. print media for its \$200 mini computer console. At introduction in Chicago during June CES, Sinclair said unit wouldn't be offered through retail outlets until next year... Control Data plans to open 2 retail stores in Minneapolis this month, expand to 8 by year's end, featuring Ohio Scientific personal & business computers.

**Ad notes:** Fidelity Electronics appoints Kelly, Scott & Madison, Chicago... Sinclair Research names Schneider Parker Jakuc, Boston, for introduction of \$200 U.K.-made ZX-80 personal computer... Tandberg goes in-house with ad & PR account, ending relationship with J.B. Stanton Inc... Magnetic Video appoints Harshe, Rotman & Druck, Chicago, for PR... Coleco & Ray-O-Vac plan toy industry's biggest promotion, featuring \$1 million in ads, \$10 savings to consumers buying Coleco electronic games & Ray-O-Vac batteries. Other Coleco promotions: Rebate offer tie-in with Ralston Purina; electronic football competition among 1,000 participating Boys Clubs of America.

Videocassette shortage still exists and could grow more severe as fall TV schedules start with new miniseries and blockbuster movies, Fuji Tape Vp-Gen. Mgr. John Dale told us last week. He said Fuji's videotape sales are "200% above last year and would be up 300% except for the shortage. We're shipping more than 3 months ago, but demand is also increasing." Interesting, there's accompanying shortage of U-Matic cassettes, which Dale attributes to use of 3/4" tape for mastering pre-recorded cassettes.



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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**CARTER-MONDALE SEEK FREE TIME**, equal to that purchased by independent committees supporting Reagan. FCC asks for comments by Sept. 12. (P. 1)

**FTC COMPROMISE SOUGHT**: Holds meetings with broadcasters & advertisers in hopes of reaching agreement on children's ad proceeding. (P. 2)

**POLITICAL BCST. STUDY** sought by Sen. Goldwater following complaints over Ga. PTV. Complaints to Speaker about handling of 'Dial' amendment. (P. 2)

**COPYRIGHT WRANGLING**: NCTA and copyright holders square off on how to increase royalty payments because of inflation. (P. 3)

**SWIFT RETURNS**: House cross-ownership bill headed for reconsideration in Commerce Committee Sept. 9. NAB opposes N.J. amendment. (P. 3)

**MOVING TIME** in N.Y. as first 3 transmitters relocate to World Trade Center. WCBS-TV reports confusion subsiding after 3 months. (P. 4)

**LOOKING TO 1990**: U. of Mo. picks brains of industry leaders; they see fractionalized audience, more news & sports. (P. 5)

**SILVERMAN PACT EXTENDED**: NBC pres. gets until end of 1982 to revive network. (P. 5)

**CARTER-MONDALE SEEK FREE TIME**: Acting with unprecedented speed, FCC Sept. 5 asked for comments (by Sept. 12) on Carter-Mondale request for free "equal" time to respond to paid spots promoting Reagan Presidential candidacy. Request, filed at Commission late Sept. 4, contends President is entitled to free time because of federal laws limiting campaign spending.

Commission said it is moving rapidly to seek comments because of "the potential impact" decision will have and since election is just 2 months away. Committees which claim to be independent of Reagan are buying millions of dollars of TV time, and Federal Elections Commission has ruled such expenditures are legal. According to Carter-Mondale filing, candidates themselves are limited to spending \$29.4 million in federal and matching funds, plus \$4.6 million by respective Democratic and Republican National Committees.

TV spots purchased by such independent committees clearly are "uses" under Sec. 315 when Reagan appears himself, Carter-Mondale argued. "There is no question that other qualified

### Consumer Electronics

**COLOR SELL-THROUGH** seen at retail, reflected in record Aug. wholesale sales. Healthy gains continued in first Sept. week. (P. 7)

**ADVENT ANSWERS SONY** with full-featured 2-piece projection system at \$3,295 which may be sold at \$2,995, plans another model for Jan. (P. 8)

**VIDEODISC PLANTS** specializing in custom pressing promised under 3M-Philips deal and by EMI. Optical disc pace steps up. (P. 8)

**VIDEO, B&W IMPORTS** posted increases in July. VCR, b&w shipments hit high, color camera record. Color set & chassis down. (P. 9)

**POST-QUOTA EXPORTS** of color from Japan show increase, still are well below quota levels. VCR records. (P. 10)

**SAMPO EXPANDING** into TV manufacturing multinational. Taiwan producer breaks ground for U.S. color plant, seeks plant in India. (P. 10)

**MATSUSHITA TO FLOAT** largest stock offering in Japan's history in Nov. Zenith slates \$50 million debenture sale. (P. 11)

**NEW FOTOMAT RATES** for cassette rentals are \$2-\$5 below original prices. (P. 11)



candidates are entitled to equal time in connection with any such 'use,' but the critical question is whether the use should be free or paid... A Commission ruling that... opposing candidates [are] entitled to equal paid time would be of no consequence. Carter-Mondale simply would be unable to balance the uses [because] any money Carter-Mondale is required to pay for responsive media time must come from its limited federal grant."

"How long will this harassment go on?" asked Ken Boehm, treas. of Fund for a Conservative Majority. He accused President of attempting "to stifle Americans' constitutional rights."

Meanwhile, Sen. Goldwater (R-Ariz.) has asked FCC to report to Congress on political broadcast laws and their applications to 1980 campaigning (see below).

**FTC SEEKS COMPROMISE:** FTC officials have begun meeting with advertisers, broadcasters and others in effort to reach compromise over children's advertising rulemaking proceeding. Compromise proposed by FTC reportedly could include broadcast of PSAs on ad techniques and sound eating habits.

Commission representatives have met with officials of NAB, ABC, independent producers, and advertising trade groups in effort to get compromise rolling. Group of advertisers meets this week in N.Y. to examine FTC move. Advertising source involved in discussions said: "I don't know whether anything will come of this. It's just too early, but I have a feeling that the networks would be willing to provide PSAs in the area of advertising."

ACT Pres. Peggy Charren, who last week held large-scale planning session of ACT members, said Advertising Age article first revealing FTC move gave her impression that "industry is very happy [with FTC action]. It's my hope that they are prematurely happy. The fact is I can't believe the Commission has come to any decision on the proper way to go, although I think talking to all parties is rational."

**POLITICAL STUDY SOUGHT:** Sen. Goldwater (Ariz.), ranking Republican on Communications Subcommittee, has asked FCC to study application of political broadcast laws in 1980 elections.

Goldwater said in letter to Chmn. Ferris that this year "there will undoubtedly continue to be a substantial number of complaints about the application and operation of the political broadcasting provisions..."

He noted that Sen. Talmadge (D-Ga.) has submitted bill to exempt PTV stations from reasonable access requirements. Talmadge action followed his complaints that runoff opponent, Lt. Gov. Zell Miller, initiated use of. Ga. PTV stations for debate.

Goldwater asked that report be submitted in Jan., asked for recommendations for any legislative action.

In another congressional area, leaders of House Commerce Committee have complained bitterly to Speaker O'Neill (D-Mass.) about method of passage of amendment barring public broadcasting stations from publishing TV program guides with advertising (Vol. 20:35 p5).

Chmn. Staggers (D-W.Va.), ranking Democrat Rep. Dingell (Mich.) and Rep. Van Deelen (D-Cal.), Communications Subcommittee chmn., stated in joint

letter sent last week that Appropriations Committee hadn't passed amendment and that Rep. Bauman (R-Md.) "did not fully explain its effects," namely that not only "Dial" but all program guides would be affected.

They asked for assurance from O'Neill that if bill goes to conference with Senate "our rights to seek deletion... will be protected." They said: "For this provision to become law without due deliberation by the Congress would make a travesty of the legislative process."

And they noted that issue will be taken up by Communications Subcommittee. "As traditional sources of public and private support level off, new ways of generating income will have to be explored. The role of the Congress is to ensure that such subsidiary endeavors are not only consistent with the special mission of public broadcasting, but also fair to competitors."

On Senate side, Sen. Mathias (D-Md.) was reportedly readying legislation to change amendment to allow advertising in all public broadcasting guides except "Dial."

ON TV begins in Chicago Sept. 22 on WSNS-TV (Ch. 44). Station, which will offer pay service in evenings, will start scrambling nighttime signals Sept. 10 to test equipment.



**NCTA vs. COPYRIGHT HOLDERS:** NCTA and copyright holders are going head to head in battle before Copyright Royalty Tribunal over how much to increase cable system fees because of inflation.

In question is how to figure increase, which both sides agree should come because of inflation. Copyright legislation allows for periodic adjustments. Copyright holders, in rare show of unanimity, have called on CRT to adjust revenue base to which cable systems apply a fixed percentage to come up with total of their payment. NCTA, on other hand, contends CRT can only adjust percentage of payment.

Copyright holder representatives, including NAB and MPAA, contend in filing before CRT that subscriber charges have lagged far behind inflation because of "tiering of services with combinations of broadcast and non-broadcast offerings, and 'free' broadcast services. Thus it is reasonable and logical that the Tribunal look to the revenue basis rather than the fixed percentages to make the adjustments required by the statute."

They say that cable operator who charged \$6 for basic cable in 1976 (when copyright law was enacted) would figure his 1980 fee by calculating present value of that fee by multiplying \$6 by the percentage of inflation since then. Thus, 1976 fee would be multiplied by 38.5% — \$8.30. Cable systems would then multiply that with their number of subscribers to come up with total fee. Inflation multiplier would be applied twice yearly.

States NCTA filing: "This proposal cannot be seriously considered since it is flatly illegal under the statute... Nowhere does it say that anything other than the actual royalty rates can be adjusted."

CRT is expected to begin hearings within several weeks, although they haven't been set, and it must make determination by Dec. 31

**Cosat DBS campaign** takes new tack this week as top officials launch national ascertainment exercise to determine "problems, needs & interests" of its direct-to-home satellite service area (i.e. entire country). Project team includes senior executives of Cosat's Satellite TV Corp. (STC) subsidiary, headed by Pres. John Johnson, planning to visit more than 200 leaders and representatives of interest groups from coast to coast. First phase, starting this week, involves visits to Lexington, Ky., Detroit, Miami, Atlanta, N.Y. & Vermont. Western U.S. will be visited later. Other leaders will be interviewed in Washington. STC Public Affairs Vp Judith Elnicki told us ascertainment process is being undertaken voluntarily, is seen as important to STC's desire to be treated by FCC as broadcaster rather than carrier. Results of ascertainment will be incorporated in FCC filing due this fall.

**CBS Cable** has hired producer Bob Shanks to produce 90-min. arts magazine series tentatively titled "Stages."

**SWIFT RETURNS:** On-again, off-again Swift cross-ownership bill (Vol. 20:35 p2) is headed for reconsideration in House Commerce Committee Sept. 9, as key members continue last-minute negotiations over controversial amendments.

Bill reportedly has been cleared to go straight to floor, if approved in Committee, through suspension of rules, but problems still remain. Plans to reconsider measure still could be ditched at last minute. At presstime, plan called for retaining amendment of Rep. Maguire (D-N.J.) designed to obtain VHF station for N.J., move strongly opposed by NAB. Some House staff members say privately that NAB support is almost essential.

Said NAB official: "A lot of entities like us will be caught betwixt and between" (because of support for cross-ownership provision but opposition to Maguire measure, which NAB says sets bad precedent). Added another NAB official: "We've said we will do all we can to help get the Swift bill through — if it goes through alone." If not, NAB lobbying effort to gain 5-year radio license amendment, voted down during procedural maneuver in last markup attempt, is possibility.

Rep. Swift (D-Wash.) may offer substitute bill, which includes language designed as compromise between Maguire & NAB, but at presstime hadn't gained agreement from Maguire camp to accept any language change. Other problem is lack of firm agreement limiting additional amendments during Committee markup. Bill has little chance of getting to floor under rules suspension if laden with number of other provisions. Communications Subcommittee Chmn. Van Deerlin (D-Cal.) had hoped for agreement to eliminate all amendments from bill, including Maguire measure.

**Satellite notes:** (1) American Express Christmas catalog offers 24-channel home earth station at \$12,500, chargeable on American Express cards. (2) Congress got a dish to receive Cable News Network but it isn't working yet — result of terrestrial interference. CNN has hired Cosat to work out bugs; team is testing use of metallic fence around dish. (3) Small dish reception of digital video was reported by British Independent Bestg. Authority, using 3-m unit. (4) FCC approved RCA sharing of C-SPAN earth station at Bren Mar, Va. (5) Fisher Bestg. began Washington news feeds to KOMO-TV Seattle & KATU Portland, via Westar 2, using facilities of Wold Communications.

**FCC Chmn. Ferris**, writing in Today's Education: "The unanswered question is whether having each TV station in a community broadcast an occasional hour of age-related children's programming is sufficient for the millions of young viewers who are glued to the set for 30 hours or more each week. The new fall schedule that the 3 networks announced this spring contained no substantially new initiatives for weekday morning or after-school programs for children."



**MOVING TIME IN N.Y.:** After 13 years of talk, politicking, radiation scares & construction, N.Y.C.'s TV stations are finally in midst of the big move from Empire State Bldg. to new multi-antenna tower atop 110-story World Trade Center (WTC).

Transmitting from new tower now are WXTV (Ch. 41) & WNJU-TV (Ch. 47), both assigned to N.J. and broadcasting at reduced power pending officially established standards for microwave radiation (Vol. 20:9 p5), and WCBS-TV (Ch.2).

After 3 months at new tower site, WCBS-TV is heaving sigh of relief that confusion wasn't worse. "The first few days, we were getting about 100 calls per day" regarding deteriorated reception, says George Desart, vp & asst. to pres., CBS-TV Stations. Callers were told how to reorient antennas. "The calls dropped off fast," he says, and station received some calls telling of better reception, particularly in arc north of city formerly in WTC's shadow. CATV systems quickly made changes for pickup from new site, although apartment houses have been rather slow in adjusting master antennas. Field measurements have been good, according to WCBS-TV.

Next to move will be WABC-TV (Ch. 7), which will be first VHF in area to install circularly polarized antenna. Others scheduled to start telecasting from WTC this fall are WNBC-TV (Ch. 4), WNEW-TV (Ch. 5), WOR-TV (Ch. 9) & WPIX-TV (Ch. 11), with PTVs WNET (Ch. 13) & WNYC-TV (Ch. 31) following next year. First TV channel actually to go on air from WTC was Ch. 60 translator of WWHT (Ch. 68) Newark, pioneer subscription TV station, from separate mast atop building early in 1968, with 1-kw transmitter power.

UHF transmitters atop building are likely to continue operating at reduced power until there's some safety standard for microwave radiation. Otis Freeman, WPIX, who heads TV Bestrs. All-Industry Committee, coordinating group for N.Y. stations, told us last week: "A standard is desperately needed by the industry. We're still waiting for word from Washington."

"The Rise & Fall of the Third Rewrite" is featured article in summer Journal of Communications (available from Annenberg School of Communications, U. of Pa., 3620 Walnut St. C5, Philadelphia 19174). Written by Manny Lucoff, article accounts role of broadcasters in defeating rewrite, concludes Communications Act is "cumbersome but necessary." Other articles deal with violence; nutrition on TV; literacy, TV and young children; public TV, and electronic editing of newspapers — "it appears to take just as long as the pencil."

**Seaboard Coast Line** railroad has bought Clay Video, cable system serving Orange Park & Clay County, Fla. — suburbs of Jacksonville — price undisclosed. System has 5,200 basics, 4,300 pay, passes 9,500 homes. Broker: Communications Equity.

**WHO WILL DEBATE?** Ever optimistic, League of Women Voters is going ahead full steam with plans for Sept. 21 Presidential debate in Baltimore. Said League official cryptically: "I have reason to believe President Carter will accept." Carter camp insistence that President won't debate if independent candidate John Anderson takes part would indicate otherwise. Impasse may be resolved Sept. 10, League deadline for Anderson to attain at least 15% in polls in order to participate.

One thing for sure, League insists it will go ahead with debates if it has 2 candidates. If Anderson qualifies, debate is certain at least between him and Reagan. If not, Carter probably would accept. Debate details: ABC will have pool for first debate; League set tentative Oct. 2 date for vice presidential debate in Louisville, Oct. 13 for 2nd Presidential meet in Portland, last Presidential debate between Oct. 27-29 in Cleveland.

Constant date changes have kept networks up in air. First debate was set for Sept. 7, then changed to Sept. 15, which conflicted with Reagan schedule and first airing of Shogun on NBC. Meanwhile, Gallup poll shows 71% of people questioned think Anderson should be included in debates; Anderson scored 17% in Roper poll but fell below that in other recent polls.

**MPAA member companies** will collaborate on 3-hour TV special on Hollywood film comedies to celebrate L.A. bicentennial. Special, to air on ABC in fall 1981, will be based on film files from 10 member companies. Profits will go to film schools at UCLA, USC, NYU, also to Cal-Arts, American Film Institute, Academy of Motion Picture Arts & Sciences, Motion Picture Relief Home.

**FCC** is getting close to signing for move to nearby Rosslyn, Va. Current law requires agency to hq in Washington, but rider to appropriations bill already has cleared House, was approved by Senate subcommittee last week, which would permit Commission to relocate in suburbs. One report has FCC already agreeing to move within 2 years to Twin Towers building nearing completion.

**CPB** board members Lillie Herndon and Diana Dougan have been confirmed by Senate for terms on board. Still awaiting confirmation are another incumbent, Howard White, and nominee Reuben Oskanse, Houston businessman, who will replace Donald Santarelli.

**Tymshare Inc.** will acquire Microband in stock purchase plan for \$3.4 million (Vol. 20:34 p6). In complicated plan, Arthur Lipper Corp. will transfer its 80% holdings of Microband stock to Tymshare, which will merge new separate subsidiary, Tymshare Microband Inc., into Microband.

Newspaper advertising via satellite is planned by ANPA within 2 years. SAT-FAX project will allow national advertisers rapid distribution of ad copy via earth stations at newspaper plants.



**LOOKING TO 1990:** "Future Committee" of U. of Mo. School of Journalism has issued report seeking to discern outline of communications in 1990. Chapter on broadcasting quotes numerous industry leaders, including:

Martin Umansky, KAKE-TV Wichita, who foresees "considerable fractionalization" of audience due to fiber optics, 2-way cable, video facsimile, VCR and videodiscs, satellites. To counter erosion, he said, telecasters will have to step up local news & sports.

Fred Silverman, NBC pres., who expects 3 networks to retain some 90% of audience in 1990, though STV penetration will reach 4%, cable 30%. "The most important long-range changes we can make will be in the area of news," he said.

Gene Jankowski, CBS Best. group pres.: "Television as we know it, the network-local affiliate partnership, will be with us for a long time to come."

Elton Rule, ABC pres.: "If there is a revolution coming, it hasn't happened yet. All we have seen so far is the tip of an iceberg. None of us... knows the size or shape of what lies beneath the waves. Nor do we know how long — 5 years, 10 years, more — it will take to reach us. What we do know is that there is immense potential out there." He said "narrowcasters" will seek to serve specialized audiences.

David Blank, CBS economist: "Our hunch is that network viewing may drop 10 percentage points in share in the next decade, partly due to cable, pay TV and VCR. But there will be substantial increases in revenues despite the viewing share drop because of increased total viewing."

For copies of report: Roy Fisher, Dean, School of Journalism, U. of Mo., Columbia, Mo. 65205.

**Reorganized Robert Wold Co.** now has communications & entertainment units, said it has doubled in size in last 2 years, expects 1980 revenues of \$10 million. Wayne Baruch was named Wold Entertainment pres., handling development & production of programming, securing TV time for ad hoc networks. Gary Worth becomes Wold Communications pres., assuming direction of common carrier activities. Wold Communications replaces Satellink, previous common carrier unit, discontinued.

"Presidential Rank Awards" have gone to FCC Common Carrier Bureau Chief Philip Verveer (\$20,000), Deputy Gen. Counsel David Saylor and Private Radio Bureau Chief Carlos Roberts (\$10,000 each). Thus, 3 staffers will receive more in pay during 1980 than commissioners.

New INTV dirs., all elected to 2-year terms starting Sept. 1: Alan Bell, KTVU San Francisco; Anthony Cassara, Golden West Bstrs., L.A.; James Dowdle, WTOG St. Petersburg; Joseph Loughlin, WVTV Milwaukee; Elmer Snow, WTTV Indianapolis.

**SILVERMAN EXTENDED THROUGH 1982:** Fred Silverman will have 3 more prime-time seasons — including the one starting this month — to revive NBC-TV's programming fortunes. He was given 18-month extension, through Dec. 1982, of his contract as NBC pres. last week. Current 3-year contract was due to expire next June.

Edgar Griffiths, chmn. of NBC parent RCA, who sits on NBC board, said: "Mr. Silverman has accomplished a great deal in difficult circumstances and a highly competitive environment. We believe the extension will give him added opportunity to accomplish his goals." Silverman's lawyer reportedly began negotiating extended contract before NBC Chmn. Jane Pfeiffer was forced out in July (Vol. 20:28 p2). At that time, Pfeiffer said that "Silverman told me there was no way we could both stay and he wanted his contract renewed now."

NBC TV Affiliates' Chmn. Fred Paxton, WPSD-TV Paducah, Ky., said: "I'm thrilled by the extension... The affiliates' board has been solidly behind Fred Silverman." He said board wouldn't take any credit for Silverman's new contract but "we have let our satisfaction with him be known wherever we could."

**TV news service, News/Information Weekly Service,** has been launched as \$2 million joint venture by Telepictures Corp. & United Software Assoc. David Salzman, USA founder, is NIWS pres.; Don Ross, ex-Group W asst. vp-news, is vp-news dir. Venture will provide subscribing stations with 15-20 features weekly, starting Nov. 3. Joining project as supplier stations are WNEW-TV N.Y., WDVM-TV Washington, WFAA-TV Dallas, CITY-TV Toronto, KOMO-TV Seattle, WBTV Charlotte, KTVX Salt Lake City, KOOL-TV Phoenix, WWBT Richmond, WCSC-TV Charleston.

**Two major black groups — Unity Bestg. Network & Inner City Bestg. —** have formed Inner Unity Cable TV Systems to seek Queens, N.Y. cable franchise. Inner Unity has obtained \$150 million in financing from CanWest Communications (Canadian Merchant Bank). Unity Bestg., headed by NAB Radio Dir. Eugene Jackson, owns National Black Network and WDAF(AM) Philadelphia; Inner City is headed by Percy Sutton, owns radios in L.A., San Francisco & Detroit.

President Carter will speak at Sept. 11 symposium in White House on "success of the Administration's minority telecommunication development program." Other participants include FCC Chmn. Charles Ferris, Comr. Tyrone Brown, NTIA Dir. Henry Geller & NAB Chmn. Thomas Bolger. Darlene Palmer of NTIA will moderate.

**Grant applications for funds from Catholic Communication Campaign** are due Nov. 10. Awards will be announced in Feb. 1981. Details: Raymond Spellman, U.S. Catholic Conference, 1011 First Ave., N.Y. 10022, 212-644-1895.



## Personals

J. A. Baer promoted to vp for business affairs in N.Y., CBS Entertainment; Sid Kaufman moves from CBS Sports to vp for operations, CBS Cable; Paula Cook joins CBS Entertainment as talent & program negotiator, CBS Entertainment, West Coast... Charles Gabelman, ex-ABC owned TV stations, appointed vp, sales development, ABC TV Network... Sid Davis, NBC News Washington chief, also named vp; John Agoglia advanced to vp for business affairs, NBC Entertainment, succeeding Irwin Moss, now with Marble Arch Productions.

John Long promoted to gen. sales mgr., WJLA-TV Washington, succeeded as local sales mgr. by Helen Beinbloom... Edward Spray, WBBM-TV Chicago program mgr., promoted to dir. of broadcasting... Keith Gunther advanced to vp for program development, KSDK St. Louis... Dennis Pratte, ex-KTHV Little Rock, appointed creative services dir., WJAR-TV Providence... J. Clay Smith, EEOC commissioner, onetime FCC deputy gen. counsel and chief of Cable Bureau, elected pres. of Federal Bar Assn... John Williams, ex-NTIA, named engineering asst. to FCC Comr. Anne Jones.

Arthur Dwyer promoted to vp, marketing & communications, Cox Cable; R. Bruce Ellis to vp & gen. mgr., Cox Cable Development Co.; Gary Weik to vp & gen. mgr., west coast div., with responsibility for 13 systems in 4 states; Bruce Bennett to vp & gen. mgr., central div. (18 systems in 5 states)... James Fischer advanced to senior vp & technical dir., Warner Amex... Andy Eiseman, Daniels & Assoc. vp, also named cable broker for 13 western states... John Baker promoted to vp in charge of production & operations, CNN... Sara Levinson advanced to marketing dir., Viacom Communications.

Susu Mahood promoted to senior program coordinator, Blair TV... George Mitchell, vp & domestic sales mgr., Warner Bros. TV, retires at end of year... George Blaug advanced to vp for international special projects; Anne Page to dir. of international sales administration; Mark Kaner to dir. of international sales operations... F. Craig Huston promoted to vp-network system marketing, GTE Communications Products... Harvey Caplan, ex-Thompson CSF, appointed west coast regional mgr., Ikegami Electronics... Robert Belcher promoted to vp & gen. mgr., Vidtronics.

Cable notes: (1) Warner Amex will build \$5 million, 77,000 sq. ft. cable head at Penn-Liberty Plaza, downtown Pittsburgh, to control 80-channel, 2-way Qube system for operation in late summer or early fall 1981. (2) RCA Cablevision won \$21 million contract for equipment & services for UA-Columbia's new system to serve San Antonio.

## Obituary

Willis C. Beecher, 64, Washington consulting engineer, died Sept. 2 following surgery. Survivors include wife, 2 sons, daughter.

## WEEKLY Television Digest

with  
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In unusual move, FCC Chmn. Ferris used Senate Consumer Subcommittee hearing on administrative law judges as forum to make pitch for replacing comparative license hearings with lottery or auction. Statement didn't indicate whether lottery or auction move was being pushed for renewals as well as new CPs, but Ferris did make strong comment in favor of auctions, saying that by bidding, parties would at least "indicate the intensity of their desire." Staff draft of FCC order (which Ferris called "test case in this area") calling for lottery to decide between 2 applicants for vacant Media, Pa. FM channel will be sent to Commission in 2-3 weeks for final action. Ferris told Subcommittee that comparative hearings when applicants are similarly qualified are just as arbitrary as lotteries and more time consuming. "The criteria gets smaller and smaller and the capacity for being arbitrary gets larger and larger... Judges sit there counting angels on the head of a pin." Ferris added that weighted lottery would be possibility to take into consideration "factors such as minority ownership." Senate staffer called testimony, interpreted as attempt to gain Hill support for lottery-auction idea, "somewhat of a non sequitur" because it didn't pertain to hearing topic, bills calling for tenure limits, evaluation of administrative law judges.

Taft Entertainment Co. has been formed by Taft Best. to consolidate company's TV & theatrical production. Under new umbrella will be Hanna-Barbera, QM Productions, Taft International Pictures, Sy Fischer Co., Cinemobile Systems and Cine Guarantors. Sy Fischer is pres.-chief exec. of Taft Entertainment.

FCC has revised "Political Bestg. Primer" for fall elections, available from Office of Public Affairs (202-452-1422).



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 22 (34th week of 1980):

	Aug. 16-22	1979 week	% change	Aug. 9-15	8-mo. 1980	8-mo. 1979	% change
Total TV.....	365,357	368,461	-3.3	273,651	8,940,760	9,624,958	-7.1
color.....	244,048*	205,944	+18.5	178,859	5,712,346	6,001,289	-4.8
monochrome..	112,309	162,517	-30.9	94,792	3,228,414	3,623,669	-10.9
Home VCR.....	19,720*	11,166	+76.6	11,907	393,520*	240,877	+63.4

Color TV 5-week moving average: 1980—196,446\*; 1979—181,401 (up 8.3%).

Home VCR 5-week moving average: 1980—14,663\*; 1979—8,839 (up 65.8%).

\*Record for period.

**COLOR SELL-THROUGH SEEN AT RETAIL:** Sensational wholesale color business in Aug. (Vol. 20:35 p7) reflected healthy sales at retail — not merely dealer confidence that things will pick up in fall. EIA's private retail survey, we understand, shows sales to consumers in Aug. rising above year ago, although annual rate wasn't as high as that for sales to dealers.

Our own Early Warning Report showed retail color sales down 4% in July, but trending upwards during month, encouraging sign for Aug., whose results will be mailed to EWR subscribers early next week. But, unquestionably, industry feeling is upbeat on basis of color results for 1980 to date.

Reviewing official EIA sales-to-dealer numbers, last month was best Aug. in history by 1.4%, beating last year's figure by big 14.9%, which was largest gain for any month in 2 years. Aug. color sales were at annual rate of 10.7 million, while 8-month sales ran at better than 9.8-million clip. At over 5.7 million, year-to-date sales were down only 4.8% from last year, and were 3rd best in history, behind only 1979 & record 1978.

All 4 Aug. weeks were better than comparable 1979 weeks, and 3 of them set records. So far this year, there have been 3 record months (Jan. & Feb. in addition to Aug.), same number as in all of 1979. There have been 8 record weeks in 1980 vs. 9 in full year 1979. Sales seem to be gaining momentum now, at just the time steep decline started in 1979. Color TV's 5-week moving average was at peak for year's 34th week, also representing year's high point.

Good business continued in first week of EIA's statistical Sept. — actually calendar week ended Aug. 29 — with color sales near 241,600, not a record for the week but up 14.9% from same 1979 week, and VCR sales over 16,600, increase of 92.1%. B&w joined in advance this time, registering its best week of year at more than 150,000, up 14.8%. Calendar irregularities, incidentally, will help boost 1980 sales — year has 53 weeks on EIA's statistical calendar (as it does every 6 years), extra week being added to Dec., which becomes 6-week month.

Color TV inventories declined during month at factory & distributor levels, although they were up from year earlier. Combined inventories totaled about 2,497,000 on Aug. 22, end of EIA's statistical month of Aug., down 5.3% during month and up 1.7% from year earlier. At factory level, stocks were 1,452,000, down 7.6% in month, up 0.8% in year; distributors' inventories totaled 1,145,000, down 2.5% from end of July and up 2.7% from year earlier.



Home VCR sales for Aug. were up 56.3%. They have 34 weekly records in year's first 34 weeks. Annualized rate for Aug. was 847,000, for 8 months 809,500. Inventories were up at end of month, distributor plus dealer stocks totaling about 155,000, gain of 8.8% during month and 41.5% higher than year earlier. At factory level, they were 104,000, up 14% & 18% respectively, and distributors held 51,000, down 0.5% for month and up 137.9% in year.

While color sales were more than 105,000 units higher than Aug. 1979, b&w had 10th consecutive month in minus column, down some 43,000 sets or 8.6% from Aug. 1979, but still comfortably ahead of Aug. 1978, in the year of color's all-time record. Here are EIA's figures on TV & VCR sales to dealers:

Product	Aug. 1980	Aug. 1979	% change	Aug. 1978
Total TV.....	1,241,767	1,182,047	+ 5.1	1,214,056
color.....	788,876*	686,316	+14.9	777,639
monochrome.....	452,891	495,731	- 8.6	436,417
Home VCR.....	56,606*	36,219	+56.3	22,478

\*Record

**ADVENT ANSWERS SONY WITH LOW-PRICED MODEL:** Although Sony beat it to the draw by one week (Vol. 20:35 p8), Advent is doing its bit to revive sluggish projection-TV market with moderately priced 2-piece model, this one claimed to be full-featured.

Advent is currently introducing to its sales force at regional meetings a "far more sophisticated" 2-piece 6-ft. model at suggested list of \$3,295, which Pres. Bernie Mitchell told us is being offered with allowances attractive enough for it to show up at "a \$2,995ish price" — in other words, competitive with Sony. "This represents the quintessential projection-TV set," said Mitchell. The 3-tube system uses same new U.S. Precision f1 plastic lenses as Sony. Unlike Sony's new set, it has 5-function remote, 2 direct video & audio inputs, 3 RF inputs to accommodate disc players, games, computers, VCRs, etc.

New set has cocktail-table projection unit about same size as Sony's, replaces former 2-piece model, which was priced at \$3,995 (but liquidated as low as \$2,495) and marks Advent's return to 2-piece systems. Its only other model is one-piece at \$3,995. New unit also competes head-to-head with Kloss Video's 6.5-ft. unit at \$2,995. It's only "first answer to Sony," said Mitchell. "The next one will come at the Jan. CES."

**VIDEODISC PLANS—3M-PHILIPS, EMI:** Custom-pressing of videodiscs in 2 formats was promised last week by 3 companies, which indicated they'd have plenty of facilities to make discs under programmers' own labels. Philips & 3M announced patent-pooling arrangement under which latter would make optical discs in consumer quantities in St. Paul area plant next year, and EMI indicated VHD pressing facilities in U.S. would be open to all.

Moves appear to be in direct reaction to bad feeling generated by existing & planned disc-production plants' priority to own-label production. DVA is committed to pressing discs for affiliate MCA, and customers such as Columbia Pictures and even Philips-MVA-Pioneer venture Optical Programming Assoc. (OPA) have been sounding out other prospective producers such as Sony as possible secondary sources (Vol. 20:35 p10). RCA has made it clear it's giving priority to own label at new Indianapolis CED disc plant, can't accept custom orders now; CBS's CED pressing plant is likely to be preoccupied with own label, at least from start.

We reported last April that 3M would begin pressing optical discs around mid-1981 (Vol. 20:15 p11). Details began to unfold last week, with signing of cross-licensing agreement between 3M & North American Philips (NAP), latter to supply mastering equipment and 3M to adopt Philips-developed photopolymerization duplication system (Vol. 20:21 p12) instead of extrusion technique used by DVA. Project will be headed by Lloyd Troeltzsch, mgr. of Optical Recording Project in 3M's Magnetic Audio/Video Div. 3M says it hopes to be mass-pressing discs next summer and points out it plans no software under own label. Optical Recording



Project was started more than year ago, will be producing industrial discs for Thomson-CSF transmissive optical system by this year's end. Actual plant capacity for reflective discs hasn't yet been determined, 3M says.

Other optical pressing plants are being hurried into production. DVA will soon occupy 2nd Cal. plant in Costa Mesa. Pioneer reportedly has achieved excellent yields in Japan pilot operation, is expected to offer services to Japanese & foreign customers soon. Sony is now looking over requests for custom pressing, could begin commercial disc making operation soon. Philips is building pressing plant in England. NAP agreement with 3M doesn't preclude it from adding own plant here. Dutch Philips Videodisc Gen. Mgr. William Zeiss told us last April of "clearcut plans to establish adequate mastering & replication facilities in the U.S.," separate from 3M effort. There's been one casualty in optical pressing candidates, however — joint Philips-Siemens subsidiary Polygram, originally envisioned as prime European producer, apparently has opted not to go into disc manufacture.

EMI Videograms, meanwhile, is actively pursuing movie studios with offer to custom-press VHD discs for them in U.S. under own labels. EMI executive emphasized to us it's "not in the bidding wars" to license titles. Videograms, which is talking with 20th Century-Fox & Warner, among others, actually is only scouting territory for proposed upcoming consortium with GE, JVC & Matsushita, which would own new plant — but it's understood also to be sifting plant sites and production plans.

Furious videodisc activity has resulted in escalation of prices for rights to feature films to point where opening bid now averages \$100,000 per title, according to insiders. Meanwhile, first made-for-disc OPA titles — interactive How to Watch Football and National Kid Disc — are nearing release. They're claimed to make full use of optical system's features. Indexed Kid Disc, for example, involves projects (how to build paper airplanes, etc.) taking estimated 21 hours to complete. Production runs will be in 2,500-5,000 range, same as Discovision movies, according to MCA Discovision Business Affairs Vp Barry Reiss. Discovision catalog now contains 150 titles, trimmed from original 202, and there are plans to add 4-5 monthly. Upcoming are such recent movies as Blues Brothers, Cheech & Chong's Next Movie, Smokey & the Bandit II. Discs may now be ordered by calling 800 number manned by MCA subsidiary Spencer Gifts.

**VIDEO, B&W IMPORTS UP IN JULY:** Importers set new monthly record for color TV camera shipments in July, hit highs for year in VCRs, b&w TVs, according to Commerce figures.

VCR imports jumped 77.9% in July, compared with same 1979 month, to 77,600, monthly total 2nd only to 92,700 record set last Nov., and based on Japan's July exports, Aug. imports will be even higher (see p. 8). In year's first 7 months, VCR imports stood at 449,300, up 55.1%. Total TV camera imports rose 77.2% in July to 24,600, on strength of 174.1% leap in color units to record 20,600, eclipsing previous monthly high of 18,500 set last Nov. B&w cameras, at 4,100, were off 36.3%. Through 7 months, total camera imports were up 20.4% to 104,900, with color up 85.1% to 78,600, b&w off 41.2% to 26,300.

July also saw imports of 2,600 "non-magnetic videoplayers," presumably all optical videodisc units, for full-period total of 14,800. Japan was largest supplier at 1,500 for month, 11,000 for 7 months, totals believed mainly to represent consumer & industrial models from Pioneer. Holland (Philips) was source of 565 in July, 2,300 for full period, Belgium supplied 588 in month, 1,100 for 7 months. Shipments from Belgium are assumed to be Philips players. Magnetic videoplayer imports totaled 1,400 in month for 7-month total of 6,400. There are no comparable 1979 videoplayer import figures.

Total imports of complete & incomplete TVs rose 10% in month to 925,600, as color slipped 4.6% to 335,300, while b&w edged up 2.7% to 590,300. For full period, total TV imports of 5.96 million were up 8.1% — color at 2.4 million, up 6.3%, b&w at 3.56 million, up 9.3%. B&w gain was helped by mini-combination imports of 52,200 in July, 291,000 for 7 months. Unit imports of mini-combos were not reported last year. In color, imports of complete receivers



were down 10.2% in July to 113,100, totaling 630,000 for 7 months, down 28.5%. Imports of color chassis & kits slipped 1.4% in month to 222,200, but were up 28.6% to 1.77 million for 7 months.

First look at imports of projection TVs is provided by change in TV import nomenclature that became effective July 1. It separates imports of complete color TVs into those "having a single picture tube intended for direct viewing" and "other," latter intended to cover projection sets. Commerce reports 1,700 "other" TVs imported in July, with 60 from Japan, at average value of about \$1,950, and 1,630 from Canada, average value \$408. Canadian figures could be result of classification error, something not uncommon when new statistical breakouts are created, and may represent imports of projection subassemblies.

**POST-QUOTA EXPORTS:** Color TV exports from Japan to U.S. for July — first month after expiration of quota — were highest of year. But it's probably coincidence, and, in any event, shipments were well below quota levels.

Total color TV exports to U.S. came to 64,900 units in July, up 8.1% from July 1979, first increase in 1980 over same 1979 month. This included 57,750 complete sets and 7,200 chassis & kits. For year's first 7 months, total color shipments came to 281,300, down 31.9% from same 1979 period, with complete sets at 244,400 (down 27.1%), kits at 36,900 (down 36.6%).

B&w shipments for month, at 48,800, were down 9.7%, while 7-month exports totaled 246,900, decline of 15.8% from last year.

VCR exports (consumer plus industrial) totaled 90,000 in July, highest for any month this year and record for any July, up 37.6% from year earlier. Year-to-date shipments totaled 480,000, up 61.4%.

**Shows & seminars:** ITA says Oct. 21-23 home video programming seminar in N.Y. is fully booked, although reservation requests are still being accepted on standby basis. Added to opening day list of speakers is Matsushita (Japan) Exec. Vp Akira Harada, who will talk on worldwide VCR market... Retailers displaying at N.Y. Hi-Fi Show at Statler Oct. 3-5 will be selling components to public for first time this year. In past, such sales generally were restricted to small accessory items. About 80 manufacturers and half dozen retailers will exhibit.

**CB & ham radio license fee refund applications** are now being accepted by FCC, which expects to give back up to \$31 million to some 2.4 million special radio service licensees. Those 14 million CBers who paid \$4 for licenses won't get refunds. Citing high processing costs, FCC has limited refunds to those who paid \$20 for licenses before fee was cut in March 1975.

**Complete new line of audio cassettes** was introduced by Fuji, with changes in both composition & packaging, at same prices as predecessors. Improvements in frequency response & output are claimed for all tapes — low-noise Pure Ferrix, Fine-Grain Pure Ferrix, Fine-Grain Beridox (chrome bias) and metal tape.

**SAMPO EXPANDING:** Taiwan's Sampo is rapidly on way to becoming multinational TV producer. Firm recently broke ground on 23-acre site in Atlanta for 110,000-sq.-ft. color plant slated for completion next spring. It will have capacity of 10,000 19" sets monthly at start, expand to 20,000 in 1982. Output will be marketed in Canada & Latin America as well as U.S.

Sampo is now seeking site in India for production of color & b&w TVs. Facility would produce for local market, provide base for export of PAL color sets to Europe. Company said it was negotiating terms with prospective partners, but was prepared to set up wholly owned subsidiary. Sampo currently exports about 5,000 b&w TVs to India annually. Through affiliate Shinlee Corp., Sampo has agreed to provide color TV production technology to Kamol Sukosol Enterprise of Thailand and will supply engineers to supervise plant construction, start-up.

Pioneer is top car stereo marketer in U.S., with annual sales of about \$132 million, followed by Audiovox & Craig, in close race for 2nd place with annual volume in \$120-\$130 million range, according to compilation by Japanese publisher Economic Salon. Jensen is ranked 4th with \$90 million, Clarion 5th at \$50 million. Also listed at \$50 million is Motorola, but that total includes now-terminated aftermarket business as well as sales to OEMs. Panasonic ranked 7th, with sales in \$48-\$53 million range, Alpine 8th at \$28 million, Fujitsu 9th at \$21 million. Forming rear guard of majors are Kenwood at \$15 million and Sony at \$10 million, both of which entered market this year and offer only high-end products.

**Laser pickup system** for optical videodiscs, claimed to be 1/40 the size of conventional system at half the cost, will be mass-produced in Japan later this year, according to Olympus Optical. New Taohs-L system will be priced at about \$30-\$35, measures only 1.6" high, weighs 7 oz., including laser diode and all optical components, Olympus says.

**Intentions to buy color TV sets** were unchanged in Conference Board's Aug. survey, which showed 6.2% of families planned to make purchase in next 6 months, same percentage as in Aug. 1979 & July 1980. B&w intentions were expressed by 1.5%, up from 1.1% in July and 1.3% in Aug. 1979.



**MATSUSHITA OFFERING:** Largest public stock offering in Japan's history is slated for Nov. 10, when Matsushita is slated to float 60 million share secondary issue, valued at \$202.5 million at current prices. New shares won't be offered in U.S. Company said proceeds will be used to expand production of VCRs, ICs and other electronic products.

In addition, company announced one-for-10 stock distribution to holders of record Nov. 20, said it planned similar distribution for next year. Distribution would go to holders of both new & old shares, including owners of ADRs in U.S.

Zenith plans to issue \$50 million of 25 year convertible debentures later this month, funds to be used to buy machinery & equipment. Preliminary prospectus for offering says Zenith's first half 1980 pre-tax net from color TV was down \$8 million from last year because of lower unit shipments to distributors, and payroll & material costs were higher by \$35 million. These were offset by \$29 million from cost-cutting, \$20 million from higher prices, \$1.6 million gain on Sioux City plant sale, resulting in \$8 million overall increase. Heath, acquired last Oct., contributed about \$50 million to Zenith's first half sales, with 37% of volume from computer products.

Ampex sales of magnetic tape in year to May 3 totaled \$111.6 million, up 10.8% from \$100.7 in fiscal 1979. Operating earnings from tape rose 28.8% to \$7.6 million from \$5.9 million, according to annual report. Ampex's Audio-Video Div. had 62.8% jump in earnings to \$39.4 million on 44.5% sales rise to \$190.1 million. At annual meeting, Ampex said R&D spending would be up 12% this year to \$38 million, capital spending up 50% to over \$30 million, much of outlay keyed to expanding Ampex's capabilities in digital technology.

Morse reported \$1.7 million loss in first fiscal quarter to June 30, on sales of \$10.4 million. In same 1979 period, company had operating loss of \$2.43 million on \$14.3 million sales, showed net profit of \$305,000 after \$2.73 million special credit stemming from debt modification agreement with creditors.

**Accounting rule change** to minimize effect of foreign exchange rate shifts on corporate balance sheets is proposed by Financial Accounting Standards Board. It would have companies value foreign assets & liabilities at rate in effect on statement date, use rates at actual transaction time for sales, profits & losses. Currently, assets must be valued at rate when acquired, while most other balance sheet items are pegged to rate on statement date. Also changed would be method of reporting foreign currency adjustments. Present rule, known as FASB Statement 8, has been criticized sharply by such multinationals as GTE & Sony, who say it causes distortions in net results. If approved, new rule would be mandatory in Dec. 1981, but could be used by companies on voluntary basis before then.

**NEW FOTOMAT RATES:** Fotomat has adopted new charges — \$5.95, \$7.95 & \$9.95 — for cassette rentals, \$2-\$4 less than original prices (Vol. 20:31 p15). New schedule coincides with first national ad effort since sale-only promotion of Warner's Superman in Feb. Campaign wasn't effective — \$69.95 price didn't attract curious who might have decided to rent other titles rather than buy that one. New rates have swamped Fotomat 800 number, significantly increased rentals vs. sales, but won't bring revenues to \$15-\$20 million level predicted when retail operation was launched last Nov. (Vol. 19:47 p12).

Week's other pre-recorded cassette news: MCA Videocassette will release two 3-D titles next month — Creature from the Black Lagoon & It Came from Outer Space (Vol. 20:35 p10), plus Blues Brothers and Cheech & Chong's Next Movie. Each 3-D package includes 4 pairs of red-&green glasses, carries suggested retail price of \$65. MCA says it sold all 110,000 cassettes in first order, most of 100,000 in 2nd, plans to deliver another 70,000 of bestsellers including Jaws, Deerhunter, for Christmas season.

Lorimar has sold 3 of 5 Allied Artists Video packages to A&H Video Sales. N.Y. distributor paid about \$100,000 for 3,000 cassettes (Vol. 20:33 p12)... Survey of some 1,000 dealers by Video Programs Retailer magazine indicates that 29% exchange cassettes, additional 22% rent them. Average number of titles kept in stock by 80 stores answering questionnaire is 350... Polygram has entered French video market, licensing France Videogrammes to release 52 movies. Video Div. began marketing titles under Spectrum label in U.K. last year.

**GE SEEKS MPU FIRM:** GE's growing involvement in microelectronics was spotlighted again last week with announcement of negotiations to buy Intersil, producer of ICs, semiconductor memories & MPUs. GE indicated price would be about \$237 million, or some 30% more than market value of Intersil's outstanding shares at time acquisition plan was revealed.

Need for GE to become "self-supporting" in microelectronics was stressed by Chmn. Reginald Jones at press briefing last Jan. Last month, GE announced plan to invest up to \$100 million in microelectronics R&D and manufacturing plant in N.C. (Vol. 20:32 p11). At that time, company said production would be restricted to custom ICs, so most requirements would be met by outside vendors. Purchase of Intersil could change that dramatically, give GE first full-scale microelectronics production capacity since it shut IC dept. in 1971 (Vol. 11:42 p10).

**Electronic typewriter** for consumers is being developed by SRI under contract from Microtype of Mill Valley, Cal. Unit uses flat print wheel, has target price of less than \$300, could be on market within 3 years. Plug-in accessories would provide electronic editing capability, permit copy display on screen of standard TV.



## Consumer Electronics Personals

**Hiro Kawamoto**, ex-RCA Labs, joins Sony Video Products Co. as new mkt. development & product planning gen. mgr... **Ming Hsu**, RCA international trade relations dir., named staff vp... **Ed Williams**, Philips Hi Fi Labs ad & PR coordinator, adds duties as media relations coordinator for Magnavox Consumer Electronics, assuming former responsibilities of **Don Hall**, resigned as PR & sales promotion dir. to become mktg. dir. of Custom Craft, Ft. Wayne trade show services & display company. **Paul Cullen**, onetime Corning asst. counsel, more recently member of D.C. law firm Hanna & Cullen, joins D.C. firm Collier, Shannon, Rill & Scott.

**William Linseott** promoted at 3M to Electronics Products Div. mktg. operations mgr... **Joseph Scott**, ex-RCA Labs IC technology dir., joins General Instrument as R&D Lab dir... **D. Otis Wolkins**, ex-Motorola Semiconductor, appointed GTE Microcircuits pres., succeeding **Robert Zenisek**, GTE Communications Products Group mktg. vp, who held post on interim basis... **Douglas Rankin**, ex-Texas Instruments, joins U.S. arm of U.K. IC maker Inmos as mktg. vp.

Proxy fight against Avnet is threatened by Scope Industries in filing with SEC. Scope says it wants Avnet to sell several business segments, concentrate on electronics. Avnet is parent of Channel Master & BIC, and through other units produces & markets components, computer products, instruments, wire & cable. Electronics accounts for more than 60% of its \$1.3 billion annual sales. Scope says Avnet should use sale proceeds to buy up its own stock. Scope now owns about 6.4% of Avnet. Avnet has asked N.Y. federal court to block Scope's plan. In statement to SEC, Scope says it will fight Avnet suit, seek representation on its board.

Semiconductor wafer plant will be located in Arlington, Tex., replacing site originally chosen by National Semiconductor in Vancouver, Wash. before eruption of Mt. St. Helens (Vol. 20:24 p15). The 250,000-sq.-ft. facility is scheduled to begin operation in early 1982, employ about 1,500 by 1986... AVX plans to start assembling multilayer ceramic capacitors in Japan this month, plans large-scale manufacture there in 1982.

## Obituary

**Martin Bennett**, 73, retired RCA distributor & commercial relations vp, key member of sales team in introduction & marketing of color TV in 1950s, died Sept. 1 in Huntington, N.Y. He joined RCA in 1946 in theater equipment sales, served in 1960s on boards of RCA Distributing Corp., RCA Sales Corp. & RCA Credit Corp. Son, daughter survive.

**Paul Hines Jr.**, 57, RCA account executive for Carl Byoir & Assoc. for 11 years until last year when he left to establish own PR business, died Aug. 31 in Falmouth, Mass.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Avnet</b>			
1980-year to June 30	1,266,804,401	71,702,123	4.57
1979-year to June 30	1,028,132,596	54,452,041	3.50
1980-qtr. to June 30	330,681,491	19,801,739	1.25
1979-qtr. to June 30	286,833,754	19,158,726	1.23
<b>Columbia Pictures</b>			
1980-year to June 28	691,814,000 <sup>a</sup>	44,907,000	4.50
1979-year to June 30 <sup>b</sup>	544,872,000 <sup>a</sup>	38,988,000	4.01
1980-qtr. to June 28	206,799,000 <sup>a</sup>	11,643,000	1.15
1979-qtr. to June 30 <sup>b</sup>	134,372,000 <sup>a</sup>	9,080,000	.93
<b>Craig</b>			
1980-year to June 30	125,705,000	(383,000)	--
1979-year to June 30	119,086,000	1,802,000	.59
1980-qtr. to June 30	29,388,000	(553,000)	--
1979-qtr. to June 30	30,433,000	(680,000)	--
<b>Fotomat</b>			
1980-6 mo. to July 31	114,785,000	915,000	.10
1979-6 mo. to July 31	97,004,000	267,000	.03
1980-qtr. to July 31	69,273,000	3,697,000	.42
1979-qtr. to July 31	57,700,000	3,002,000	.37
<b>International Rectifier</b>			
1980-year to June 29	150,854,000	5,509,000 <sup>c</sup>	2.01
1979-year to July 1	123,768,000	6,141,000	2.31
1980-qtr. to June 29	37,268,000	(1,188,000) <sup>c</sup>	--
1979-qtr. to July 1	33,996,000	1,831,000	.69
<b>Outlet Co.</b>			
1980-6 mo. to July 31	138,959,000	(3,300,000)	--
1979-6 mo. to July 31	131,309,000	(457,000)	--
1980-qtr. to July 31	75,849,000	(1,307,000)	--
1979-qtr. to July 31	69,329,000	96,000	--
<b>Pioneer Electronic<sup>d</sup></b>			
1980-9 mo. to June 30	933,511,000	68,278,000	1.59 <sup>e</sup>
1979-9 mo. to June 30	725,894,000	45,286,000	1.05 <sup>e</sup>
1980-qtr. to June 30	294,405,000	18,581,000	.43 <sup>e</sup>
1979-qtr. to June 30	236,313,000	18,128,000	.42 <sup>e</sup>
<b>Regency Electronics</b>			
1980-year to June 30	57,570,879	5,149,751	1.92
1979-year to June 30	51,590,345	5,312,047	1.98
1980-qtr. to June 30	15,523,748	1,504,604	.56
1979-qtr. to June 30	14,524,302	1,302,000	.49
<b>Texscan</b>			
1980-qtr. to July 31	5,310,081	216,670	.15 <sup>f</sup>
1979-qtr. to June 30	25,699,459	1,020,629	.06 <sup>f</sup>

Notes: <sup>a</sup>From continuing operations. <sup>b</sup>Restated. <sup>c</sup>After special charge. <sup>d</sup>227 yen = \$1. <sup>e</sup>Per ADS. <sup>f</sup>Adjusted.

**Polaroid expands OEM parts sales effort**, now offers ultrasonic range finder assembly it uses in self-focusing instant cameras. Firm says system has application in robotics & instrumentation, could be used as collision prevention device in cars. Earlier this year, Polaroid started making flat battery, used in its film packs, available to outside customers.

**Export promotion bill** passed by Senate last week gives banks right to invest in or own trading companies, eases antitrust restrictions on trading associations formed by groups of manufacturers, establishes 5-year \$100-million loan & loan guarantee fund. Similar bill is being considered by House committees.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**FCC GOAL—MORE TV STATIONS:** Drop-ins approved 4-3; low-power rulemaking started; action on 'equivalent protection' due this week. (P. 1)

**WHITE HOUSE COURTS MINORITIES,** extols steps to increase ownership. FCC plans Dec. conference on non-broadcast opportunities. (P. 3)

**REAGAN WARNS FCC** against First Amendment violations, opposes Carter-Mondale request for free "equal" time for paid ads sponsored by independent campaign groups. (P. 4)

**LIVE DEBATE COVERAGE?** CBS says 'yes,' NBC & ABC say 'maybe' to live coverage of Sept. 21 debate between Reagan, Anderson & empty chair after Carter rejects LWV 3-man format. (P. 5)

**COMMERCIAL STATIONS** attack non-commercial over use of PBS-NPR satellite system. Two UHF stations ask FCC to not deregulate non-commercial system. Commercialism criticized. (P. 6)

**NCTA 3-YEAR PLAN** offered by staff calls for broad expansion of services. (P. 6)

**ABC-TV OUTLOOK:** Network officials plan to be in on new technology, see 10-12% revenue rise next year, say strike affects only half of prime time schedule, expect little impact on audience. (P. 7)

**FCC GOAL—MANY MORE TV STATIONS:** To surprise of no one, but in face of strong opposition of established broadcasters, FCC last week took 2 steps toward proliferation of TV stations with 2 announced goals in mind — diversity of programming and increased opportunity for minority ownership of stations. And 3rd step, which would provide opportunity for even more new VHF stations, probably was postponed for only a week. Here's what Commission did:

(1) Approved on 4-3 vote (Lee, Quello, Washburn dissenting), "drop-in" VHF channels at short separations in 4 markets — Salt Lake City Ch. 13, Charleston, W. Va. Ch. 11, Knoxville Ch. 8, Johnstown Ch. 8. (2) Issued rulemaking (7-0 with several concurring statements) to authorize "significant number" of low-power UHF & VHF stations which would be encouraged to originate programming. Comr. Brown tried to pin staff down on how many. "Is it scores, is it hundreds, is it thousands?" he asked. Comr. Lee and Gen. Counsel Robert Bruce guessed "thousands." (3) After extended discussion, put off until Sept. 18 approval of inquiry and/or

### Consumer Electronics

**GTE LOOKING TO QUIT** consumer electronics business, is seeking co-op tie or customer for Sylvania operation. (P. 9)

**OPTICAL VIDEODISC** system facing major crisis based on software title shortage, costs, yield. Magnavox players modified in field, inventories climb. (P. 10)

**AUDIO SALES UPTURN** reported by major marketers of mid- & hi-fi equipment. Low inventory levels could result in pre-Yule shortages if recovery continues. (P. 11)

**BANK GIVE-AWAY LIMITS** could spell end to use of TVs, VCRs, stereos & other big-ticket items as lure to depositors. (P. 13)

**NBC CASSETTES** with 50 programs to be unveiled this month. PBS to test cassettes. Time compression squeezes movies to fit. (P. 14)

**NEW VIDEO PRODUCTS** from Japan: Hitachi to show quarter-inch tape VCR-camera combo; Sharp introducing TV-VCR console; Matsushita unveils CPD imager solid state camera. (P. 14)

**PIONEER VIDEODISC** player in national rollout in Sept.-Oct., national ad campaign to start Sept. 22. Magnavox adding 15-20 markets. (P. 15)



rulemaking which would permit drop-in of VHF assignment in any market so long as "equivalent protection" is provided to existing stations. On same date, FCC will take up final report of Task Force on UHF Comparability.

Commission actions of last week were first anticipated in Television Digest last July (Vol. 20:28 p1). Also as expected, MST jumped out front to lead industry opposition to drop-ins and equivalent protection proposal. Pres. Thomas Paro said FCC plans "would sell short the many millions of Americans who would lose service due to interference... These losses in service would be especially devastating in rural, suburban and other outlying areas and in small cities. Similarly, the proposal shows a disregard for public TV stations, commercial stations and minority owned stations in the UHF band and the public they serve." As for low-power rulemaking, Paro said MST is concerned that it may encourage applications "with no realistic chance of survival because of their very small service areas."

In approving drop-ins, FCC majority didn't go so far as to assure minority applicants a preference, did say 4 new stations "represent a chance for minority group members to obtain ownership." Several parties had made known their plans to file for stations while rulemaking still was pending. Inquiry on drop-ins first was put forth in 1975 — at request of United Church of Christ and OTP, both of which sought many more than the 4 approved — and rulemaking was started in 1977. By finalizing new VHF's, FCC departed from established policy of considering impact of new stations on UHF and opposition to VHF stations operating with less than full power. Drop-ins for Knoxville & Johnstown had been part of 1961 rulemaking, were rejected after passage of all-channel law.

UHF advocate Lee said: "I strongly dissent... The Commission has done far more than simply... to push inferior TV stations in 4 markets, it has begun the process of deteriorating TV service for millions of people." He said UHF's could provide same "additional" service in 4 markets, predicted "a rash of petitions by existing UHF licensees for 'bob-tailed' VHF channels."

Lee will continue to fight this week against "equivalent protection" proposal, again has backing of Quello & Washburn. "I'm trying to scuttle the thing, but I can't," he told us. "I've lost, but I'll continue to try for an inquiry instead of a rulemaking... That'll at least slow things down." At week end, Jones said she was leaning toward an inquiry. Brown said he favors proposal but that FCC shouldn't just change "20 years of policy without hearing all sides." He said staff order wasn't sufficiently drafted "for me to know how to go," is working with staff on changes before proposal comes back this week.

FCC said low-power rulemaking "could result in the first new broadcast service in 20 years," said proposal was motivated partly by "recognition of the large unsatisfied demand for TV service, particularly in rural areas." In contested cases, applications that are minority controlled or propose non-commercial operation would receive preference, as would first complete application filed. Low powers would be permitted on Ch. 2-69, would be required to protect existing stations and to move or go dark if applicant for regular operation filed for same channel. STV operation and originations would be permitted.

Duopoly rules would apply; multiple ownership rules wouldn't. TV networks wouldn't be permitted low-power operation, cable operators would be, outside their franchised area. Ascertainment wouldn't be required, but station would be required to show its operation would be in public interest.

In concurring statement, Ferris said: "A month ago [Vol. 20:30 p2] the Commission removed the regulatory weeds of the last decade by freeing the cable industry from regulatory oppression. Today, the Commission is planting in their place seed for hundreds of new TV stations." Lee expressed concern that potential applicants "have not been alerted adequately to the prospect that such stations may exhibit very limited service areas... I don't want anyone to misunderstand what this low-power proposal really means. It certainly isn't going to be a license to print money." Washburn said FCC should put limit on number of low-power stations individual or company could own.



Commission currently has several applications pending for low-power stations as contemplated in rulemaking, said it would process such applications (as well as accepting new ones), make conditional grants. Much interest already has been shown in FCC's action, taken Sept. 9; agency official said his office has received "hundreds of phone calls and agencywide it's in the thousands." Processing guidelines will be published in Federal Register middle of this week.

**WHITE HOUSE COURTS MINORITIES:** "Patently political." "Obviously arranged for political gain." "I came hundreds of miles... an obvious waste of time." These are typical comments of some 300 who attended Sept. 11 White House symposium — addressed by President Carter — on "The Minority Telecommunications Development Program." What it amounted to was rehash of all the good things Carter Administration has done to increase minority ownership in broadcasting.

Fact that minorities in audience were more than little frustrated and disappointed was indicated by tone of questions. One black said he didn't need to travel 2,000 miles to hear panel of Administration officials tell about great things they had done for minorities. "Basically, all I heard was everybody say we [Administration] have a commitment" to minorities. Nothing was said about roadblocks & delays thrown up by various govt. agencies, he complained. "I'm not grateful to President Carter."

White House panel (which appeared before Carter, who didn't submit to questions) consisted of FCC Chmn. Ferris & Comr. Brown, NTIA Dir. Henry Geller, Special Assts. to President Louis Martin and Esteban Torres, Karen Williams, administrator of Office of Federal Procurement Policy. NAB Chmn. Thomas Bolger explained what commercial broadcasters have done to help minorities.

One bit of news came out when Brown disclosed, in answer to question, that FCC plans Dec. conference on "non-broadcast opportunities, challenges and problems of minorities and women in the communications field but not related to broadcasting." Much was said by Ferris & Brown about FCC moves 2 days earlier to provide more TV stations (see p. 1). They also discussed tax certificates, distress sales, clear-channel breakdown, expansion of AM band. Geller said new channels shouldn't be reserved for minorities but that they should be given strong preference. There also were questions about procurement of govt. funds for advertising, loans, etc. One questioner mentioned possible class action suit against "racist advertising agencies that the Administration is doing business with."

President discussed progress made by his Administration in boosting minority ownership since Jan. 1978 — from 62 stations to 124. (He also claimed he had appointed more black judges than all other Presidents combined.) He talked about past discrimination and difficulties today of minorities seeking to enter broadcast ownership, then turned to non-broadcast matters where he said he needed help of minorities in getting programs through Congress.

He said Administration's minority broadcast program "has been successful beyond what anybody anticipated. I don't mean we have reached our goal, but what we have accomplished in this short period of time has been extraordinary because the nation was ready for it." He also quipped: "It's tough for you to get your message across if you don't have your own broadcasting station. I have often thought that the President ought to have at least one."

Minor flap appeared to develop within Administration over who was to appear on 90-min. program (excluding President's speech) and how much time was to be given to whom. NAACP Exec. Dir. Benjamin Hooks (a former FCC commissioner) was on early agenda, with FCC just allotted couple of minutes for introductions by Ferris. Chairman's office wasn't happy, made its feelings known, ended up with 30 min. Hooks told us his office was advised that his appearance wouldn't be needed. White House aide Richard Neustedt said FCC participation was increased at his request before any complaints were heard from Ferris's office. "We programmed the agenda... The FCC didn't," he said.



**REAGAN'S FILM, TV APPEARANCES:** While Ronald Reagan's old movies & TV shows are hot items overseas, U.S. stations have to worry about equal-time challenges if programs featuring GOP candidate are shown. Here's complete list of Reagan's feature films, TV shows & series compiled by Facts Figures & Film magazine:

Accidents Will Happen; An Angel From Texas; Angels Wash Their Faces; Bedtime for Bonzo; Boy Meets Girl; Brother Rat; Brother Rat and a Baby; Cattle Queen of Montana; Code Of The Secret Service; Cowboy From Brooklyn; Dark Victory; Desperate Journey; Girl From Jones Beach; Girls On Probation; Going Places; Hasty Heart; Hell's Kitchen; Hellcats Of The Navy; Hollywood Hotel (guest appearance); Hong Kong; International Squadron; It's A Great Feeling (guest appearance).

John Loves Mary; Juke Girl; Killers; Kings Row; Knute Rockne; Last Outpost; Law & Order; Louisa; Love Is On The Air; Million Dollar Baby; Murder In The Air; Naughty But Nice; Night Unto Night; Nine Lives Are Not Enough; One For The Book (Voice Of The Turtle); Prisoner Of War; Santa Fe Trail; Secret Service Of the Air; Sergeant Murphy; She's Working Her Way Through College; Smashing The Money Ring; Stallion Road; Storm Warning; Swing Your Lady; Tennessee's Partner; That Hagen Girl; This Is The Army; Tropic Zone; Tugboat Annie Sails Again; Winning Team.

Young Doctors (narrator); First Born, episode of Ford Theatre, Feb. 5, 1953; Doctor Goes Home, episode Schlitz Playhouse of Stars, July 31, 1953; Message In A Bottle, episode Video Theatre, Sept. 3, 1953; And Suddenly You Knew, Ford Theatre, Dec. 10, 1953; A Place In The Sun, Video Theatre, Jan. 28, 1954; Edge Of Battle, Schlitz Playhouse of Stars, March 26, 1954; Jungle Trap, Schlitz Playhouse of Stars, Feb. 19, 1954; Beneath These Waters, Ford Theatre, May 20, 1954.

Long Shadow, Zane Grey Theatre, Jan. 1, 1961; Who Killed Julius Greer?, Dick Powell Theatre, Sept. 26, 1961; Fort Pierce Story, Wagon Train, Sept. 23, 1963; Cruel And Unusual Night, Kraft Suspense Theatre, June 4, 1964; Death Valley Days, 1965; and several episodes of GE Theatre.

All 11 Ohio State football games not televised will be carried by Qube in Columbus under agreements reached last week. While Warner's suit against ABC and NCAA still pends, Warner agreed to pay 4 colleges within 30 miles of Columbus for all unsold tickets when their games occur simultaneously with OSU's. Colleges are Capitol, Otterbein, Dennison, Ohio Wesleyan. It's estimated each will get about \$3-\$4,000 per game. Qube won rights to OSU games which had been put out for bid — will pay \$15,000 each. In previous 3 years, Qube carried only 5 games yearly. Subscribers will be charged \$7 per game. Again, 2-way system will be used to allow subscribers to vote for outstanding players, etc. Allie Sherman, ex-N.Y. Giant coach, repeats as exec. producer.

**REAGAN AGAINST FREE TIME:** Warning FCC not to violate First Amendment rights, Reagan-Bush urged Commission to reject Carter-Mondale request for free "equal" time to counter paid ads for Reagan sponsored by "independent" committees (Vol. 20:36 p1).

Reagan petition said Carter request had no basis in law, violated free speech rights and "seeks to ensnare the Commission into being a party to a pattern of conduct designed to have a chilling effect upon the First Amendment."

Carter request is "part of a pattern of conduct designed to either silence or impair" Administration critics, petition said, citing July 18 letter to broadcasters warning that sale of time to independent groups supporting Reagan could raise serious legal questions, might obligate stations to provide free time for opposing viewpoints, and involve stations in litigation before courts, federal agencies.

Petition concluded: "We are advised that some broadcasters have refused to sell time to independent groups, citing the July 18 Carter letter as the basis for their unwillingness to do so. Thus, the Carter request must be seen as another application of governmental pressure for short-term political purposes."

Carter committee had asked for quick FCC ruling on issue because independent committees supporting Reagan are buying millions of dollars of TV time. Reagan's petition, filed last week, said total is less than \$500,000. FCC deadline for comments on Carter request was Sept. 12.

"Public awareness of communications issues will continue to be deficient so long as the [general] press does not consider them to be an important part of the national agenda," FCC Chmn. Ferris told Md.-D.C.-Del. Press Assn. Sept. 13. "Only you can create an electorate informed on communications issues. You alone can ensure that this Commission marches... to the public call and not solely to the tune of the industries we are supposed to regulate. Technological breakthroughs that will help you in your business tomorrow are our business today. Such important issues cannot be surrendered to a decision-making process divorced from journalistic scrutiny and resulting lack of public input."

Pole attachment charges by Appalachian Power Co. are "unjust & unreasonably high," FCC said, ordering power company to make refunds to 3 W. Va. cable operators. Commission ordered annual rate of \$1.70 per attachment, instead of \$4 & \$5.60 charged now, said Appalachian has to refund difference paid since Jan. 15, 1979. Cable operators are Cable Information Services, Kanawha Cable TV, WACCO.

Cox Bestg. received \$125 million in new financing, will use most of it for new cable system construction. Funds come from \$25 million term loan, \$100 million revolving credit from 8 banks.



**DEBATE COVERAGE UNSETTLED:** With Carter's rejection of League of Women Voters 3-way debate format, first big TV event of fall campaign loses star attraction. CBS News is only network to announce firm decision for live coverage of Sept. 21 debate between Ronald Reagan, John Anderson & empty chair.

NBC News said decision on live coverage of debate at Baltimore Convention Center will probably be made early this week. Pres. William Small, meanwhile, pulled back from "Today" show offer to sponsor head-to-head Carter-Reagan debate. Carter camp immediately accepted invitation, but Small later said NBC might carry 2-man debate only after dispute over LWV debate is cleared up.

ABC News said it would cover debates live, but only if both Carter and Reagan appeared. No decision has been made on live coverage if only Reagan and Anderson show up, as now appears likely. "We will exercise our news judgment at that time," we were told.

But ABC will be there, even if network doesn't broadcast debates live. ABC has pool responsibilities for first debate. Producer Charles Frye told us: "We are covering the event the League is staging. But we don't know the layout, we don't know the lighting arrangements, we don't know much of anything about it yet. With much more delay, our backs will be up against the wall."

Frye will take ABC "supertruck" to convention center Sept. 17 to begin setting up. "This is the kind of equipment we used for convention coverage, for sports and to cover the Pope. We will have three 45-ft. semis of equipment, including 10 cameras. We want to give ourselves as much flexibility as possible."

Carter has consistently demanded head-to-head debate with Reagan first, before any 3-way meeting takes place. Chances for Reagan-Carter debate are "very hypothetical" but "the doors are not closed," said Reagan advisor James Baker. Jody Powell, White House press secretary, said: "We think there will be a debate because the public wants to see them head-to-head." But no discussions currently are scheduled to arrange 2-man debates.

LWV said Anderson was included in debate because of results of 8 polls taken in late Aug. & early Sept. showing Anderson's support ranging 13%-18%. LWV said 3 of 4 Sept. polls put independent candidate at 15% or higher. LWV also announced 6 corporations each gave \$50,000 to finance debates: Atlantic Richfield, Bank of America, Carter Hawley Hale Stores, Chevron USA, IBM Corp. and N.Y. Life.

Reagan and Anderson attacked Carter's decision to boycott debates, while political columnists and commentators wondered if decision would be Carter's Big Mistake. Reagan, meanwhile, unveiled new TV commercials ranging from 30 sec. to 4-min. & 20-sec. designed to soften his hard-line, right-wing image and show him as forceful leader.

**MUCH ADO ABOUT N.J.:** Bugged down by opposition to unrelated amendment calling for VHF station for N.J., cross-ownership bill sponsored by Rep. Swift (D-Wash.) again failed to clear House Commerce Committee. After futile 5-hour session, marked by Republican amendment blitz, Committee lacked 22-member majority needed to send bill to floor, will try again Sept. 16. Noticeably missing during final head count: Communications Subcommittee Chmn. Van Deerlin (D-Cal.).

Future looks dim for bill, once described as "simple" measure destined for quick passage, because of opposition stirred up by N.J. provision, sponsored by Rep. Maguire (D-N.J.). Strong opposition to N.J. amendment by ranking minority member Rep. Broyhill (R-N.C.) signaled loss of all Republican support. Despite compromise language introduced by Swift to lessen impact of measure, Broyhill said amendment "puts Congress in the act of assigning licenses... sets a bad precedent... We just don't have the technical expertise to be assigning licenses."

NAB says it can't support bill with N.J. amendment attached. N.Y. delegation received plea from N.Y. Mayor Edward Koch to oppose measure because "only certain effect... would be a transfer of jobs which New York City could not afford to lose." Among amendments introduced at markup, most delaying tactics, was one by Rep. Scheuer (D-N.Y.) to stop attempt to allow FCC to move to Rosslyn, Va. because Commerce Committee wasn't consulted, Committee power is being "eroded by Appropriations Committee." Amendment was withdrawn after Committee complained that it wasn't germane to bill.

Premiere has selected Dancer Fitzgerald Sample as national ad agency, says it doesn't know size of account (estimated at \$4 million in Advertising Age). In other developments: (1) Premiere hired Charles Klein, ex-HBO, as promotion dir.; Peter Newman, ex-Viacom Communications, as market planning dir.; James McMillan, ex-ATC, as affiliate mktg. dir. (2) Federal Judge Gerard Goettel granted request that Premiere be named a defendant in Justice Dept. lawsuit. (3) Premiere has set Sept. 30 as deadline for transponder decision, is still negotiating for possible Times-Mirror channel on Satcom or 2nd Comstar slot.

MSI TV acquired Texscan Corp., Indianapolis, formed new Texscan/MSI Corp. Firm announced in letter to customers: "In the past, we have experienced some problems in our Customer Service Dept., and have recently incorporated many changes... We promise a greater emphasis on product reliability, customer satisfaction and delivery."

Tocom Inc. plans 500,000-share offering of common stock, will file with SEC "in near future," with early Oct. target for offering. Stock now is selling for 17.5¢ per share.

Dan Hoover, KTEN Ada, Okla., became BPA's 1,000th member recently — up from 928 at Montreal seminar in June.



**PTV-RADIO ATTACKED ON NEW FRONT:** Public TV and radio stations still smarting at congressional attack on program guides because of competition with commercial businesses (Vol. 20:35 p5) also are being challenged at FCC over value-added satellite services.

Commercial UHF stations in Memphis and Salt Lake City have asked FCC to deny request by public broadcasters for Commission to deregulate PTV-radio satellite earth stations. Request comes from CPB, PBS and NPR and calls specifically for FCC to delete requirement that public broadcasters get FCC permission each time they wish to share satellite facilities with commercial concerns.

WPTY-TV Memphis and KSTU Salt Lake City stated in filing that PBS plans for Vidsat and Blairsat have precluded stations "from securing agreements in their individual markets. The consequences for each of the stations will be a loss of thousands of dollars per year in revenues; perhaps as much as \$50,000 per year each." Stations complained that in its filing for deregulation, PBS failed to "advise the Commission that the relief it requests is also a prerequisite for PBS' initiating a commercial, profit making venture, using satellite facilities, which will be directly competitive with private, individual commercial television stations."

They added: "The public broadcasting system in this country was provided by Congress with substantial tax benefits and public funding so that it could provide the public with program service allegedly not available from commercial television. It is highly questionable whether Congress intended these benefits to be a public subsidy to enable public broadcasting to evolve into a national network competing directly with individual local commercial stations; and, in a media area wholly unrelated to the program service function which public broadcasting was intended to perform."

In responding to commercial stations, CPB, PBS & NPR said that public broadcasters are merely seeking "housekeeping" action from FCC, want provision that already has been deregulated for commercial earth stations also deregulated for noncommercial. They quote FCC Chmn. Ferris, who told Public Radio Conference in March that public broadcasters should find "as many innovative uses of your facilities as you can." Also filing in matter was NAB, which expressed concern about commercialism of public broadcasting.

While public broadcasters are watching matter closely, they believe Commission already has shown its philosophy on value-added services by approving Western Union sharing with PBS earth stations.

**Black Entertainment Network (BET)** has increased number of subscribers by over one million in last month, now reaches 5 million homes in 499 markets in 47 states, BET says. Network will kick off coverage of black collegiate sports on Sept 19 with S.C. State vs. Del. State football game.

**NCTA's 3-YEAR PLAN:** "Goals & Objectives — 1980-82" titles proposal of NCTA staff, to be considered during Assn. board meeting Sept. 15-16, Four Seasons Hotel, Washington.

Proposal calls for substantial staff expansion to broaden federal, state & local activity, increase public relations impact, strengthen hq contributions in technology, programming, new services.

Plan would provide for following executives: Vps for PR and govt. relations, directors of membership services, special projects, programming, advertising — plus assistant directors and more secretarial positions. Legal staff would be expanded, political action services increased.

New hq building should include a public information center and a media center, according to plan.

Among items on board agenda are pending congressional bills, FCC consideration of 3-5% franchise fee ceilings, Copyright Royalty Tribunal deliberations on fee changes due to inflation, FCC rules changes.

Rumors spread that major studios are considering drastic cost-cutting moves as SAG/AFTRA strike ended 7th week. Universal Studios wouldn't confirm move at presstime, but reportedly was planning to cut off payments to writers, producers & directors, and ask top executives to take half pay. Paramount reportedly was considering suspending all projects, possibly closing Hollywood studio for interim. "Every studio is taking drastic steps," said one studio executive.

Border station retaliatory legislation (Vol. 20:30 p4) was sought formally last week by President Carter. He said Canadian laws inhibiting purchases of U.S. broadcast time for advertising are aimed at strengthening Canadian broadcasters "at the cost [of] U.S. companies." He noted that legislation includes provision allowing for repeal if Canada repeals its law.

**NCTA cautioned membership** against buying 3-m antennas for satellite TV reception because FCC may "reconfigure current satellite spacing which could effectively make 3-m antennas unusable." NCTA Engineering Committee issued technical document on 3-m situation. Contact: NCTA Science & Technology Dept., 202-457-6700.

**Prediction of key FCC official:** "The feeling here is that after the radio deregulation panels [Sept. 15-16], it'll just be forgotten... It's [deregulation proposal] so riddled with holes that no self-respecting lawyer would take it to court."

Petitioners to deny broadcast applications won't be required to supply detailed descriptive information of who they are, FCC has ruled, 6-1. NAB had sought more detailed information to limit filing of "frivolous" petitions. Comr. Quello dissented.



**ABC TV's OUTLOOK:** Rundown on ABC-TV's expectations for near future was offered to security analysts by 3 network executives last week — ABC-TV Pres. Frederick Pierce, ABC Entertainment Pres. Anthony Thomopoulos, ABC TV Network Pres. James Duffy. Among points made, primarily by Pierce:

(1) ABC plans to get into all areas of new technology — VCR, disc, cable — whatever. Said Pierce: "We have had a major significant study — and I underline significant — for 9 or 10 months [regarding new fields] and we will make an announcement public at the appropriate time." Later, Pierce was asked whether ABC would seek to get FCC to remove prohibition against network ownership of cable systems, said: "We all should compete on the same basis." ABC Chmn. Leonard Goldenson speaks before National Press Club in Washington Sept. 17, and it's widely speculated that he'll call for taking wraps off network cable activity, putting some on cable operators — also call for reduced regulation of industry generally.

(2) Slightly more than 50% of prime time schedule is affected by SAG strike, and that isn't expected to hurt ratings much.

(3) Though prime time is important, ABC has gained in rest of day and will "greatly reduce" losses in news in 1980s.

(4) Prime time sales are down somewhat from last year which was "a barnburner."

(5) All 3 networks combined are expected to have 10-12% revenue growth next year — but ABC will be somewhat under that. National spot is likely to go up about same percentage, while local increase is pegged at 15%.

(6) ABC hopes to keep cost increases next year below 10%.

(7) Clearances will be best in ABC's history. There have been 40 affiliate switches or other affiliate improvements for ABC in last 4-1/2 years.

(8) "In the 1980s," said Pierce, "we believe there is a lot of upside potential. We still think prices are understated."

(9) People watch more in cable homes, so network audiences are little affected — perhaps 0.1-0.2 rating points. Eventually, movies seen on cable are expected to attract less audience on networks. If this happens, movies will be replaced with "other forms."

(10) Presumably referring to network profit figures disclosed by Television Digest (Vol. 20:30 p1), Pierce said networks differ in their reporting to FCC. For example, he said, some \$50 million of ABC's costs for soap operas are reflected in costs reported to Commission, while CBS & NBC have many soaps provided by advertisers and don't include

their costs in figures given FCC. Also, he said, networks differ as much as \$20 million in allocating overhead — and they use different accounting methods.

(11) Networks aren't out to "win the numbers at all costs." They're activated by "sound business decisions."

(12) ABC counts on recession running through 4th quarter, with "moderate recovery" in first 6 months of 1981.

NBC Pres. Fred Silverman on new technologies before Hollywood Radio & TV Society: "NBC's corporate planners as well as many people in the cable business, believe that the new video delivery systems will not replace free broadcast TV. They will complement it. Broadcast TV, especially the networks, will continue as the leading home entertainment service. However... there is no question the new video delivery systems will enjoy larger slices of the home video pie. And more power to them."

Teletext standards subcommittee of NCTA is seeking suggested specifications for submission to FCC. Chaired by John Lopinto of HBO, subcommittee will share findings with EIA subcommittee studying teletext & videotext standards. Details: NCTA Teletext Subcommittee, HBO Network Operations, 1271 Ave. of the Americas, N.Y. 10020.

Financial records of WCCB Charlotte for 1975-79 must be turned over to Kannapolis TV, applicant for STV on Ch. 64. WCCB had claimed that grant of new station would jeopardize its financial viability. Kannapolis also had sought financial reports of 15 other stations owned by Cy Bahakel, for 1970-79.

Warner Amex dedicated new Cincinnati area system, 2nd QUBE outlet. System serves 42 communities, passes 150,000 homes. Ceremony included announcement of \$1,000 Warner Amex scholarships to top male & female high school athletes in area, appearance by soccer star Pele.

After signoff, TV stations may now remain on air and show slides or slow-scan informational programming, FCC has ruled. Stations needn't include audio or directly related audio. Rule change kills requirement for simultaneous operation of visual & aural transmitters in early a.m. hours.

"Barrage" of letters and phone calls following FCC open meetings has led Commission to adopt new rule barring such communications from being part of official record. Commission said only communications received after official decision has been released will be part of record.

Byers Engineering has expanded CATV services to include aerial & underground construction work through new CATV Services Div.



## Personals

FCC Chmn. Charles Ferris addresses National Press Club luncheon Oct. 7 in Washington... ABC Pres. Elton Rule and Premiere Chmn. Burt Harris speak to Western Conference on Marketing & Media Sept. 26, Century Plaza Hotel, L.A... ABC-TV Network Pres. James Duffy speaks at AWRT mideast conference Oct. 3, Philadelphia.

Carl Lindemann promoted to vp & asst. to CBS Sports Pres. Van Gordon Sauter; Herbert Gross to vp-dir., sports programming; Neal Pilson to vp-dir., sports business affairs & compliance... William Landers & Jeffrey Kulliver advanced to operations mgrs., NBC Sports; Jeffrey Cokin joins NBC Sports as dir. of sports contract negotiations... Henry Schafer promoted to dir., program & sales research, ABC TV.

John West, ex-WTVD Durham, appointed vp-gen. mgr. of WRDW-TV Augusta, Ga., succeeding James Armistead, retired... Nick Evans promoted to vp-gen. mgr., WATU-TV Augusta; Lee Sheridan to vp-station mgr... Debra Shapiro heads newly formed BBI Communications; she's succeeded as WCVB-TV Boston PR mgr. by Peter Cohen; Stuart Doriss, ex-Alcare Communications, appointed asst. sales dir., BBI Communications.

Ellen Rafferty, FCC Gen. Counsel Office, moves to asst. to Chmn. Charles Ferris for congressional liaison, succeeding Deborah Brimmer... Aaron Shainis, ex-FCC Best. Bureau, joins Washington law firm Baraff, Koerner & Olender... Sheila Mahony, ex-Carnegie Commission, joins Cablevision to work on franchising... Stuart Loory, ex-managing editor of Chicago Sun-Times, appointed vp-Washington managing editor, CNN, succeeding George Watson, resigned.

Peter Newman, ex-Viacom Communications, appointed marketing planning dir., Premiere; James McMillan, ex-ATC, named affiliate marketing dir... David Meister, ex-HBO, appointed programming vp, Time-Life Films; Norman Zeller, ex-WJR(AM) Detroit, vp for domestic sales... Eileen Connell, ex-Alternate Media Center, joins Warner Amex as community communications dir.

Michael Savage & Douglas Olson, ex-AEC, become members of Washington law firm Hedrick & Lane... Cheri Rusbuldt, ex-WTTG Washington, appointed promotion dir., U.S. Chamber of Commerce Best. Group... Ronald Lyon, independent producer, named pres. of Rastar TV, succeeding John McMahon, now pres. of Johnny Carson's new TV company.

Profiles of hostages air this week on ABC Radio, despite State Dept. opposition. ABC calls series "major research effort" describing information on jobs, neighbors, histories of captives. State Dept. opposes publicity about hostages that might give information to captors, "complicate prospects for... release."

Typical radio station had time sales of \$352,800 in 1979, according to NAB survey which also found that 66% of 2,046 participating stations were profitable. Revenues increased 7.7%, with local sales (89¢ of every dollar) accounting for 7.3% of increase. Expenses jumped 10.6% to \$326,000, resulting in pre-tax profit margin of 5.8%, down from 8.2%. Salaries of \$161,000 accounted for 49.4% of expenses for typical station. For details, contact NAB Vp Ron Irion (202-293-3532).

"Television for the 80s" — covering "developmental strategies for the electronic marketplace" — is Dec. 8-9 conference co-sponsored by Communications Technology Management (Robert Schmidt) and USC's Annenberg School of Communications, at USC. Speakers include: Rep. Wirth (D-Colo.), Ted Turner, Clay Whitehead, Thomas Wheeler, others to be added. Details: CMA, 6861 Elm St., McLean, Va. 22101, 703-734-2724.

Rep. Rodino (D-N.J.) is featured speaker at opening NAB TV conference Oct. 1-2 in Philadelphia. Sessions will deal with "what's happening in Washington," electronic news equipment, sales, prime time access rule, legal clinic, new technology. At other conferences, Sen. Cannon (D-Nev.) speaks in San Francisco (Oct. 8-9), Oct. 15-16 in Phoenix is open, Rep. Gudger (D-N.C.) in Atlanta Oct. 29-30.

CCAT convention on MDS features keynote address by FCC Chmn. Ferris on "1970-1980 A Decade of Progress in MDS," talks by Richard Wiley, ex-FCC chmn., Les Brown, publisher of CHANNELS, Henry Geller, dir. NTIA, Carroll Bowen, Kalba Bowen vp, Winston Himsworth, senior vp, Salomon Brothers, others. CCAT sponsors 4th annual convention Oct. 5-7 at Washington Hilton. Details: Rhonda Vega, CCAT, Box 28, Pasadena, Md. 21122, 301-437-6322.

"Regulated vs. regulators" is billing for Sept. 27 softball game in Washington sponsored by AWRT. Local broadcast execs. and personalities will take on FCC commissioners, members of Congress and staffers for benefit of Children's Hospital. Admission is \$2.50.

FCC plans 2-day seminar Oct. 7-8 during National Consumer Education Week "to educate the public about the Commission and new technologies." First day's session will be in FCC meeting room, 2nd in Fine Arts Theater on ground floor of FCC building.

Comcast is slated to get Erie, Pa. franchise; city council adopted resolution selecting Erie-Comcast Cablevision, with final approval expected in late Sept. System would pass 42,000 homes.

Canadian provinces would have power to license cable systems, set territories and rates, under proposal by Prime Minister Trudeau, offered in meeting on constitutional reforms. CRTC has power now.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 29 (35th week of 1980):

	Aug. 23-29	1979 week	% change	Aug. 16-22	1980 to date	1979 to date	% change
Total TV.....	391,790	341,071	+14.9	365,357	9,332,550	9,966,029	-6.4
color.....	241,566	210,263	+14.9	244,048	5,953,912	6,211,552	-4.1
monochrome..	150,224	130,808	+14.8	112,309	3,378,638	3,754,477	-10.0
Home VCR.....	16,638*	8,659	+92.1	19,720	410,158*	249,536	+64.4

Color TV 5-week moving average: 1980—206,088; 1979—179,316 (up 14.9%).

Home VCR 5-week moving average: 1980—14,649\*; 1979—8,976 (up 63.2%).

\*Record for period.

**GTE SEEKING TO QUIT CONSUMER ELECTRONICS:** Long-standing industry rumor that GTE wants out of consumer electronics isn't rumor any more. GTE last week confirmed it's looking for way to end, or at least substantially modify, its 21-year association with industry.

GTE isn't satisfied with return on investment in consumer electronics, though it's profitable and market share is improving, company said in response to our query, adding it "continues to explore ways to improve this situation, which might include some form of cooperation or agreement with other companies." GTE's consumer electronics operation includes Sylvania & Philco marketing units in Batavia, N.Y., plants in Smithfield, N.C., Mexico & Taiwan; commercial electronics (hotel-hospital TV & electronics) operation in Waltham, Mass.; color tube plant & components business in Seneca Falls, N.Y.; circuit products assembly unit (which produces Mattel's Intellivision video game-computer among other items) in Muncy, Pa.

Exactly what would be included in any disposal agreement isn't known, but it's believed GTE would rather not sell off in bits & pieces, and that domestic TV & picture tube operations are regarded as matched set. GTE has received offer for Smithfield plant from Far East manufacturer, but is understood to have turned it down. Sylvania-Philco hq in Batavia has been for sale since production operations were halted there several years ago. B&w TV output is being phased out in Taiwan plant, acquired along with rest of Philco TV business in 1974, and that will probably also go on block. Future Sylvania & Philco b&w sets will be sourced from Korea's Gold Star and other Far East suppliers.

In 9 years through 1979, GTE Consumer Electronics has lost some \$20 million, deficit in more recent period stemming from European operations (Saba, components production) sold to Thomson-Brant of France this summer. At that time, GTE acknowledged T-B expressed interest in acquiring its U.S. consumer electronics business as well, but negotiations for that never really opened, and T-B isn't believed to be in picture now.

Spokesman declined comment on companies with which it's talking. Considering Justice's 1978 rejection of GE-Hitachi joint venture, it's doubtful GTE would be eyeing Japanese connection, and none of TV makers in Taiwan or Korea could supply needed cash & technological support. Of European companies, only Thorn EMI of U.K. appears to have necessary qualifications, but it may not have interest. Other possibilities include spinoff or link with major semiconductor manufacturer.



Situation will delay announcement of videodisc format choice by Sylvania, last of uncommitted U.S. TV majors. Decision itself probably will be made within next 2 weeks, but will be kept under wraps — and subject to change, to avoid embarrassing situation if new partner or parent turns out to be company with foot in different camp.

**OPTICAL VIDEODISC SYSTEM FACING MAJOR CRISIS:** Even as Pioneer was telling dealers of plans to go "essentially nationwide" in Oct., well ahead of schedule, accompanied by multi-million-dollar national ad campaign (see p. 15), software and other problems were prompting Magnavox to rethink its strategy and could drastically affect entire future of optical videodisc system.

Although officials at Magnavox & parent North American Philips declined specific comment beyond saying that "players are not the holdup," careful checking & rechecking of many sources reveals that first 18 months of videodisc marketing have been tragicomedy of errors which could threaten fullscale fiasco unless quick corrective steps can be taken — and they may be impossible to take.

Although Magnavox will go through motions of adding 15-20 more markets this year, probably including top N.Y., Chicago, L.A. & Philadelphia areas, it has postponed plans for nationwide rollout, canceled national ad campaign which had been scheduled to include network TV, deferred introduction of its Mark II player until large inventories of existing models can be moved. In some areas, dealers are dropping Magnavision players or clearing them at cut prices.

On software side, IBM's magic touch hasn't yet manifested itself at DVA, with disc yield still reported variously as "awful" & "abominable," and fairly large number of defective discs reaching public. DVA officials couldn't be reached at presstime, hadn't responded to requests for comment or to questions submitted by telephone. But quality is minor aspect of complaints compared with failure to come through with promised quantity of titles, and it was particularly galling to hardware makers when DVA reportedly shut down all entertainment disc pressing for 6 weeks to fulfill commitment to GM to turn out discs on its 1981 cars for its showroom network.

MCA officials minimize disruption, say they have enough discs already to back nationwide launch for rest of year with 150 titles now in catalog, including 80-90 popular ones, and more — Blues Brothers and new Cheech & Chong movie — due next month. DVA recently celebrated production of millionth disc; it's believed nearly 1/3 that number have gone to GM. "The supply is in high gear," MCA Pres. Sidney Sheinberg told us. Commenting on problems in market, he said: "Nobody has a crystal ball. We're still learning all the questions, such as 'is there really a consumer market?'" Another MCA official conceded: "Nobody's thrilled with the amount of new product coming out. It's not affecting the start-up business, but the older markets are a problem, where people are demanding new titles." Commented one uncommitted TV marketer: "The kind of people who buy disc players are used to getting what they want — and they want more programs."

Complicating Magnavox's problems has been unpublicized player modification resulting from lack of coordination with DVA — specifically the loose-jointed arrangement between Philips & MCA/DVA on discs & players. Magnavox players have had some major problems in playing many DVA discs, and its engineers were flabbergasted when they purchased Pioneer player at retail in Dallas to find it was designed to play discs with looser tolerances than their own players were. It's learned there have been accusations that DVA changed specs on discs without informing Philips or Magnavox, while working closely on players with its own jointly owned subsidiary Universal Pioneer.

Magnavox has now modified all players in factory & dealer inventory to include more forgiving circuitry which can accommodate current DVA disc output, and is modifying players in consumer hands on request or when they're sent back for repairs. It's believed that modified Magnavision, like Pioneer Laserdisc players, now can play 90-95% of DVA discs offered at



retail. Incident of allegedly changed standards did nothing to cement already strained relations between Philips & DVA.

Another sore point has been DVA's failure so far to perfect hour-per-side constant linear velocity (CLV) disc, which now appears to be main hope for cutting software cost and improving supply. MCA & DVA are now promising widespread availability of CLV discs by year's end. As to other sources — Universal Pioneer, Sony, Philips in England & 3M — they're coming along slowly. 3M is understood to be concentrating on CLV disc, but its output next year probably will be under 75,000 discs — mere drop in bucket. Damaging tipoff about disc-pressing problems came when it was learned that Optical Programming Assoc. (OPA) — joint venture of Pioneer, MCA & Philips (all of which are involved in disc pressing) — was considering Sony as 2nd source for replication (Vol. 20:35 p11). CLV discs could cut costs, easily double output, because 2-hour movie which now takes 2 discs could be put on one. However, except for stereo sound, CLV discs don't have the widely touted advantages claimed for optical system over RCA's CED — stop, slow & fast motion, reverse and random access.

Economics of optical disc still are cryptic. DVA is quoting more than \$10 per disc for quantity replication (although its costs are reputed to be higher), while EMI is actively soliciting orders for VHD custom-pressing at under \$5; neither RCA nor CBS has given prices for custom CED discs. This could change with development of CLV, but one manufacturer commented: "DVA doesn't have a prayer of getting below \$10 for 2 years or more."

Pioneer is guardedly optimistic about national rollout. Its new Pres. Tomatsu Iuchi says it has plenty of player capacity to back up its plans. And at Pioneer & elsewhere there's feeling that lots of advertising (including that by RCA) is prescription to remedy abysmally low public awareness of videodisc and get it on road to mass-market status. Nevertheless, there was some bitterness expressed by Laserdisc dealers at Pioneer sales meeting in Nassau last week. One arose during session to warn: "If we're going to depend on MCA, we better think twice. They don't have the availability, nor did they deliver the way they were supposed to."

Lurking in background are fears in optical camp about what happens when RCA videodisc juggernaut is unleashed. While all welcome its advertising & promotional clout to spread awareness of videodiscs (and express confidence that consumer will choose optical system after RCA ads lure him to store), there's feeling that optical act must be very together by next March — particularly in software — to avoid complete videodisc debacle. Nor is news of problems in optical camp any solace to RCA — it shows that path to videodisc is fraught with obstacles and that public might easily be turned off on whole idea.

Third system, JVC-developed VHD, isn't going to go away. Announcement of formal agreement by GE, Thorn EMI, Matsushita & JVC — together with some outline of plans — is expected within next month or so.

**AUDIO SALES REVIVING—IF NOT BOOMING:** Audio sales slump may be ending. There's definite pickup in demand for mid- & low-fi equipment from retailers, and while increase is modest, it looks like skyrocket to marketers, who've suffered through 18 sluggish months. Should revival continue, shortages could start showing up in Nov.-Dec., industry spokesmen believe.

Bounceback is being felt by major equipment marketers and may be traceable to drying up of dumps by underfinanced smaller importers, lower profile by such competitors as Morse, Superscope & Kings Point, plus some dropouts, including Pioneer's Centrex line. So it may not be so much a recovery as it's return to traditional suppliers by dealers having tough time finding closeouts.

"There's been a rebound over the last several weeks, and buyers who've been dealing with us on a hand-to-mouth basis are now open to buy," says Soundesign Pres. Ely Ashkenazi. "Our first quarter was slow, and our 2nd was pretty dead. We picked up in July & Aug., and Sept. seems



back to normal," he adds. His sentiments are echoed by Emerson Senior Vp Saul Knazick, who told us that after a sagging first 7 months, company's incoming order rate was up 6% from 1979 in Aug., and Sept. is running 18% ahead.

Panasonic audio sales pickup started in final Aug. week, has continued into Sept., according to Home Audio Div. Vp Jeff Berkowitz, who estimates that overall industry sales for year are off 15-20% in compact-component stereo, down 10-15% in hi-fi. Because of price cutting, "industry is down even more in dollars." Company has outperformed industry in both areas, Berkowitz says, reporting Technics hi-fi sales are up from last year, claiming Panasonic improved position as leader in mid-fi, although volume is down. At Sharp, Audio Div. Gen. Mgr. Jerry Orbach says he found recent market "better than it was, but there hasn't been any tremendous opening up." Both Sharp & Optonica (hi-fi) audio products sales are up this year, as they have been in each of last 4 years, he said, noting that Sharp "is not in the class of Pioneer or Matsushita," making it somewhat easier to improve.

There are no reliable audio sales statistics, but since virtually all products are foreign made, Commerce import figures do give at least idea of trend. In first half, imports of record changers & automatic turntables totaled just over 2 million, down 29% from 2.8 million in same 1978 period. Radio-phono imports, including tape players & recorder combinations, were just under 965,000, down 23.1%. Imports of AC-powered stereo radio-tape combinations, many of which end up as packaged component systems, were down 37.7% to 949,000; imports of radios without speakers (including stereo receivers & tuners) were down 23.2% to 794,000. Total imports of radio-phonos, plus radios & combos likely to be used in phono systems, totaled 2.71 million, down 1.1 million, or 29%, from last year. Whole audio business isn't suffering, however. Imports of battery-portable stereo radiocassette combos jumped 79.9% to 806,000, while imports of AC-DC mono radiocassette units leaped 143.6% to nearly 2.54 million.

Radiocassette portable growth rate is so big it's "embarrassing," says Berkowitz, who claims industry leadership for Panasonic in that area as well. As for other audio product areas, "the improvement is coming mainly in the low end and promotional goods, while hi-fi is still suffering." Parts shortages, particularly ICs, have kept Panasonic from selling all it might, and with demand increasing "we are running on less than a 30-day inventory, and that's costing us business. I know what we have coming in, and if retail keeps picking up, we are going to run out in the middle of Nov."

Selective shortages are also seen by Ashkenazi, who told us "nobody has big inventories any more." Now out of low-end compact business, Soundesign is experiencing rising demand for "more sophisticated promotional component models," selling in \$300 range. Traditional console market continues slow, and disco models with flashing lights are about holding even. Company is getting strong sales in glass-front upright racks designed to hold packaged components. Emerson's Knazick is still looking over his shoulder at competition from dumpers. "There are still some out there, but it's easing up. Consumers are getting the best buys in the world." He's not concerned about significant shortages — "there will be some supply problems in certain categories, but you can't have everything." Both Ashkenazi & Knazick predict their companies will show profits in current quarter, after posting losses in most recent quarterly periods.

"The problem hasn't been sales, it's been profits," according to S. David Feir, sales vp of BSR, leading supplier of changers to phono OEMs. While acknowledging that unit volume is down for 2nd consecutive year, "there is still a big consumer demand for audio." As evidence, he points out that while Emerson, Lloyd's & Soundesign have shown losses recently, their sales dollars have declined only modestly. Industry, he said, is still suffering from retail inventory cutbacks started in Jan. 1979. "Everybody expected increased business in 1979," and importers placed orders accordingly. Retailers stopped buying, "but the boats kept coming in." It's taken year to work off inventory excess, and while everything isn't exactly rosy now, "we do see a pickup" from OEM customers — "we are starting to see the [order] releases come through better."



No one sees sales rise signals return to audio boom that raged from mid-1960s through most of last decade. BSR is hedging its bets through diversification, with its X-10 appliance controllers, acquisition of ADC & dbx, addition of speakers to line. Says Berkowitz: "Those 15%, 20% & 25% growth years are gone, a 10% growth year is going to be a very good year, and the rise will come in terms of dollars, not units," with digital equipment helping create renewed market interest at high end. "We're not an infant industry any more — we'll be fighting for market shares."

In fact, it may be 15 years before any real growth comes, Pioneer Exec. Vp Ken Kai told dealers at sales meeting in Nassau last week. Big demand in past came from youth market, but consumers are older today, and Census figures indicate "that the next youth hi-fi market won't come until 1995." In meantime, promotion will be key to market survival, he said, announced plans for Pioneer's "Before-Christmas After-Christmas Sale." Theme will be: "We're cutting prices now when you can use the cuts in time for Christmas instead of after." Quipped one dealer: "What do you tell them when you cut the prices again to unload the stuff after Christmas?"

**BANK GIFT LIMITS:** Days of bank giveaways of TVs, VCRs & stereos may come to quick end as result of new rules on premiums that both expand & restrict kinds of incentive gifts banks can give depositors, and how they can be given.

As decided by Federal Depository Institutions Deregulation Committee, new rules double allowable cost of premium that can be given those opening new accounts or adding to old ones. They put \$10 limit on items given for deposits of up to \$5,000, \$20 limit for larger ones. But at same time they prohibit cost averaging, loophole under which some banks gave items of minimal value to small depositors, major gifts to those putting in big sums, resulting in "average" gift value within prescribed limits. Also, banks won't be able to give single depositor more than 2 gifts per year.

More significant, from viewpoint of industry's premium marketers, is change in rules to ban bank practice of giving customers merchandise in lieu of interest when time deposits are made. While merchandise instead of interest is still allowed, bank now won't be able to deliver until enough interest to pay for product has actually been earned.

Limits on depositor premiums have been sought by banks themselves, particularly those in areas where giveaways have become major marketing tools and costs have escalated. NARDA and other retailing groups have also been pushing for end to bank gift programs.

Recession hit major retail stores 5 times harder than mail-order companies, according to survey by Maxwell Sroge Co., Chicago, which says after-tax profits of mail-order firms declined 18.1% in 2nd quarter and 8.7% in first half, as compared with 42.9% & 48.3% for publicly held multi-store retailers.

Radio Shack line is being augmented by 6 stereo receivers, 5 tape decks, 7 speaker systems, MPU-controlled home alarm protecting all entrances without wiring, 3 shortwave receivers, 13 calculators, 17 electronic games, telephone with cordless headset, in addition to 3 new computers (Vol. 20:31 p13).

Philips is closing U.K. hi-fi plant in Nov., idling 390. Shutdown is 2nd to hit U.K. audio industry this year. Earlier, Grundig announced plan to close 1,000-worker plant in Belfast by year end. Companies blame high manufacturing costs in U.K., need to consolidate European production facilities to meet competition from Far East. Meanwhile, Japanese are continuing to expand their audio manufacturing & marketing activities in EEC in effort to minimize impact of protectionist sentiment there. Japan's Kenwood is eyeing U.K. as site for its first European hi-fi manufacturing facility. Company said plant could be in operation in 1981, turn out \$2-\$4 million in tuners, receivers & speakers in first year. In support, Kenwood said it has new Swiss sales subsidiary, its 5th European sales organization. Aiwa, which has already announced plan to assemble audio in U.K., formed German sales organization, and Pioneer has set up sales subsidiary in Italy.

EIA Teletext Subcommittee is "not deadlocked," new Chmn. Bernard Lechner, RCA Labs, said last week in refuting stories on so-called "poll" of members last month (Vol. 20:32 p5). Lechner was named chmn., succeeding Robert O'Connor, CBS, who resigned when CBS filed with FCC for approval of technique based on French Antiope system. Lechner indicated Subcommittee would publish preliminary report by early 1981 "covering work to date, basic technical recommendations that would apply to any system and an outline of future work." Subcommittee consensus, he said, is that more work & study are required before task is finished. Primary areas of inquiry are decoder costs and broadcasters' needs.

Sony priced its new high-end SL-5800 VCR at \$1,450, just \$100 over SL-5600, as we forecast last May (Vol. 20:18 p9). To be available by month's end, 14-day programmable features double-azimuth video head, providing freeze-frame, frame advance, variable slow motion without noise bars, as well as Variable Betascan. Also introduced by Sony: New 17" leader up-down remote with pushbutton tuning at \$660, \$10 below other 17" remote in line. AC-battery 5" b&w with continuous tuning at \$200, available in Oct.



**NBC'S FIRST CASSETTES:** NBC Enterprises will announce first package of 50 videocassette programs at Vidcom in Cannes Sept. 29-Oct. 2. Programs are all from NBC library, and some of them already announced as available to RCA videodisc format. Included are such made-for-TV movies as Heidi, Hans Brinker, Last Ride of the Dalton Gang, specials Saturday Night Fever, Victory at Sea, Supertrain, documentaries, etc.

NBC sees considerable interest in early comedy & variety shows, as well as White Paper documentary series. Equal emphasis is being given to domestic & overseas markets. Company expects established distributors to handle duplication & sales, is launching program on country-by-country basis.

Another broadcast entry into video programming will be PBS, whose Technology Applications Task Force has approved recommendations for videocassette & pay-cable markets, approving expenditure of up to \$100,000 to test cassette market.

Retail shipments of Disney cassettes under 2-tiered plan for sale & rental (Vol. 20:31 p15) start Oct. 1 through about dozen reps. Stores offering rental plan pay \$52 per cassette and \$44.95 per cartoon for every 13-week period, while sales-plan wholesale prices are lower.

MCA Videocassette & Paramount Home Video have established joint venture, CIC Video, offshoot of movie distributor Cinema International Corp., to handle overseas sale of video programming. Each company is contributing 10 features, with U.K. distribution to start around Christmas.

How do you get a 124-min. movie into a 2-hour cassette? By time compression, technique now being offered by Video Corp. of America and being used by Warner Home Video, among others. Applied during preparation of videotape master, compression speeds up number of frames per second by fractional amount, accompanied by digital treatment of sound to keep it on pitch and in sync. Maximum saving possible is about 8% of running time, according to VCA, which says process has already been used on "hundreds of thousands" of Warner & Vidamerica cassettes in retail distribution during last year. WHV Pres. Morton Fink calls compression "important breakthrough" and says it will be used in conjunction with 3M's new "movie-length" 127- & 150-min. VHS cassettes.

Greater detail on software developments may be found this & every week in Television Digest's sister publication, Video Week.

**Tape topics:** RKO Tape moves into video cassettes with Betas at \$13 for L-250, \$17 for L-500, \$21 for L-750, VHS to be added later... Cetron forms office products unit to sell audio tape in dictation market. Line includes standard, micro & mini cassettes, endless loop cartridges... Sanyo enters play-only pocket stereo cassette market with model featuring end-of-selection forward & reverse search, variable pitch control, at under \$200.

**NEW JAPAN VIDEO GEAR:** First answer to Sony's call for standardization on micro cassette for next generation of one-piece portable camera-VCR combos is apparent "no" from Hitachi, which will unveil own candidate for industry-wide acceptance at press conference in Tokyo this week.

Shown privately to other Japanese manufacturers last week, Hitachi unit has camera using MOS solid-state imager in combination with helical-scan VCR that gets 2-hour record-play time from quarter-inch tape housed in cassette about same size as standard audio cassette. Sony's "Video Movie" demonstrated last July (Vol. 20:27 p7), uses smaller cassette with 20-min. capacity. Sony is showing system to European press, and privately to industry, at Fotokina in Cologne.

Sharp is offering its first color TV-VCR console combo in Japan. Unit, which includes 19" TV, VCR with timer but no other deluxe features, lists at about \$1,200, or 50% less than models available from Sony & Hitachi.

Matsushita has developed new solid-state color camera imager called Charge Priming Device (CPD), which it says combines best features of CCD & MOS imagers. First application will be in commercial 2-chip camera for sale to airlines. It has 434 x 492 picture elements, will sell for about \$11,000. Company is showing unpriced prototype of single-chip consumer version which measures just 2.4" x 5" x 9.2".

Sony contracted to supply 90 3-tube video projectors to United Airlines for use in new Boeing 767 jets, will probably provide video cameras too.

Germany's Standard Elektrik Lorenz has joined VHS camp, expects to buy 30,000 VCRs annually from JVC for sale in Europe under Graetz brand.

Comeback for film videoplayer may be in works in Europe at least. At Fotokina, both Elmo & Grundig are showing units designed to play home 8-mm movies, Elmo's using flying spot scanner, Grundig's a new single-tube color camera. Both were being touted for film-to-tape transfer as well as direct-to-TV devices. Neither was priced.

Debt-free Korvettes would be easier to sell. That's what industry observers believe is behind recent moves of Agache-Willot Group, French owner of N.Y. discount chain. Last week, A-W sold Korvettes' \$60-million inventory for \$25 million to liquidator Value City which will run sales at Korvettes 29 stores from this week through end of year. A-W will use proceeds to pay off trade creditors. Earlier, A-W agreed to pay lenders \$28 million in settlement of \$55 million debt. Expected soon is announcement of closing of some Korvettes stores, along with sale of leases and real estate. A-W has said it feels it made bad investment in acquiring Korvettes last year and wants out. Clearing debt and shutting unprofitable outlets should make finding buyer for chain simpler proposition for A-W.



**VIDEODISC ROLLOUT:** Optical videodiscs & players will be available in at least 45 markets by end of next month, including all of top 20 — covering about 60% of U.S. population — based on Pioneer & Magnavox plans.

Pioneer will be "essentially nationwide" by end of Oct., Videodisc Mktg. Dir. John Talbot told dealer meeting in Nassau last week, listing some 30 new markets scheduled for next 2 months. New ones for Sept., in addition to those already announced (Vol. 20:35 p7): New Orleans, Baton Rouge, Indianapolis, Dubuque, Charlotte, Milwaukee, Miami, Omaha. For Oct.: Great Falls, Albany, Salt Lake City, Ft. Dodge, Louisville, San Francisco & Bay area, Sacramento, San Diego, Philadelphia, Chicago, L.A., N.Y. "This represents the beginning, not necessarily the end, of the list for 1980. We're still open to suggestion. We'd like to accommodate as many dealers as possible."

Rollout to all major markets makes possible the national advertising which disc so badly needs. Hailed by Talbot as beginning of multi-million-dollar campaign, Pioneer will launch national exposure with 2-page color spreads in Sept. 22 Time & Sports Illustrated, is "committed to well over a dozen magazines," including People, Scientific American and "all audio & video buff magazines." Pioneer will start newspaper campaign this month in all videodisc markets with full-page announcement ad, followed by half-pages 2 consecutive weeks thereafter.

Magnavox plans to add 15-20 markets in Oct.-Dec., bringing total to about 40 by year's end — but company won't call it nationwide launch because of what it sees as major software problems (see p. 9). Most or all of these markets are expected to be ones also opened by Pioneer. Latter began sales in Washington & Baltimore last week, heralded by big ads by its first dept. store customer, Woodward & Lothrop in Washington. Following day, Washington-Baltimore competitor Hecht Co. took out ads announcing availability of Magnavision player, as Magnavox started sales in those 2 areas plus Annapolis. Magnavox plans to add Boston Oct. 5.

As to software complaints, Pioneer Exec. Vp Ken Kai said he was in "daily contact with MCA," blamed "Magnavox dealers" — some of which don't sell programs — for videodisc availability in some record stores. "We're trying to get them [MCA] to improve relations with dealers. [Only] if the dealer doesn't want to handle software, then they go to a record dealer nearby. Very soon there'll be discs from Pioneer Artists, which will depend basically on Pioneer dealers as disc retailers. There'll be 2 discs this fall from OPA [Optical Programming Assoc.] and 2 major movie companies are coming into software support as well."

Privately, Pioneer officials concede they're nervously feeling their way in videodisc player market, but say they're extremely encouraged by this summer's "successful introduction." Although obviously concerned about Magnavox's problems, they feel that disc hasn't been sufficiently advertised or promoted to give it fair sendoff.

**JAPAN'S IC STATUS:** Japan's semiconductor industry is on par with that of U.S., may even be ahead in some technological areas, and is seeking worldwide market for its products. That's unsurprising conclusion in report of House Trade Subcommittee study of U.S.-Japan trade relations.

Capital shortages which kept U.S. IC manufacturers from expanding production capacity to meet growing product demand opened market door here to Japanese. There's no evidence Japanese have engaged in unfair trade practices, study says, but points out they have home market protection through higher tariffs and domestic-only govt. procurement policy, as well as advantages of access to low-cost capital, joint and govt. subsidized R&D projects. Another edge cited is that manufacturers in Japan are sizable companies which use as well as sell ICs, while many of those in U.S. are relatively small producers dependent on sales to end-product OEMs.

To maintain current leadership in U.S. & world markets, U.S. industry may be forced to restructure, though acquisition of small IC makers by end users could retard innovation, study says. It calls for development of ways to encourage continuation of small producers in U.S., urges steps be taken to open Japan's market for ICs as well as high-technology products that use them, such as computers & communications equipment.

Import impact aid expansion bill is budget casualty. Passed by House last year and awaiting floor vote in Senate, measure would have expanded scope of import adjustment assistance program to provide benefits to companies & workers supplying parts & services to import-injured firms. Current eligibility rules don't permit help for those indirectly harmed by import competition. Bill also would have authorized Labor & Commerce to make technical assistance grants to labor & industry associations. Congressional budget cutters estimate measure would have added \$780 million to trade adjustment costs in fiscal 1981.

Color TV & VCR sales forecasts are rising, according to survey of 14 electronics firms by Blue Chip Economic Indicators (Robert Eggert). Sept. poll shows consensus that 9,525,000 color sets will be sold this year, down 3.3% from 1979, rising to 9.85 million in 1981, up 3.4% from 1980's forecast (Eggert himself sees 10 million color sales in 1981). VCR forecast for 1980 is 750,000, up 56.8%, rising 23.6% to 920,000 in 1981. Drop of 11.1% in b&w sales to 5.6 million is forecast for 1980, with same number predicted for 1981.

Atari is asking San Francisco federal court to overturn FCC ruling which classifies its coin-op video games as home, rather than commercial-industrial, RF emission devices. FCC approved rules setting emission standards for all types of computers & electronic games last spring (Vol. 20:14 p11), put more stringent restrictions on products designed for home. In court filing, Atari says FCC ruling on its products is unwarranted & unfair.



## Consumer Electronics Personals

Jerry Hendricks resigns as Hitachi Audio Components Div. national mktg. mgr. to join Jensen as Car Audio Div. vp-gen. mgr., succeeding James Twerdahl, recently promoted to Consumer Products Group vp of International Jensen... Louis Abramowitz, ex-Nikon, joins TDK as national ad & PR mgr... Jeanne Tucker named Infinity Systems sales operations mgr.

James Rolison, Electromatic, Portland, Ore., elected NESDA pres., succeeding Robert Villont, named ex-officio member of national exec. committee... Bernard Lechner, RCA Labs, named chmn., EIA Engineering Dept. Best. TV Systems Teletext Subcommittee, succeeding Robert O'Connor, CBS... Rand Heer, ex-Rockwell International, joins Orrox as finance vp... James Dobey, retired Wells Fargo chmn., named Ampex dir.

**Safety standard** for CB base station antennas could still be either mandatory or voluntary. Consumer Product Safety Commission staff is finalizing proposal for mandatory standard to present for Commission approval while EIA continues work on voluntary standard. UL adoption of CPSC standard, or EIA's if it's acceptable, is being considered as option to federal standard. UL listing, with its checks & followup tests, it's believed, would make mandatory standard for antennas unnecessary in same way changes in UL listing tests caused CPSC to drop TV safety standards effort. CB antenna standard is designed to minimize electrocution hazard from contact with overhead power lines during installation. CPSC expects to use final CB standard as model for similar standards for TV and other mast antennas.

CB linear amplifier inventories were seized by federal agents based on evidence gathered by FCC. Agents seized 400 devices, kits and fully assembled amplifiers, valued at \$150,000, from Majestic Communications, Memphis, on Aug. 13, and confiscated 44 assembled units valued at \$12,000 from D & A Mfg., Scottsbluff, Neb., on Aug. 25. FCC's Field Operations Bureau said: "It is expected that future enforcement efforts will also be directed against small manufacturers, distributors and known retail outlets."

Gold Star may enter U.S. home video market in mid-1981, Vp M.Y. Soh said last week, elaborating on plans discussed in Aug. (Vol. 20:31 p14). Company has license from Philips to produce optical disc player and is "stepping up its activity for VCR with one unnamed Japanese manufacturer that would supply some components," according to company press release. Its video activity here will be determined by "consumer preference in 1981."

Microwave oven shipments by U.S. producers & importers edged up 1.8% in July to 256,300, putting 7-month total at 1.68 million, up 38.5%, AHAM reports.

WEEKLY

## Television Digest

with  
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New Inovision catalog features JVC remote controlled 6-hour programmable VCR at \$999 (\$200 off list), RCA portable with tuner-timer \$1,149 (\$300 off); Sony 72" one-piece projection set \$2,999 (\$700 off old list); TV sets by Hitachi, JVC, Sony; Sharp closed-circuit TV surveillance system (\$399); Atari Video Computer game (\$149); Atari 400 & 800 computers (\$519 & \$949); 268 program cassettes (movies \$45-\$78).

Testing tie with UL is being negotiated by Taiwan's Bureau of Commodity Inspection & Quarantine. Agreement would authorize BCIQ to conduct preliminary & follow-up testing & inspection for local manufacturers seeking UL product listing. Move would sharply reduce time & expense involved in getting UL listing authorization. Japan's Machinery & Metals Inspection Institute has had similar tie with UL for many years.

RCA won special recognition award from Taiwan as one of 4 manufacturers there with 1979 exports valued at more than \$100 million. RCA Taiwan produces b&w TVs, color TV subassemblies for export to U.S., is expected to manufacture complete 9" color portables for RCA's 1981 model line.

RCA's prospects, with particular attention to videodisc market, are analyzed in report by International Research Development. Information from IRD, 30 High St., Norwalk, Conn. 06851 (203-866-6914).

Fujitsu's first major overseas manufacturing venture will be \$106 million IC plant in Dublin. Japanese company says plant will start production early next year, employ about 1,000, sell output mainly in Europe.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**'WHOLESALE FURY' WILL BE** TV reaction to FCC plan to add 139 VHF stations. Lee, Quello, Washburn dissent. (P. 1)

**JD HARSH ON NETWORK INQUIRY** studies, says they are 'substantially deficient,' shouldn't be used for policy decisions. Group W defends PTAR. (P. 3)

**ABC VS. CABLE & PAY:** Network wants copyright, multiple ownership, cable, STV rule changes. (P. 4)

**CANDIDATES WANT 'EQUAL TIME':** Networks turn down demand from Reagan, Anderson for equal time to respond to Carter press conference (P. 5)

**SWIFT HEADS FOR HOUSE FLOOR:** Swift cross-ownership bill clears Commerce Committee, is scheduled for House floor vote on suspension of rules Sept. 23. Opponents line up against N.J. VHF amendment. (P. 6)

**NCTA EXPANSION:** Staff additions approved, bringing Assn. to 78 employees in 3 years. Programming & advertising among areas to be emphasized. (P. 6)

**CBS BROADCAST OUTLOOK** good despite SAG-AFTRA strike, Jankowski tells analysts. Sees new technologies producing income, but having little effect on broadcasting. (P. 7)

**'WHOLESALE FURY'— TELECASTERS REACTION TO FCC:** "There'll be wholesale fury" by established TV stations in opposition to FCC rulemaking to provide for up to 139 new VHF stations through short-spaced drop-ins as long as "equivalent protection" is provided. This was prediction of broadcast lobbyist; others said he probably should have put it stronger.

"What are they trying to do, completely revamp the TV industry?" network official asked. Even though Commission's action had been telegraphed well in advance (Vols. 20:37 p1; 20:28 p1), it still came as shock simply because it so totally changes past FCC ways of doing business. Strongest statement so far came from MST Pres. Thomas Paro, as might be expected: "The FCC took a first step toward devastating this country's fundamental TV allocations policies and as a result depriving the public of existing VHF and UHF service and crippling future UHF growth."

### Consumer Electronics

**HATACHI VCR-CAMERA** combination weighs 5.7 lb., could be produced in '82. MOS camera slated next year at \$1,625. (P. 10)

**OPTICAL DISC** on schedule, says DVA's Reilly, denying reports of defective discs, shortage of titles, 6-week shutdown. (P. 11)

**JAPAN TV DUMPING** injury issue reopened by ITC. Agency sets Nov. 12 for hearing, to report to Commerce Jan. 14. (P. 12)

**UHF ANSWER—ANTENNAS:** FCC Task Force rejects receiver solution for UHF handicap, urges awareness campaign, seeks studies to permit comparisons of receiving equipment. (P. 12)

**SHANGHAI B&W BULB** plant to be built by Corning under contract. Production starts in 1983. (P. 13)

**PARAMOUNT OKs RENTALS** of videocassettes. CBS making 'all products' available to cassette & disc. No price impact seen in labor pact. (P. 14)

**SONY SET RECORDS** for sales & net in 3rd quarter, 9 months. BSR posts first half loss. (P. 14)

**INTERACTIVE VIDEO** field entered by Sony with introduction of programmable optical videodisc player, responder attachment for VCRs. (P. 15)



NAB Exec. Vp-Gen. Mgr. John Summers was much milder, calling rulemaking "unfortunate... at a time when UHF is finally beginning to solidify itself." He also noted "technical questions requiring substantial study." NAB opposition likely will become more strident soon and rulemaking will play major in discussions of TV board this week (see p. 4).

Dissenters in 4-3 vote — Lee, Quello, Washburn — also based their opposition on harm to UHF. Said Lee: "This proposal turns past policy and precedent inside-out for the sake of a 'diversity' which can be achieved easily through the allotment of UHF channels at the spacings presently prescribed in our rules... This isn't the time to give up our goal of on TV service made up of both VHF and UHF channels." Quello: "The Commission is unwisely rushing to judgment... We simply do not have sufficient information." Washburn: "In place of today's clear-cut mileage separations, the flexible criteria here proposed will lead to greater uncertainty... Engineers and lawyers will reap a harvest contesting and defending these applications. Rather than shortening the process, the proceedings resulting... will be as long or longer than those we now have."

Defending majority, Chmn. Ferris claimed that demand for new channels to serve public has "burgeoned," said short-spaced VHF's "could provide immediate additional TV service... to be later complemented by UHF operations... A short-spaced VHF may be the carrot" to lead applicants out of costly contests for full-power UHF's. He claimed Commission has "in no way backed away from our strong support of expanded UHF TV service," claimed short-spaced Vs "could rebound to the ultimate benefit of UHF" and could lead to creation of 4th commercial TV network.

Here's where new stations could go in top 100 markets (cities not listed couldn't meet reduced mileage separations from co- or adjacent channels: One channel — Chicago, San Francisco, Washington, Cleveland, Pittsburgh, St. Louis, Minneapolis, Houston, Miami, Atlanta, Indianapolis, Milwaukee, Portland, Cincinnati, New Orleans, Oklahoma City, Charleston, W. Va., Albany, N.Y., Birmingham, Flint, Greensboro, Knoxville, Des Moines, Jacksonville, Chattanooga, Albuquerque, Lincoln, Springfield, Mass., Bristol, Tenn., Sioux Falls, Salinas, Cal., Columbia, S.C., Baton Rouge, Huntsville.

Two — Hartford, Kansas City, Nashville, Columbus, O., Charlotte, Grand Rapids, Dayton, Orlando, San Antonio, Norfolk, Salt Lake City, Richmond, Little Rock, Toledo, Mobile, Davenport, Roanoke, Johnstown, Portland, Me., W. Palm Beach, Springfield, Mo., Greenville, N. C. Three or more — Greenville, S. C., Louisville, Harrisburg, Scranton, Wichita, Green Bay, Paducah, Springfield, Ill., Fresno, South Bend, Jackson, Evansville, Ft. Wayne, Peoria, Fargo, Lexington.

Commission majority said "primary purpose" of abolishing mileage separations for VHF assignments "is to provide the potential for a substantial amount of new TV service... It would put additional voices on the air, increasing program diversity, competition and ownership diversity." Current rules require co-channel separations of 190 miles in northeast, 170 miles for most of rest of country, 220 miles for Gulf Coast; adjacent channel minimum is 60 miles. These figures would be reduced to "about 100 miles" and 35 miles, FCC said. Drop-ins would be required to protect existing stations through reduced power "sufficient to create no more interference to existing stations than if the new station were located the standard distance away." Burden of proof on interference would fall on existing station.

New applicant would be denied "only on a showing that it would result in a net loss of service," FCC said. Basic question decided, according to majority, "is whether the benefits of greater service... outweigh claims of harm to UHF... We have concluded that the potential negative impact on UHF, today, is limited and far outweighed by the benefits to the public from additional VHF service."

A commissioner noted that applicants for new service could provide full coverage by filling in with low-power translators, proposed week earlier by FCC. It also was pointed out that "significant number" of low-end TV sets with electronic tuners are pre-selected to receive only



12 or 14 channels (V & U). Owners of such sets couldn't get new stations in markets now saturated with that many channels. Comments on proposal are due Dec. 15, replies Feb. 15.

**JUSTICE HARSH ON NETWORK INQUIRY:** Value of preliminary reports on FCC's network inquiry (Vol. 20:24 p1) "is seriously diminished by the staff's failure to document the basis for the assertions and conclusions. Moreover, the reports have paid insufficient attention to structural issues inherent in a market controlled by 3 networks. Finally, the advertising report is substantially deficient in both methodology and analysis." This was conclusion of Justice Dept., which last week told FCC that reports "provide an insufficient basis for the consideration of any sound policy alternatives."

JD complained Network Inquiry Staff's methodology was "significantly flawed; therefore its conclusions are open to question and... should not form the basis for action by the Commission: JD cited these examples: (1) Reports rely heavily on "theoretical economic analyses with little or no attention paid to factual evidence or market behavior." (2) Staff focused on conduct-related problems with little or no attention to structural problems. (3) Advertising report (which cleared networks of any misconduct, said they operated in free & open marketplace) reached "sweeping conclusions that are unsupported by the staff's analysis and the empirical research set out."

Group W told Commission that Inquiry "has strayed far afield of its original, intended purposes and objectives" in attacking prime-time access rule. In concluding PTAR hasn't worked, staff showed "fundamental misunderstandings" as to purpose and intended impact of rule, used limited & dated information in reaching wrong conclusions. In letter to Inquiry Co-Dirs. Thomas Krattenmaker and Stanley Besen, Group W expressed "concern over the harsh and we believe unfair treatment accorded..." PTAR.

Comments by station groups, networks, NAB and programmers pretty much stuck to same positions taken earlier.

With bitter blast at NAB, NRBA said it will move 1981-82 conventions to avoid conflicts with NAB radio program conferences. NRBA claimed its convention has grown into "the nation's largest, most comprehensive radio gathering" and shift was being made to "eliminate a situation which is grossly unfair" to radio industry. NRBA Pres. Harriet Kaplan said dates were set well in advance of NAB's. "NAB recently hosted an all industry meeting [to which NRBA wasn't invited] whose main purpose was to establish a procedure to avoid meeting conflicts," she said. "Consequently, we have to assume that NAB chose to establish conflicting dates." NRBA hasn't picked new sites, is seeking mid-Aug. dates. Newly elected NRBA regional dirs.: 2 — Murray Green, WYNR-WEZO Rochester, N.Y.; 3 — Larry Keene, WWOX Avalon, N.J.; 5 — Ralph Edwards, WWGS-WCUP Tifton, Ga.; 7 — J. F. Kauper, WCSI-AM-FM Columbus, Ind.; 8 — Robert Burk, KNOC-KDBH Natchitoches, La.; 9 — Timothy Ives, WBNQ-WJBC Bloomington, Ill.; 11 — Ed Wodka, KIOA-KMGK Des Moines; 12 — Jay Harpole, KVOU-KYUF Uvalde, Tex.; 13 — Gary Grossman, KRKT-AM-FM Albany, Ga.; 15 — William Clark, KABL-AM-FM San Francisco.

FTC staff will ask for — and be granted — indefinite stay of Oct. 15 deadline to make recommendations on children's TV rulemaking. Staff says more time is needed for negotiations with advertisers & agencies (Vol. 20:36 p2).

Solution to UHF comparability is better antennas, not receiver improvements, FCC's UHF Task Force concluded last week. Report notes that UHF audience handicap "virtually disappears" when UHF stations are network affiliates. "This suggests that viewers will do what is needed to receive adequate UHF reception when they are particularly attracted to the programming." Report notes that "members of the public have not installed adequate receiving antenna systems for good UHF reception," proposes little change in technical requirements for receivers, but does suggest permitting manufacturers to omit channels 70-83 (now allocated to land mobile) on future sets (see p. 12).

National PTA will continue TV violence monitoring project started in 1976 for another year. Almost killed due to lack of money, project involves 6,000 PTA members, 1,000 other volunteers, was identified as one of top membership concerns. Project also will continue development of curriculum for critical viewing skills. National PTA will issue 6th TV Program Review Guide in Feb. or March, plans 2nd TV awards program for top 10 shows.

Since 90% of all criminal cases are resolved during pre-trial proceedings, "it is especially important" that media be admitted, NAB told Justice Dept. NAB said it's "encouraged" by proposed guidelines regarding open trials, asked JD to strengthen them.



**ABC vs. CABLE & PAY:** ABC maintains its long-expressed opposition to cable and pay TV, but if those services are going to be around, it wants to be in on them. Furthermore, there are a lot of other restrictions on networks and broadcasters it would like eliminated. That was essence of ABC Chmn. Leonard Goldenson's address before National Press Club in Washington last week — as anticipated (Vol. 20:37 p7).

After bitterly castigating cable for "stealing" programs and blasting pay TV for making people pay for what they might otherwise get free, Goldenson offered 6 suggestions, directed at Congress & FCC:

- (1) Change copyright law to require cable to "provide full compensation" for use of signals or to get retransmission consent.
- (2) Repeal all station multiple ownership rules — allowing anyone to own any number of stations.
- (3) Repeal all restrictions on station or network ownership of cable.
- (4) Allow any station to offer subscription TV.
- (5) Justice Dept. should drop antitrust suit against NAB — suit which complains that TV Code restricts number of commercials.
- (6) Let each network offer 2 network services.

Goldenson asked: "Does a congressman, or a senator or a President really want to run on a platform that calls for the public to pay for TV programming it now receives free? Will the public support such a candidate?"

In Q-&-A period, Goldenson said: (1) ABC intends to produce programs for cable and pay cable. (2) With pay TV, public will have to pay \$20-\$30 for "a big event." (3) Direct-to-home satellites are "wrong"; local stations should "monitor" programs. (4) He questions whether there's economic support for 1,000 new stations if FCC authorizes them. (4) FCC's RKO decision is "very punitive... unfair." (5) ABC will make theatrical movies because "we should be in every kind of software." (6) Cable news is never going to be able to do the job networks do — "including Mr. Turner." (7) In 1990, commercial networks still will be the mass appeal medium. Cable and pay TV will have "specialized approach." (8) After SAG strike ends, it will take about 4 weeks to start new programs.

NCTA Pres. Thomas Wheeler was quick to react: "I found it ironic that a man who for so long has asked government to intervene to protect a monopoly would come out for a 6-point plan to ask government to get out while at the same time questioning the validity of low power and at the same time being strongly opposed to direct broadcast satellites. It is the reaction of one who had been blessed by monopoly and awakens to find he must suddenly compete for consumer loyalty. We welcome ABC's

entrance into cable TV programming but note their comments about the relationship between cable and broadcasting are beginning to sound like a broken record."

Top ABC brass was on hand for speech — some 30-50, from Pres. Elton Rule on down.

**DBS, VHF GET NAB ATTENTION:** What at first appeared would be rather dull meetings of NAB boards in Washington this week have been given added interest by FCC which:

(1) Approved rulemaking radically changing historic method of allocating VHF channels (see p. 1); (2) Meets next week on direct broadcast satellites, a subject NAB would like to slow down. FCC staff is expected to tell commissioners it has authority without legislation to move toward authorizing DBS. NAB, ABC and others claim congressional authorization is mandatory (Vol. 20:34 p5).

NAB Chmn. Thomas Bolger said he's "getting a little tired" of Comsat complaining about NAB position, noting that Comsat's Joseph Charyk twice has refused invitations to NAB board meetings. Yet, Bolger said, Comsat has briefed NTIA & NCTA on its DBS plans. NAB is preparing position paper on DBS for board approval.

Several NAB staffers have complained that 3rd board meeting every year isn't needed on regular basis, wastes money. Countered Bolger: "If the directors like it, it's going to continue... Our board meetings are not designed for the staff."

**"Immediate action"** by FCC on Carter-Mondale request for free time to respond to paid commercials boosting Reagan for President (Vol. 20:36 p1) has been requested by NAB. Assn. told Commission it has received "numerous inquiries" from stations reluctant to sell time to independent committees supporting Reagan. FCC sought comments (within week) day after Carter request was filed 2 weeks ago, but Commission official said decision isn't expected this week. Said NAB: "Every day that passes without such a ruling may deter broadcasters ... from selling time to independent committees or other candidates whose ads raise the same issue."

"Public benefits clearly outweigh the mere hypothetical harm alleged," FCC said last week in granting Hubbard Bestg. applications for 11 UHF translators in Minn. Translators will duplicate programming of KSTP-TV St. Paul-Minneapolis. Several small market TV stations had protested Hubbard plan, but Commission ruled "there is an interest in and a need for [KSTP-TV's] off-the-air locally produced news, weather, public affairs and sports programming in the areas to be served." FCC also found nothing wrong with ABC lending Hubbard \$2.4 million to construct translators.

WBOY-TV Clarksburg, which shifted affiliation to ABC in Jan. 1977, is shifting back to NBC Jan. 3.



**CARTER FOES WANT 'EQUAL TIME':** Networks refused request from Reagan and Anderson campaigns for equal time to respond to Carter's Sept. 18 press conference. Candidates refused to say if they would file with FCC. Similar request by Sen. Kennedy (D-Mass.) following Feb. 13 news conference was rejected by FCC during primaries (Vol.20:9 p4). Networks also had misgivings about Carter's press conference, which was carried live by all 3. Several called President's opening statement "self-serving," said it may affect future coverage of press conferences during campaign.

Attacks by Republicans on Carter's planned no-show at Baltimore debate escalated last week when Sen. Dole (R-Kan.) proposed amendment cutting off federal campaign funding to any candidate who refuses to debate opponents. Good news for Carter, however, was announcement that League of Women Voters would not use empty chair to represent President on stage.

At press time, CBS & NBC planned to carry debate between Reagan and John Anderson live, PBS planned to carry debate with open captioning and Spanish translation via DATE system Sept. 22. ABC, providing pool coverage for debate, planned to show movie "Midnight Express" because debate "is a news event most appropriately covered in our regularly scheduled news broadcasts."

NBC News Pres. William Small criticized LWV for not allowing audience reaction shots: "If the League wants to run a political debate and, according to its own statements, not a TV program, it would serve them well to stop trying to direct a TV report."

Pay TV profitability has been overstated in urban franchising, according to 4th & final volume of \$136,000 study for NTIA. Study concluded pay TV "will not carry the freight" and cable companies can't make money on current bids due to skyrocketing construction costs, demand for service created by competition. Study also predicts leasing pressure will come from religious programmers, print media, pay-cable programmers and services operators refuse to carry. Study said "ever-escalating cascades of demands for services on the part of the cities and ever-escalating promises of services on the part of cable companies" have created "a series of questionable practices whose extent and pervasiveness is perhaps without modern precedent in the dealings of a national industry with a local government."

Price cuts for standard fiber optic cable products range from 12% to 37%, Belden announced. "It's apparent that the price reductions forecast several years ago for fiber optics are now being realized," said Charles Pater, group mgr.

Complaint against CBS "60 Minutes" segment on Love Canal pollution issue was dismissed by National News Council, which called it "unwarranted," said program didn't unfairly portray N.Y. health authorities.

**RESPONDING TO KAHN:** Sept. 10 talk by Irving Kahn before Philadelphia Cable Club was talk of industry last week. Broadband Communications chmn.-pres. embraced Premiere, castigated HBO as "a cancer growing in our midst," took oft-stated position that pay-TV services are woefully underpriced.

Cable executive response was mix of bouquets & brickbats, with no one willing to back Premiere to extent Kahn will. Kahn told us he plans to add Getty Oil-movie studio service to N.J. systems at \$12.50 monthly, vs. \$9-\$10 for HBO, finds proposed 9-month embargo acceptable.

Vp for west coast MSO says Kahn "kind of hit the nail on the head" on need for pay-TV competition, but Premiere "shouldn't be permitted to go ahead" with plan intact. Comcast Pres. Ralph Roberts saw merit in Kahn's remarks about Premiere forcing others to develop new services, agrees programming is underpriced, calls HBO "a light on the horizon... It deserves great accolades."

UA-Columbia Cablevision Pres. Robert Rosencrans was least sympathetic, said Kahn is "wrong" and labelled anti-HBO remarks "ill-advised — HBO has made an enormous investment." As for Premiere, "if they can do something that doesn't break the law, God bless them." Rosencrans wants to keep pay services "below \$10... the magic number [above which] you lose customers."

NCTA didn't escape Kahn's criticism. "We allow our own industry association to blatantly overstep its authority and publicly denounce [Premiere] before it has even been fully hatched," said Kahn, who called NCTA "still without vision." Assn. Pres. Thomas Wheeler responded: "Obviously, we differ. It's absolutely wrong to say that Premiere is competitive... It's a lockout." Wheeler welcomed Premiere "on a fully competitive basis," thought Justice Dept. has a "well thought out prima facie case."

Other comments were equally predictable. HBO — "Irving Kahn has been a successful affiliate for more than 4 years. We disagree with his characterization of Premiere as pro-competitive. The U.S. govt. has stated that Premiere is illegal per se." Premiere Chmn. Burt Harris — "I appreciate his support. I didn't know he felt that strongly about the need for competition... We don't get too many [cable executives] saying so publicly." Line in speech that will become part of trade lore was Kahn describing HBO as "the Kleenex of the pay-cable industry," suggesting that "they may... be equally as disposable."

Construction permit for new UHF station on Channel 53 at Atlantic City was granted to Atlantic City TV Corp. by FCC administrative law judge after approval of settlement agreement between corp. and World's Playground Bcstg. System Inc. They had been found equally qualified. Agreement sets maximum reimbursement by Atlantic City to World's at \$50,000.



**SWIFT HEADS FOR HOUSE FLOOR:** With controversial N.J. VHF amendment still attached, cross-ownership bill sponsored by Rep. Swift (D-Wash.) passed House Commerce Committee (17-4 with Rep. Sharp [D-Ind.] voting present) and was scheduled for House vote on suspension of rules Sept. 23.

Speaker O'Neill's decision to schedule bill for suspension vote followed meeting with N.J. delegation, including Gov. Byrne, set up by Rep. Maguire (D-N.J.), sponsor of N.J. measure, without consultation with bill's sponsor Swift or Commerce Committee Chmn. Staggers (D-W.Va.). O'Neill later met with N.Y. delegation, which is opposed to N.J. measure, told them that he made commitment to N.J. delegation to give amendment a shot. Move was surprise to some who thought bill too controversial to speed through under suspension (bill bypasses Rules Committee, goes directly to floor where amendments can't be offered — House vote on suspension of rules is equivalent to vote on bill).

House opponents next maneuver is to encourage colleagues to be absent during vote, depriving bill of 2/3 majority which must be present and voting on bill. Move will be difficult. House plans to vote on some 2 dozen suspension bills in a block, one after another, after earlier discussions on each are completed.

Despite committee attempts to soften language of N.J. measure (which now states that amendment "shall not be considered as a reason to deny or to revoke any license," and that license wouldn't be given to N.J. or Del. until "all judicial review has been exhausted"), provision still faces strong opposition from NAB, Republicans on Commerce Committee, N.Y. delegation. Said staff member for Rep. Scheuer (D-N.Y.): N.J. provision "sets a bad precedent of congressional interference with regulatory procedure. We have no choice but to fight it."

Said NAB in newsletter to members: "Originally, NAB supported this measure... Now, an amendment has been tacked on the bill, the Maguire amendment, which makes it unacceptable... We urge you to contact your congressman immediately."

In bill's favor is strong support from Committee Chmn. Staggers (D-W.Va.) for other amendment repealing 24-year-old Lea Act which bans collective bargaining & picketing by studio musicians. Election year political motives could help bill because N.J. measure is seen by some as means of helping fellow Democrat win difficult election. Rep. Swift is trying to convince colleagues "that there are good things in the bill [i.e. cross ownership measures]," said staff member.

Said Rep. Carter (R-Ky.) in opposition to cross-ownership provision (which received little comment amid arguments over N.J. amendment): "We're voting for special interest groups... Those that have will continue to have. Those who have not will

continue to be denied."

If bill reaches Senate, amendment calling for 5-year licenses is expected to be offered by Senate Republicans, who also are strongly considering introduction of last minute rewrite bill, minus broadcast provisions.

**NCTA TO EXPAND:** NCTA is planning big staff expansion, stressing new emphasis on programming and advertising (Vol. 20:37 p6). Board met last week, approved 3-year plan to add 26 people — bringing staff total to 78. NCTA Pres. Thomas Wheeler said that in first year 9 people will be hired, including dir. & asst. dir. of programming & advertising.

Wheeler said overall growth is aimed at expanding activity at federal and state levels, increasing public outreach through "aggressive" public relations plus expansion of involvement in new technology, programming, new services and advertising. Management received okay for hiring 9, must get another approval for 2nd and 3rd year of plan, although board approved in principle entire expansion. Wheeler said move is "logical when you consider the growth in cable TV and cable services."

In other actions, board replaced Chris Derick, who has gone to Premiere, with John Goddard, Viacom. Board also endorsed minority involvement in cable and concept of legislation to prevent theft of services. It also agreed to hold annual convention in Las Vegas 2 of every 3 years through 1986 and established new group life & health insurance package.

Board authorized Executive Committee "to review plans for the new office building and budget," Wheeler said. He refused to discuss any costs of plans. "I don't think that's relevant," he said. Also, regarding NCTA growth, Wheeler refused to report costs of expanding staff. "I wouldn't want to talk about that," he said.

**FCC takes up DBS domestic policy** at special meeting next week as ABC-TV affiliates campaigned to stymie approval. With FCC to consider wide-ranging notice of inquiry designed to solicit comments for quick implementation of DBS in U.S., ABC-TV Affiliates Assn. Govt. Relations Chmn. Eugene Bohi last week wrote to Sen. Cannon (D-Nev.) & Rep. Staggers (D-W.Va.), chmn. of Senate & House Commerce Committees, asking that Congress make DBS policy. Said affiliates group: "We are concerned that the Commission seems committed to fostering [DBS]. This action would bypass our local stations. We are concerned that the FCC is not seeking congressional guidance in this critical policy."

**SPJ-SDX — stalwart defender of First Amendment and press freedoms** — tried to keep secret the negotiations to open up Washington, D.C. courts to cameras & microphones. SDX spokesman complained when Washington Post printed report of negotiations, said "it would look like we were trying the case in the press if stories appeared."



**CBS BROADCAST OUTLOOK:** Buoyed by prime time ratings leadership, CBS Best. Group expects another good year, despite uncertainties of SAG-AFTRA strike. At annual conference with financial analysts, Pres. Gene Jankowski and div. chiefs last week made these points:

About 60% of 1980-81 prime time has been sold, lower than usual because of strike. Advertisers are buying "week to week." If there's long strike, however, "we expect the floodgates to open" and major advertisers to come in strongly, even though CBS is "holding the schedule together with 3rd runs." Asked whether CBS was saving "multi-multi-millions" as result of strike, Jankowski said he wouldn't go that far, but conceded "we're saving a lot of money," precise figure unavailable until strike is over.

After strike ends, it will take 3-7 weeks to get new shows on air — average of 4 weeks for taped shows, 6 weeks for film. Network TV prices are up average of 13% this year, national spot up more than 10%, local up 10%, with 13% rise due next year for all 3.

Network doesn't expect earnings decline in first quarter. Owned stations are "headed for another record year." Other subjects covered:

**CBS Cable service:** It's still scheduled for June 1 start, according to Vp-Gen. Mgr. Robert Shay, but may not use CBS's Westar 3 transponder; network is still "analyzing distribution patterns. We don't see ourselves losing considerable money the first year." The 12-14 hour daily ad-supported service will be geared to "performing arts." If it's successful, Shay indicated, CBS could add other channels for different program formats, using a "magazine approach."

**Cable ownership.** Jankowski doesn't expect FCC to let networks own CATVs — "not that we wouldn't be interested if we had the opportunity."

**Low-powered VHF's.** "The real issue is whether so many more voices are needed, especially when there are so many unoccupied UHF's and so much cable capacity." CBS believes any such new service will have no impact on owned stations or affiliates, but is more likely to hurt independents.

**New technologies.** "We're really in the communications business. We're looking at all means of communication to determine their viability." Although original shows are costly, "the aftermarket of emerging technologies" promises new benefits. All CBS-owned product, whether produced for theaters, TV or cable, will be available for videodisc & videocassette.

**Future prospects:** "We're extremely bullish on the long-term viability of network TV," said Jankowski. He forecast HUTs will rise to 90 million by 1990, with "no more than 10-12% erosion by new technologies," so total homes reached by broadcast TV should increase.

**STRONG WORDS ON RADIO DEREG:** As expected, FCC radio deregulation panels were replays of written testimony, with public interest groups saying move will doom accountability to public, and broadcasters saying all it does is lift "onerous burdens." Deregulation signals "near death by neglect... of public service," said Rev. Donald Matthews of U.S. Catholic Conference. Countered NAB's Erwin Krasnow: "Instead of an obituary, I regard this proposal as a birth announcement."

Unusual FCC decision to hold panels was indication that some commissioners have doubts about repealing 4 rules (ascertainment, commercial time, logging, non-entertainment percentages). Said Comr. Brown: "Communications Act requires us to determine whether renewal would be in the public interest, and these rules serve as a leverage point for the public to get in. My problem is that some of these rules do not appear to be rationally connected to that goal."

Basic issue seemed to be whether broadcasters can be trusted. NCCB's Samuel Simon, promising to appeal if Commission goes ahead with deregulation, said repeal of logging & ascertainment will make it impossible for public interest groups to monitor station performance. Added Ralph Jennings of United Church of Christ: Broadcasters want "free and permanent monopoly of their frequencies and to be relieved of responsibility to serve public."

Some of strongest testimony came from Jay Schwartzman of Media Access, who accused FCC of being "intellectually dishonest in obscuring its motivation for eliminating program log requirements... In reality, the proposal is... reaction to GAO criticism that FCC rules generate too much paperwork." He said FCC "has abandoned the interests of the American people" by proposing move, is "appallingly naive" for thinking deregulation will cause only "modest readjustment" of industry.

Broadcasters said marketplace will force stations to keep serving public. "Advertisers come to a station because that station is getting an audience by serving the public," said NRBA's Thomas Schattenfield. Attorney Thomas Wall said: "Public interest is better served by the less regulation we have in First Amendment programming... The marketplace will take care of commercials... It is better if a broadcaster decides on his own what is a proper level of public affairs programming." Said Krasnow: "I strongly disagree that service to the community is based on the 4 rules at issue here."

**NAB TV Chmn.** Robert King criticized FCC for insisting on providing for more TV-radio stations allegedly without "adequately investigating the technical ramifications" (Vol. 20:37 p1). Speaking to BFM in San Diego, he said FCC's "blind embrace of more is better" will lead to more radio, TV, cable distant signals and different forms of TV service. He also criticized Commission for deregulating cable while "broadcasting remains wrapped in red tape."



**TENTATIVE SAG/AFTRA PACT:** Despite resolution of main pay-TV strike issue, fall season won't get underway until at least early Nov. Even if additional issues are resolved quickly, SAG spokesman said contract would be subject to mail referendum, taking 2-3 weeks. Then production has to get going, with taped TV shows taking 3 weeks to produce, filmed shows 5 weeks.

Other problem is strike by American Federation of Musicians, whose picket lines SAG/AFTRA members have promised to honor. Unions won't vote on proposed contract until 2nd set of negotiations is complete. SAG position: "There's lots of real serious negotiating left to do." Still to be settled are salary demands, share of residuals from reruns.

Home video terms don't differ radically from those under consideration during most of bargaining. "You've got to take the best you can get," said union representative. SAG & AFTRA settled for 4.96% of distributors' gross from pay-TV presentations after program has played on cable system for 10 days or after one year, whichever comes first. Amount is based on 56-68% of subscription fees. Performers receive 4.5%, pension & welfare funds remainder. Earlier in negotiations, unions had asked for 5.4% and cutoff of 9 days, producers 4.25% and cutoff of 13-15 days. Payments of 4.5% of producer's cassette & disc gross — 25% of wholesale price — begin when sales of either one or both formats exceeds 100,000 units, same base figure both sides discussed earlier.

Impact of agreement, in present form at least, is hard to judge, probably will be minimal until market for original home video productions develops. Studio executives emphasized that unions had been compensated for supplemental sales of movies & TV shows under terms of old contract, although below proposed rates. Cassette & disc sales of feature films won't affect payments substantially, shouldn't alter royalty schedules or retail prices.

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**CBS granted waiver to News Pres. William Leonard,** permitting him to continue one year beyond mandatory April 1981 retirement. Other than Chmn. William Paley, Leonard is first CBS executive exempted from age-65 rule. CBS denies reason is either lack of replacement or loss of key correspondents to other networks, says year will help Leonard bring projects such as "Morning" & "Universe" to "fruition."

**CPB Chmn. Lillie Herndon** has been re-elected to unprecedented 3rd term after challengers Howard White and Jose Rivera were unable to muster enough support in behind-scenes action. Herndon won by unanimous vote. Sharon Rockefeller was elected vice chmn., defeating Rivera 8-6 with one abstention. Acting Gen. Counsel Paul Mutino was named gen. counsel.

**NBC-sponsored Parent Participation TV** Workshop started in Ia., 6th state to join project which shows parents how to use TV effectively in teaching children values.

**Senate Commerce Committee** leaders have lined up foursquare against House legislation which bars public broadcasters from carrying advertising in program guides (Vol. 20:35 p5). In letter to Sen. Magnuson (D-Wash.), Appropriations Committee chmn. and long-time public broadcasting backer, they said House legislation "prejudges important policy considerations," asked that Commerce Committee examine question early next session instead. Signing letter were Commerce Chmn. Cannon (D-Nev.), ranking Republican Packwood (R-Ore.), Communications Subcommittee Chmn. Hollings (D-S.C.) and ranking Republican Goldwater (R-Ariz.).

"**Union-busting meeting**" is how CPB board member Kathleen Nolan, former SAG pres., labeled NAEB seminar on labor relations planned for this month. As result, CPB passed resolution showing "deep concern," stating NAEB promotional material for seminar "conveys a perception of an anti-organized labor bias." Conference, which NAEB says was canceled because of lack of interest, was to have discussed "early warning signs of union organizing" and "alternatives to unionism."

"**Shogun**" viewership was second only to *Roots*, as miniseries went into last night. NBC estimated 125 million people would view at least part of series, despite concern over last installment falling on Yom Kippur. (Series originally was to start day earlier; NBC didn't announce reason for change.) Statistics: Sept. 15 — 29.5/44; Sept. 16 — 31.7/48; Sept. 17 — 36.9/57. Overnights climbed consistently with 61 share in N.Y., 53 in Chicago, 60 in L.A., 66 in San Francisco on Sept. 18.

**Regulatory reform bill** passed House Judiciary Committee on 24-2 vote, requires action by both houses before resolution vetoing agency rule is sent to President, and gives Congress override power if President vetoes resolution. Bill also gives courts more review power over agencies.

"In the early 1970s, Graham, fearful of its questionable future and high cost, decided not to follow other publishers into cable TV. Today she says, 'I very much wish we'd gotten into cable... a few years ago.'" — Katharine Graham, chmn. of Washington Post Co., quoted in Sept. 22 *Business Week*.

**NAB gets half a loaf:** FCC has agreed to form govt.-industry advisory committee on AM-FM, refused to institute "consolidated inquiry" into future expansion of both services. Advisory committee will have subgroups on technical matters and spectrum allocations.

**Small UHF stations'** request for stay of exemption of significantly viewed signals has been denied by FCC. Stations below top 50 had sought stay.

**FCC has refused to reconsider 1978 ruling** which overturned N.Y. Cable Commission rule requiring MATV systems to obtain franchises.



Jerome Dominus promoted to vp, sales planning, CBS TV Network; John Gray to vp, national sales mgr., succeeding Dominus; John Ginway to vp, central sales (Chicago), succeeding Gray; William Cecil to vp, sales proposals, succeeding Richard Pinkham, now vp for personnel, CBS Best. Group; Susan Nemeroff advanced to talent dir., CBS Sports; Robert Williams moves from CBS Records to finance dir., CBS Cable; Robert Mariano, ex-Warner Amex, appointed affiliate sales & relations dir., CBS Cable... Oliver London joins NBC as management development dir.; William Abbott promoted to asst. gen. attorney.

Robert Johnson, ex-KOKH-TV Oklahoma City, appointed vp-gen. mgr., WKID Ft. Lauderdale, STV station... John Sander, ex-WDSU-TV New Orleans station mgr., named gen. mgr., WTOL-TV Toledo... Carlos Fernandez promoted to program dir., WIBW-TV Topeka... Nelson Trottier, ex-Katz, appointed national sales mgr., WLWT Cincinnati... David Plowden, ex-WRNW(AM) Briarcliff Manor, N.Y., joins WNBC-TV N.Y. as sales & market development mgr., succeeding William Lucano, now with CBS-TV.

Howard Meagle, ex-WRAL-TV Raleigh, appointed station operations mgr., KFVS-TV Cape Girardeau, Mo... Michael Ryan elected N.Y. Times Co. senior vp for corp. development & law; David Gorham to senior vp and chief financial officer... Wayne Casa, ex-CBS, appointed SIN business affairs dir... Charles Boush promoted to local sales mgr., WDBJ-TV Roanoke... Harry Eschbach, ex-Christian Bestg. Network, named business affairs dir., WPBT Miami.

Candace Green, NAB dir. of media relations, resigns effective Nov. 1 to form own govt. & public affairs firm; principal client is Premium Coordinating Committee... Sergio Zavoli advanced to RAI pres., succeeding Paoli Grassi, retired... Elizabeth Shriver resigns as PBS senior vp-gen. counsel, is succeeded by Eric Smith as gen. counsel; Lawrence Horn promoted to PBS deputy gen. counsel.

Henry Reiger, ATAS pres. and ex-NBC west coast PR vp, leaves post of communications dir. of L.A. Olympic Organizing Committee because of "sharp disagreement" over handling of press relations for 1984 summer Olympics... William Johnson, KBLE Cable TV, Columbus, O., named chmn. of NCTA EEO Committee.

William Key, RKO Bestg., elected BFM pres., succeeding Ronald Doerfler, Capital Cities, who becomes chmn. of BFM & BCA-Credit Information; Marvin Schrager, John Blair & Co., named BCA pres.; other BFM officers: Betty Robertson, Cosmos Bestg., vp; Robert Steinberg, Meredith Bestg., secy.; Willard Hoyt, Nationwide Communications, treas.

Edith McFall promoted to cable editor, TV Guide; Ben Hooks promoted to district mgr., Daniels & Assoc.; Patricia Narup, ex-Showtime, appointed mgr. of sales administration & affiliate service,

## WEEKLY Television Digest

with Consumer Electronics ...

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Premiere... John Kelley, ex-Worldvision, named vp, off-network sales, Viacom Enterprises; Dale Paine, ex-RKO TV Reps, joins Viacom as vp for market strategy; Joseph Zaleski, vp for feature film sales, will join new syndicated program venture Andrews-Zaleski later this year.

Robert Mott promoted to exec. vp, Public Service Satellite Consortium; Louis Bransford to planning & development vp; William Grossmiller to financial affairs vp; Dail Ogden to operations vp; Daniel Gorton to technical planning dir.; Jean Braunstein, ex-operations development mgr., resigns to join ATC in Denver.

James Collins, ex-RCA Limited, Canada, promoted to mgr. of entertainment & industrial services operations (including broadcast equipment), RCA Service Co... Guy Beakley advanced to research & development dir., Scientific-Atlanta... Kathryn Cass, ex-HBO, appointed international marketing dir. of Time-Life Films motion picture div., new post... Lynn Meek promoted to vp of Canadian operations, Modern Talking Picture Service; Jack Whalen to vp-Modern western sales div.

Emmy Awards were presented last week for digital special-effects equipment to NEC, Panasonic, Quantel & Vital Industries.

### Obituary

Matti Siukola, 58, unit manager for advance development of RCA Best. System Antenna Center, died Sept. 19 immediately after giving paper to IEEE Best. Symposium at Washington Hotel. Siukola was native of Finland, joined RCA in 1952, has spent past 5-8 years developing circular polarizing TV antenna. Wife, 2 daughters survive.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 5, (36th week of 1980):

	Aug. 30- Sept. 5	1979 week	% change	Aug. 23-29	1980 to date	1979 to date	% change
Total TV.....	277,883	233,996	+18.8	391,790	9,610,433	10,200,025	-5.8
color.....	158,735	142,960	+11.0	241,566	6,112,647	6,354,512	-3.8
monochrome..	119,148	91,036	+30.9	150,224	3,497,786	3,845,513	-9.0
Home VCR.....	11,022*	7,001	+57.4	16,638	421,180*	256,537	+64.2

Color TV 5-week moving average: 1980—197,753; 1979—170,602 (up 15.9%).

Home VCR 5-week moving average: 1980—13,920\*; 1979—8,257 (up 68.6%).

\*Record for period.

**HITACHI'S VCR-CAMERA; MOS CAMERA FOR '81:** Hitachi demonstrated its portable combination VCR-camera, designed to record 2 hours on 1/4" cassette slightly larger than audio cassette, as we forecast last week (Vol. 20:37 p14), and said it could be on market within 2 years. In surprise announcement, it said "world's smallest home video camera" with solid state MOS color image sensor would be offered in Japan next April at \$1,625, in U.S. later in 1981.

Hitachi "Mag Camera" combination is first of several expected answers to Sony's proposed standardization of its "Video Movie" system (Vol. 20:27 p7) and was demonstrated to manufacturers week before its Tokyo press showing in first step toward goal of agreement on format as new standard. Sony's system used microcassette smaller than Hitachi's, but with only 20-min. playing time. Although cassette Hitachi demonstrated used standard oxide formulation, company said production model would employ metal tape to achieve 2 hours.

Combination VCR-camera weighs 5.7 lb., measures about 9.3x7.6x3", including battery and all playback circuits, consumes 7 watts. Cassette measures approximately 2.6x4.4x0.5 in., almost same as the 30-min. one used by Technicolor-Funai portable VCR, now on market (Vol. 20:32 p7). Inspection of cassette, however, reveals construction to be quite different. Recorder is helical-scan, has 2 basically conventional heads with "very narrow gap." Although tape demonstrated was 20 microns thick, Hitachi said its metal tape would be only 14 microns.

Tape speed is a slow 0.63 ips, just half that of Technicolor VCR. Unit provides one major new departure for helical-scan tape — to make possible hi-fi stereo sound, FM audio track is combined on helical track with video signal. For sound dubbing, it also contains standard longitudinal soundtrack as auxiliary. Price goal, according to Hitachi officials, is to be competitive with current cost of conventional camera plus recorder, or around \$1,400.

Marketing goal of 1982 is realistic, at least from technical standpoint, Hitachi maintains. "We can't wait for 5 years" (Sony's time limit), said official, "because by then all present technology will be obsolete." Hitachi indicated it expects standardization discussions rather than technology to be delaying factor.

Some manufacturers who have insisted that commercialization of lightweight combination camera-VCRs was several years away — principally because consumer-type solid state sensors weren't ready for mass production — probably were more surprised by Hitachi's announcement



that it will market solid state home camera with MOS (metal oxide semiconductor) pickup next year. Single sensor chip is 2/3", uses VLSI technology, and camera itself has 5 LSI chips, measures 2.3x4x6.1" without lens & viewfinder, weighs 2.4 lb. including 6:1 power zoom lens. Addition of electronic viewfinder brings total weight to 3.5 lb. — interestingly, heavier than low-end RCA conventional camera with electronic finder (3.3 lb.).

Camera is claimed to have 260 lines horizontal resolution, higher than tube-type unit, without "sticking" & "lag" common to vidicon cameras. It will be produced in Hitachi's Tokai works, north of Tokyo, first at about 1,000 per month. In answer to press conference question as to when price would drop below \$1,000, Hitachi official said: "We very much hope to go into volume production in 1982 [and] eventually hope to make this one of our key products."

Note: We plan to have videotape of Hitachi press conference, covering both Mag Camera and new MOS home camera, available about Sept. 28. We'll give details next week.

**OPTICAL DISC ON SCHEDULE—DVA:** Discovision Assoc. says it has kept all promises, disc production is on schedule, quality is sharply improved and its output is completely compatible with all optical players. Commenting on our report last week of problems & dissension in optical group (Vol. 20:37 p10), DVA Pres. Jack Reilly made these specific points:

Specs on disc have never been changed. "We have worked closely with Philips, Magnavox & Universal Pioneer on systems integrity. This is something that we think is of paramount importance — the discs we make will play on any optical player. The specs were developed by Philips & MCA." There are charges that Pioneer players are more forgiving of discs made to looser tolerances, and Magnavox had to modify players to accommodate those discs. In answer to our question, Reilly said "any Magnavox recall had nothing to do with specs."

Reilly denied our report that "fairly large number of defective discs" are reaching public, referring us to quote from MCA's Barry Reiss in Sept. 8 Video Week that dealer return rate has dropped to less than 10%. "It's a true statement," he said, "and we think we're sending out a better quality disc today." He didn't comment on current yields at production level, which was major focus of complaints about discs.

DVA has done well in fulfilling promises to expand catalog, Reilly said, pointing out that 150-title May 1 availability list (which substitutes for original Dec. 1978 catalog of 202 titles) had 4 new titles, all of which have been shipped, plus 8 future releases, of which 6 are now available. "We did not shut down 6 weeks to produce discs for GM. This is absolutely not true. We produced more consumer material than GM material over that 6-week period."

As to failure to deliver hour-per-side CLV (constant linear velocity) discs, "we have been on public record since May that CLV was not in production, was in process of being qualified for production and our view was that we were going to have that out by the end of the year. There has been no change. We are on schedule." He called DVA's failure to respond to our request for comment last week "a misunderstanding ... an unfortunate communications problem."

In answer to our questions, Reilly said that when CLV process goes into production, DVA would press "whatever percentage the software houses want" in the extended-play process, that no date has been set for activation of new Costa Mesa disc pressing plant, and "we have not signed any contracts with any other companies" for custom pressing of consumer discs. Columbia Pictures, Pioneer Artists & Optical Programming Assoc. — the last 2 affiliated with DVA — have all announced they will issue optical discs under own label.

Reilly's main point seems to be that DVA never promised a rose garden, and that it has carried out its own goals & targets. Earlier promises — national distribution by early 1980, over 300 titles in 1979 (Vol. 18:51 p8), CLV discs in late 1978 (Vol. 18:3 p8) — were made by others before DVA was established jointly by MCA & IBM.



**ITC REOPENS TV INJURY ISSUE:** TV industry's foreign trade establishment gets together again in Washington Nov. 12. That's date International Trade Commission set for hearing when it voted last week to review 1971 determination that dumping of Japanese TVs here is injuring domestic industry.

Move was in response to review requests filed with ITC last month by Matsushita & Sanyo, and opposed by Zenith & labor-industry group COMPACT (Vol. 20:33 p9). In opting to take new look at issue, commissioners accepted staff determination that industry conditions have changed sufficiently (presumably for better) to justify reopening. ITC is scheduled to report finding to Commerce by Jan. 14.

That domestic color TV industry health has improved is unquestioned. ITC acknowledged that, and at same time said imports from Japan were no longer harming domestic producers, when it recommended import quota on Japanese sets be allowed to expire July 1. But in urging quotas be continued on imports from Taiwan & Korea, ITC said domestic industry was still fragile, requires continued protection from excessive import competition. President Carter followed both recommendations.

ITC action in import quota case doesn't offer guide to probable finding in dumping case because criteria for positive determination of injury, or threat of injury, is different. Simple drop in unit imports was enough to end need for Japan TV quota. Dumping injury is keyed to damage caused by sale, or offer to sell, at less than fair value (home market) prices. Number of low value sales and size of price differential, or dumping margin, are important factors in determining extent or threat of injury, need to protect domestic makers.

Complicating ITC task is fact that no firm Japan TV dumping margins have been issued by Treasury or Commerce. Commerce took dumping enforcement job over from Treasury at start of this year. In opposition filings, Zenith & COMPACT said lack of definitive data on dumping margins, their pending court suits seeking judicial review of govt. handling of TV dumping case, would make injury review inadvisable at this time. No-injury determination would free Japan TV importers from bonding & reporting requirements on all subsequent shipments, have no effect on their past dumping duty liability.

**FCC'S UHF SOLUTION—BETTER ANTENNAS:** Improved antennas are best means to achieve improved UHF reception, FCC's UHF Task Force has concluded after 2-year, \$1.5-million congressionally-ordered study of UHF's propagation handicap. Problem is social & economic, not simply technical, FCC stated, noting that UHF audience handicap "virtually disappears" when UHF stations are network affiliates, giving viewers incentive to install adequate receiving equipment. FCC not only exonerated receivers from blame for UHF's problems, but proposed easing all-channel receiver rules to permit sale of sets tuning only UHF channels 14-69, dropping requirement that receivers also carry channels 70-83 (now allocated to land mobile radio).

FCC said consumer education is key to improved UHF service, suggested industry/govt. effort to produce antenna effectiveness ratings for consumers, with more work to standardize measurements of noise, antenna gain, etc. to permit more meaningful comparisons of equipment. "We have determined that further improvements in the performance of TV receivers are not as critical as is the installation of an adequate receiving antenna installation," Task Force noted. "If members of the public who are now using an indoor UHF antenna would change to an outdoor system, they could easily achieve an improvement more than 5 times as effective as the improvement if the TV station were to double its transmitter power."

FCC proposed several rule changes to clarify and strengthen current rules: (1) Drop requirement that receivers include tuners for channels 70-83 — since no new UHF stations are being granted in this frequency range. Current stations, mostly low-power translators, would move to lower channels when they believe it "to be in their best interests."



(2) Require that when receiver manufacturers provide coaxial input connectors for VHF, they also be provided for UHF. But manufacturers would have option of not including for either band, just as long as UHF & VHF are treated equally. (3) Eliminate specific rules on 70-channel detent tuners to meet same requirements as other tuning systems. Major impact would be to require b&w receivers to have same ease of UHF/VHF tuning, implying expanded use of AFC on b&w sets. (4) Require that if tuning aids such as AFC & remote control are provided for VHF, they also be provided for UHF.

"Manufacturers, while free to choose their own design, should provide for equal treatment of UHF & VHF frequencies in that design unless clearly constrained by technological or practical limitations," said 275-page study, produced by Commission's Office of Plans & Policy. "UHF reception can be much improved with existing and available technology. A major conclusion reached by the Task Force is that although good-quality UHF receiving equipment is not necessarily expensive, consumers are not provided with the information needed to compare adequately the quality of TV-receiving equipment." Report is available from FCC's Office of Public Affairs, 1919 M St. NW, Washington 20036, 202-254-7674.

**Note:** As FCC received its new UHF report last week, its previous effort to overcome UHF handicap — 1978 rule requiring 12 dB maximum receiver noise standard — was vacated by D.C. Appeals Court, finding that standard "is not attainable at present. The Commission's faith in technological improvement is no substitute for present engineering capability." FCC mandated Oct. 1, 1982 deadline for reduction of receiver noise limit to 12 dB. Reduction from 18 to 14 dB went into effect Oct. 1, 1979. EIA argued that 12 dB limit was impossible to meet (Vol. 19:23 p12).

**CEG TV ENERGY FIGHT:** EIA Consumer Electronics Group effort to win exemption for TV from mandatory appliance energy reduction program has stagnated while it awaits Dept. of Energy response to request for names of outside consultants DOE is using, reasons why DOE believes industry TV energy consumption data isn't acceptable, information on plan to query manufacturers individually. EIA rejected DOE demand for model-by-model sales figures for individual manufacturers, instead is willing to submit aggregate figures by screen size groups, has already supplied by-model energy consumption figures for major manufacturers.

EIA CEG attorney J. Edward Day said he expects industry eventually to win exemption because consumption figures "are now so low that any reductions in the future wouldn't be worth talking about." Meanwhile, COWPS last week released report charging DOE hasn't made sufficient case for overall appliance energy program, claiming cost of complying with some proposed rules would drive some manufacturers out of business, force consumers to pay unnecessarily higher prices. FTC appliance energy labeling & consumer information program could by itself cut energy usage enough to make DOE program unnecessary, COWPS report says.

Debit card replacement for credit card is being developed in Europe by French units of CII-Honeywell Bull, Philips & Schlumberger and SGS-ATS of Italy. Cards contain IC memory programmed with cash balance paid in advance by consumer. Retailers will have special machines that deduct amount of purchases from card memory, credit their accounts. Test is planned for 1982.

**CORNING TO CHINA:** Corning got first major U.S. electronics foothold in mainland China with contract to build & start b&w TV tube glass plant in Shanghai. Contract value wasn't disclosed.

Agreement with municipal officials calls for Corning to design, equip & start production at 300,000 sq. ft. plant with starting capacity of 4 million bulbs annually, supply technical support for 10 years. Groundbreaking is slated for mid-1981, with plant going on stream by end of 1983.

Corning will send 65 technicians to help train workers & managers, also will train Chinese at Corning plants. Still undecided is which plants. Corning no longer produces b&w tubes in U.S., and mainlanders obviously couldn't be taken to company facilities in Taiwan or South Korea. Mexico or Brazil would provide viable options. Contract seems to mark reversal of Chinese policy not to do business with companies having major investments in Taiwan. Corning's Pacific Glass is biggest b&w bulb manufacturer there.

Electronic component shipments by U.S. manufacturers were valued at \$12.6 billion in first 7 months this year, up 25% from same 1979 period, Commerce reports. Agency says component factory inventories at end of July were valued at \$3.42 billion, up 14% from year earlier.

Semiconductor orders booked worldwide by U.S. firms rose 13.1% in first half to \$4.66 billion, SIA reports. Virtually all increase came in ICs, which rose 17.6% to \$3.54 billion, while orders for discrete devices edged up 0.5% to \$1.12 billion.



**PARAMOUNT OK'S RENTALS:** Outcome of Paramount Home Video distributor meeting in L.A. last week was final stamp of approval on prerecorded cassette rentals. Paramount reportedly will add average of \$3 to wholesale price Nov. 1, when plan goes into effect, may rescind increase later when studio thinks rental potential is exhausted. One distributor says Paramount in effect has washed hands of problem, "isn't trying to police it — and I'm thrilled." Attitude apparently holds for pre-Nov. rentals as well.

Distributors also learned about national ad & in-store promotion schemes, including space in Nov. 29, Dec. 13 & 27 TV Guide, and 8 new releases for Oct.-Dec., among them Star Trek, American Gigolo, Starting Over & Little Darlings. Suggested retail prices are \$54.95 & \$64.95, reflecting rental strategy.

Elsewhere in programming, CBS Best. Group Pres. Gene Jankowski told financial analysts that "all of our product," whether produced for theaters, broadcast or cable, "is available for videodisc & videocassette." Statement came same day CBS Video Enterprises announced list of 24 titles in first cassette package due for release next month — 17 from MGM, rest from CBS. Included are Wizard of Oz, Dr. Zhivago, Meet Me in St. Louis, Coma, Network, cartoons, pop music concerts, Bolshoi Ballet. Prices are \$40, \$50, \$60 & \$90, last for 2-cassette features.

Magnetic Video will begin W. German distribution this year as part of expanded overseas marketing, adding 30-40 titles to 90 already available in U.K. as well. However, MV Pres. Andre Blay says Japanese are "not optimistic" about cassette joint venture. MV expects to bring out 90 more titles in U.S. between now and Jan. CES, including The Fog & All That Jazz, probably will locate 2nd duplicating plant in Torrance, Cal.

Impact of Hollywood-union tentative agreement on home video (p. 8) won't be felt until producers make original programming for cassette & disc, according to executive we contacted. Payments for transfer of movies to tape are standard already. Under proposed terms, producers pay 4.5% of cassette & disc gross — figured at 25% of wholesale price — when sales of either or both formats exceed 100,000 units, same base figure as discussed earlier.

Scotland is getting \$115 million in new microelectronics plant investments. Japan's NEC says it plans to build \$95 million LSI factory there, employ 200 when operations start in 1982. General Instrument announced \$20 million, 5-year expansion plan for Scottish VLSI plant that will double employment there to 1,000, increase space 80% to 90,000 sq. ft. Some 40% of both projects will be covered by govt. grants.

Soundesign expands into TV & microwave oven stands as answer to under utilization of Santa Claus, Ind. cabinet plant stemming from depressed market for console stereos. Stands list in \$48-\$64 range.

**SONY RECORDS:** Sony reported record consolidated sales & earnings for 3rd quarter and first 9 months (see financial table), although improvement rate was below that of first half. Company said growth was keyed to increased sales of high technology products, such as VCR, color TV, portable stereo cassette players.

Operating income set records at \$130.7 million in quarter, \$445.4 million for 9 months, respective increases of 45.8% & 78.3% from same year-earlier periods. Pre-tax net includes foreign exchange gain of \$22.8 million in quarter, \$5.5 million for 9 months. In same periods last year, Sony reported exchange losses of \$32.9 million & \$93.6 million.

Overseas markets provided bulk of sales improvement, rising 52.5% in quarter to \$680.5 million, 64.3% in 9 months to just over \$2 billion. Sales in Japan were up 5.4% in quarter to \$315.9 million, rose 13.7% for 9 months to just over \$1 billion.

Sales breakdown by product shows VCR growth improved in quarter, rising 68% to \$239.8 million, putting 9 months at \$664.4 million, up 67.3%. Quarterly sales for other key products in millions, with 9-month results in parentheses: Total TV \$279.6, +18.4% (\$848.6, +39.4%); color TV \$265.7, +22.2% (\$799.9, +41.7%); b&w TV \$14, -25.2% (\$48.7, +10%); audio recorders & radios \$147, +26.1% (\$455, +35.6%); hi-fi \$67.7, +13.4% (\$271.7, +19.7%); other, including magnetic tape, video & audio accessories, \$262.3, +37.4% (\$775.1, +43.6%).

BSR (U.K.) reported \$11.1 million loss in first half, against \$3.35 million profit in same 1979 period, as sales dropped 7.9% to \$166.3 million. Company said workforce & plant reductions in U.K. contributed \$4.9 million to deficit.

Movies were clear winner in survey of consumer interest in prerecorded cassettes conducted by Venture Development Corp., Wellesley, Mass. Of 17 categories, recent films attracted 66.5% of respondents; movie classic, 50.2%; PBS series & specials, 31.6%; pop, rock & jazz, 27.3%; educational, 24.2%; plays & dramatic specials, 23.4%; sports, 23%; old TV series, 22.4%; comedy specials, 18.3%; classical music, 16.2%; Olympic documentaries, 15.9%; musical variety, 14.1%; children's, 9.9%; sports lessons, 8.3%; foreign language movies, 8.1%.

European lag behind U.S. & Japan in microelectronics could be substantially cut by \$140-million, 4-year industry development program, according to EEC study group. It recommends coordination of individual national microelectronics development efforts to establish common basis for design & production, centralized research into computer design & testing, creation of support industry, to lessen reliance on U.S. & Japan for production equipment & knowhow. Needed funding would come from govt. grants and participating manufacturers.



**INDUSTRY AD LEADERS:** RCA, GE & North American Philips were only TV marketers ranked in Ad Age's list of 100 top national advertisers for 1979. Rankings are based on measured outlays in national media, exclude distributor programs, co-op.

Placed 24th with total corporate spending of \$158.6 million, RCA reportedly spent \$14.3 million to promote color TV, up 23.2% from 1978, laid out additional \$4.1 million on VCR ads. GE ranked 31st at \$139.4 million, including \$5 million on color TV, \$3 million on microwave ovens, \$1.75 million on clock radios, \$1.5 million on ultrasonic burglar alarm, plus \$9.25 million on multi-product consumer ads. North American Philips spent \$44.2 million for 84th place. Included in that were Magnavox outlays of \$5.8 million for color TV, \$1.16 million for VCR, \$1.12 million in multi-product ads, \$632,000 for Odyssey video game, \$201,000 for stereo, \$189,000 for TV combos, \$102,000 for clock radios. Through other units, NAP spent \$3.6 million on automatic garage door openers, \$346,000 on Norelco dictation equipment, \$284,000 on microwave ovens.

In toy area, Milton Bradley, ranked 98th at \$31.3 million, spent \$4 million in spot TV for electronic games. Warner Communications, 57th at \$57.6 million, spent \$4.4 million on Atari programmable TV game. No product breakdown was given for Mattel, which placed 67th with spending of \$66 million. Union Carbide, 74th at \$55.1 million, spent \$10.7 million on Eveready battery line. Among ranked retailers: Sears 3rd at \$379.3 million, K mart 6th at \$287.1 million, J.C. Penney 38th at \$122 million. Mobil placed 20th with \$165.8 million, including \$29.6 million by Montgomery Ward.

**Mergers & acquisitions:** Intersil board accepted GE's \$237-million, \$35-per-share cash acquisition bid, will submit proposal to holders at Nov. meeting (Vol. 20:36 p11). Plans call for Intersil to retain present management, continue as IC supplier to various OEM customers. In winning Intersil approval of its offer, GE reportedly beat out Gould, said to have made stock swap offer of \$30 per share... RCA continued cleaning house of unwanted business last week, agreed to sell Banquet Foods subsidiary to Conagra for undisclosed amount of cash & stock. Earlier this year, RCA sold Random House to Newhouse Publishing. It also recently agreed to sell its Avionics Div. to Sperry for \$45 million... Belden has agreed in principle to accept \$180 million in stock from Crouse-Hinds, producer of industrial electrical products, but deal could fall through. Problem is \$500 million cash & stock tender offer for Crouse being made by Internorth, a utility company. Internorth conditioned its offer on Crouse's backing away from Belden acquisition. Belden accepted Crouse proposal in face of unfriendly takeover bid reportedly being considered by Ampco-Pittsburgh, manufacturer of freight cars & metal products.

**Consumer electronics ad & promotion showcase** will be first-time feature exhibit at Winter CES in Las Vegas Jan. 8-11.

**INTERACTIVE VIDEO:** Sony enters interactive video field this week when it demonstrates programmable optical videodisc player and Video Responder attachment for VCRs to institutional video dealers.

Disc player is similar in appearance and essentially compatible with institutional player produced by Universal Pioneer and marketed by Discovision Asse. (DVA). Major physical difference is that Sony's programming keypad can be removed from player for use as wireless remote, while DVA unit uses separate control. Internal programmable MPUs are different too, so while Sony model can play back video & audio from industrial (or consumer) discs produced by DVA, it won't accept operational instructions that may be pre-programmed on them. Sony, which has disc mastering & pressing facility in Japan, said player would be available in first quarter next year, didn't announce price. It's understood Jet Propulsion Labs is first customer. Though committed to optical format for institutional videodisc, Sony is still undecided on consumer videodisc plans.

Also unpriced, but for current delivery, Video Responder adds programability & random access to Sony institutional Betamax or U-matic VCRs. It has MPU that lets user respond to questions on videocassette, printer to record answers, other interaction.

**Home movie camera makers** are turning to video in defensive move against spread of electronic photography. At Fotokina in Cologne, which ended recently, at least 5 manufacturers showed prototypes or pre-production models of film systems designed to play through TV sets. In addition to those described recently by Grundig (now in production) & Elmo (Vol. 20:37 p14), film videoplayers were demonstrated by Japan's Sankyo, Yamawa Electric & Goko. Last unit appeared most versatile, can be used to view or dub either slides or movies, makes possible many kinds of special effects, such as fades, dissolves, titling, on videotape. In place of shutter, it employs 24-faceted prism, permits viewing of film on screen while editing or inserting effects. Price & availability date weren't available.

**Memory war** is developing in hand-held computer market. At CES last June, Matsushita (Panasonic & Quasar) formally unveiled \$400 model with 1K-byte memory, said it would deliver by year's end. Last month, Radio Shack introduced 2K Sharp-made version at \$249. Now, Matsushita is delaying introduction until first quarter next year while it upgrades to 5K. New model will have built-in video interface, is expected to be priced in \$600-\$700 range.

**GE upgrades TV manufacturing & marketing unit** from departmental to divisional status Oct. 1. There will be no basic operating changes. Fred Wellner remains as gen. mgr., reporting to Consumer Products & Services Sector Exec. Vp Paul Van Orden. Sales continue through major appliance distribution channels.



## Personals

Gene La Brie resigns as Maxell consumer products sales & mktg. vp, effective Sept. 30, plans & successor unannounced... Dieter Heuer, BASF AG (Germany) computer media & hardware worldwide mktg. & sales dir., appointed BASF Systems (U.S.) pres., effective Nov. 1, replacing Guenther Grochla, who becomes chief operating officer for all BASF Group interests in Japan... John Chamberlin, one-time GE, now Lenox pres., named Gould dir.

Ronald Belli joins Magnavox Audio Div. as sales & mktg. vp; John Markland retires as trade shows mgr. after 44 years with company, longest service record in Magnavox history... Arnie Nudell, Infinity Systems pres. & founder, adds post as Hi-Fi Products Group vp of parent Electro Audio Dynamics.

Silas Davis joins RCA as videodisc licenses & clearances mgr... Robert Hart advanced at EMI Music (U.K.) from publicity dir. to video development dir... Sydney Levine, ex-Inovision, forms home video program acquisition rep firm in L.A., with Fotomat as client... Howard Elias advanced at Radio Shack to Midwest Div. computer mktg. mgr.; John Roy appointed for SE.

James Bowgren advanced at Buckbee-Mears to to gen. mgr. of subsidiary B-M Precision Stamping; Pat Mentone named managing dir. of new Singapore IC frame stamping & plating plant... Jason Stewart promoted at NEC Electron from exec. vp to pres., succeeding Hiroe Osafune, now chmn.

Voice-activated typewriter will appear on office equipment market in 1983, unit sales will approach million by 1990, with IBM, Exxon, Matsushita & Xerox emerging as major suppliers, according to study by International Resource Development. Development won't eliminate secretaries who will still be needed to correct boss's grammar, fix errors, such as when machine mistakes "by" for "buy," IRD says. For information: IRD, 30 High St., Norwalk, Conn. 06851.

Kloss Electronics issued \$600,000 industrial revenue bond to build plant to produce Novatron projection tubes. Production is expected to start next spring, with capacity of 600 tubes daily, in building which formerly housed Advent's screen plant. Pres. Henry Kloss says company is now producing about 100 sets per day. He says new plant will assure adequate supply of Novabeam projection TV and continuance of his company's claim to being "lowest-cost producer in the business."

Distributor trade group, Major Appliance, Audio/Video Distributors Assn., is being launched by F. C. (Bud) Rebedeau, ex-Admiral, consultant who has been serving as conference coordinator for CES. Formation announcement says new group will join NAW to provide industry wholesalers with lobbying voice, stage conferences, conduct surveys, start communications program. Details: MAA/VDA, 5105 Tollview Dr. #201, Rolling Meadows, Ill. 60008.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>AT&amp;T</b>			
1980-year to Aug. 31	48,758,000,000	5,883,000,000	8.07
1979-year to Aug. 31	43,913,000,000	5,531,000,000	7.95
1980-qtr. to Aug. 31	12,840,000,000	1,586,000,000	2.14
1979-qtr. to Aug. 31	11,493,000,000	1,467,000,000	2.08
<b>Chyron</b>			
1980-year to June 30	6,490,000	778,000	.61
1979-year to June 30	4,656,000	440,000 <sup>a</sup>	.37
<b>General Instrument</b>			
1980-26 wk. to Aug. 31	407,726,000	31,567,000	3.55
1979-26 wk. to Aug. 26	317,373,000	22,415,000	2.64
1980-13 wk. to Aug. 31	202,716,000	16,542,000	1.86
1979-13 wk. to Aug. 26	166,892,000	12,008,000	1.37
<b>Harvey Group</b>			
1980-26 wk. to Aug. 2	41,463,000	882,000	.39
1979-26 wk. to Aug. 4	30,431,000	1,040,000	.47
1980-13 wk. to Aug. 2	20,332,000	471,000	.21
1979-13 wk. to Aug. 4	15,636,000	531,000	.24
<b>MPD Videotronics</b>			
1980-9 mo. to July 31	16,694,288	(241,829)	--
1979-9 mo. to July 31	16,901,193	340,295	.62
<b>Reeves Communications</b>			
1980-year to June 30	44,408,000	3,946,000	1.62
1979-year to June 30	30,502,000	2,288,000	1.01
1980-qtr. to June 30	14,477,000	1,594,000	.64
1979-qtr. to June 30	10,646,000	987,000	.44
<b>Sony<sup>b</sup></b>			
1980-9 mo. to July 31	3,070,000,000	241,200,000 <sup>c</sup>	1.12 <sup>d</sup>
1979-9 mo. to July 31	2,150,000,000	65,200,000	.30 <sup>d</sup>
1980-qtr. to July 31	1,010,000,000	76,800,000 <sup>c</sup>	.36 <sup>d</sup>
1979-qtr. to July 31	759,800,000	28,000,000	.13 <sup>d</sup>
<b>Tektronix</b>			
1980-qtr. to Aug. 23	232,501,000	16,916,000	.92
1979-qtr. to Aug. 25	207,468,000	18,488,000	1.02
<b>Tocom</b>			
1980-year to June 30	8,550,933	(996,726)	--
1979-year to June 30	6,953,945	27,803	.01 <sup>e</sup>
<b>Video Corp. of America</b>			
1980-year to June 30	12,115,000	606,000	.51
1979-year to June 30	9,421,000	302,000 <sup>f</sup>	.27

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>At yen's current rate. <sup>c</sup>Per ADR. <sup>d</sup>Record. <sup>e</sup>Adjusted. <sup>f</sup>After special charge.

GTE is negotiating with companies in U.S., Europe & Far East regarding future of its U.S. consumer electronics business (Sylvania & Philco), company spokesman said in statement on GTE's plans in field (Vol. 20:37 p9). Object, he indicated, is to reach cooperative or some other form of agreement that will assure continued operation of Sylvania's TV & picture tube business as integrated unit. GTE is, of course, reserving option to maintain status quo.

KLH is closing Westwood, Mass. speaker plant, combining production, purchasing & administrative operations with Infinity Systems in Canoga Park, Cal. Both KLH & Infinity are subsidiaries of Electro Audio Dynamics. KLH will retain own sales, marketing, R&D staffs, but will move hq from Westwood to Canoga Park.

Japan's Lux is planning to expand from audio into video next year as VCR marketer. Company says it won't manufacture, but will seek OEM sourcing arrangement as soon as it decides on format. Units will be sold under Lux brand in export markets only.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**NAB HITS 'ARRANT IGNORANCE'** of FCC in TV actions, will seek reversals from Congress. No dues for new radio members. (P. 1)

**RKO, NEWCO & FCC:** Fate of 13 licenses to be debated Sept. 30. Gen. Counsel would order hearing because owner RKO was disqualified in 3 TV cases; Best. Bureau favors spinoff. (P. 2)

**DBS WEEK AT FCC:** Satellite TV on frontburner as staff urges minimal regulation, speedy approval. NAB says Congress must make threshold policy decision. New study calls DBS inevitable, probably economically feasible. (P. 2)

**FERRIS THEME—COMPETITION:** Tells IRTS FCC's job is to open doors, let entrepreneurs take risks, not preserve status quo. (P. 4)

**COPYRIGHT TRIBUNAL** critical of broadcasters' case in final decision. ASCAP tops BMI in slice of pie. (P. 4)

**FCC MOVE MACHINATIONS:** Commissioners ask for, will get, first briefing. Senate plans hearing on consultant fees. (P. 5)

**PBS PROPOSES ALLIANCE** between local cultural organizations and PTV stations. Grossman sees \$50 million potential. (P. 7)

**NAB HITS 'ARRANT IGNORANCE' OF FCC:** Noting with "profound concern the recent extreme actions of the FCC which threaten the very life of the UHF TV industry," NAB will go to Congress to seek reversal. NAB board, meeting in Washington last week, has as its target drop-in of 4 VHF stations and rulemakings to authorize another 139 VHF drop-ins and to set up nationwide system of low-power stations (Vol. 28:30 p1).

NAB charged Commission moves "in the wake of 3 decades of Commission commitments to UHF TV represent a cruel hoax on UHF broadcasters and the public they serve." Board authorized staff to launch "a special campaign immediately to reverse the Commission's direction."

TV Dir. Kathryn Broman said public has "been victimized for too long by the arrant ignorance of the new majority on the FCC and the top staff members they have brought into the Commission. We broadcasters, particularly those in UHF TV and in the smaller markets,

### Consumer Electronics

**GTE RAISES PRICES** on Sylvania & Philco color sets by 1.3% at factory. No immediate reaction from competitors. (P. 9)

**'INFORMAL' EXPORTS** of color sets by domestic dealers & distributors seen ranging up to 7% of total sales, distorting figures. (P. 9)

**PROJECTION TV MAKERS** Advent & Sony see low prices opening new market tier. Competitors say features, not price, sell big screen TVs. (P. 10)

**AM STEREO** rulemaking by FCC gives Motorola edge over Magnavox system in new criteria. Among proposals: 'Lottery' for winner. (P. 12)

**INGRAM QUILTS MAGNAVOX** sales-marketing job, his duties taken over temporarily by Egan. (P. 12)

**KEY TV SALES WEEK**, 26th of year, is accurate barometer to 4th-quarter color volume. Sales this year could equal 1979. (P. 13)

**SUPERSCOPE SELLING** Japan & Taiwan plants, marketing units in Europe & Australia, to Philips for \$34 million. Sherwood now Korean brand. (P. 13)

**RADIO SHACK EYEING VIDEO** market, adding to color TV line, considering options in videodisc. Sales mix detailed in Tandy annual report. (P. 14)



have been taken by the chairman [Ferris] and I, for one, believe it is time to speak out." Broman noted that her station, WWLP Springfield, Mass., received first "UHF construction permit and first UHF license ever issued."

In other actions, NAB board: (1) Heard political speech by Sen. Laxalt (R-Nev.), chmn. of Reagan campaign committee (see p. 6). (2) Adopted resolution on DBS (see below). (3) Urged FCC to start rulemaking to set standards needed for teletext, which should reflect "the latest technology." NAB said it "favors development of new broadcast technologies." (4) Abolished at-large seats on radio board (there are 8), increased district directors from 17 to 25, to become effective in 1983-84. (5) Approved 6-months free dues for radio stations which join Oct. 1-Jan. 31. This follows success in offering same deal to UHF stations which joined.

**RKO, NEWCO & FCC:** Fate of 12 radio stations and WHBQ-TV Memphis will be debated by FCC in closed meeting Sept. 30 and "it'll be a very close thing," according to Commission official. Gen. Counsel's office has recommended that stations be set for hearing because owner RKO has been found unqualified to own TV stations in Boston, N.Y. & L.A. (Vol. 20:23 p6).

Adding spice to situation is RKO plan to spin off 13 stations to its stockholders into separate company called NewCo — move favored by Best. Bureau, provided RKO officers & dirs. are required to divest their stock (Vol. 20:28 p7). Ex-CBS Bestg. Group Pres. Richard Jencks would head new company. NewCo isn't officially before Commission since RKO hasn't filed application yet, and Gen. Counsel's Office (Gen. Counsel Robert Bruce has disqualified himself because of involvement of Hogan & Hartson in RKO case when he was partner in that law firm) has told commissioners that FCC needn't consider NewCo in ordering hearing on 13 licenses.

Best. Bureau hasn't submitted staff document favorable to spin off in advance of tomorrow's meeting, but Chief Richard Shiben is sure to be asked for Bureau's position. Of NewCo, Commission lawyer said RKO has "fouled-up with a good idea by not getting a formal application before the FCC."

Vote on RKO disqualification last spring was 4-3 — Quello, Lee & Washburn dissenting vigorously. Same 3 will favor NewCo, while 3 of earlier majority reportedly hadn't made up their mind at week end. "There's likely to be a lot of attempts at horsetrading," agency official observed.

**FCC STAFF PROPOSES DBS WITH MINIMUM REGULATION:** Direct broadcast satellite service for U.S. may receive official blessing of FCC at special meeting this week. Commissioners will consider whether to issue combined inquiry & rulemaking designed to accomplish speedy introduction of DBS for American viewers, or whether to take more cautious inquiry-only approach. As FCC staff prepared for meeting, NAB issued statement calling for congressional review of DBS policy.

There's little doubt how FCC staff sees issue. Staffers have told Commission: (1) FCC has authority to authorize DBS without legislative changes. (2) DBS should be minimally regulated to optimize opportunity for expanding diversity of video services to public. (3) No technical rules or equipment standards will be proposed.

Inquiry is expected to get unanimous approval, but there is some opposition among commissioners to issue rulemaking at this time. However, if Chmn. Ferris pushes for both rulemaking & inquiry, he's likely to get majority. Meeting is now set for Oct. 2, 9:30 a.m.

NAB last week adopted policy asserting that DBS questions "must be resolved by the Congress." NAB staffers said group supports allocation of DBS frequencies to U.S. at 1983 Region 2 Administrative Radio Conference, but wonders whether frequencies might not be better used for data transmission or hospital-to-hospital links. At Washington briefing, NAB



refused to characterize its DBS policy as representing unqualified opposition to DBS, said that Americans should "enjoy the maximum possible benefits of [DBS] technology."

In its policy statement, NAB promised to "actively participate in any congressional and administrative proceedings to bring its views to the attention of appropriate authorities, and urges its members to do the same." In its essential elements, NAB policy reflects earlier statements by ABC and its affiliates that Congress, not FCC, should make threshold policy decisions on DBS.

NAB also released new study of DBS by Kalba Bowen consultancy which asserted: (1) DBS is probably economically viable. (2) There's "no doubt" it will eventually be authorized. (3) Technological obstacles "do not appear to us to be serious." (4) Barring legislative or regulatory roadblocks, DBS could be operational in U.S. by 1986.

Potential entrants in DBS market include AT&T, ITT, Western Union, RCA Americom, MCI, Southern Pacific Communications, IBM, Xerox, Hughes Aircraft, TRW, Rockwell, Exxon, Mobil & Getty, as well as Comsat, Kalba Bowen speculated. Concerning impact on broadcasters: "We believe that pay TV variants of DBS pose only a minor threat to current broadcast activities, and certainly a less substantial threat than the distribution of pay TV programming by cable systems. In our opinion, the most likely losers against DBS are not cable systems... but MDS & STV systems.

"A successful Comsat venture would at most accelerate the penetration of pay TV, especially in areas where cable or STV is not yet available. We do not expect this to cause serious economic harm to the networks or local stations in the near term, and the long term effects of cable growth are perhaps a more real threat. As a multi-channel technology, cable has the potential to so fragment the national viewing audience that a major shift in the structure of the industry could occur. Our preliminary analysis indicates that the Comsat DBS proposal does not pose as serious a challenge."

Other DBS news: (1) Like commercial brethren, public TV is cool to DBS, has resolved not to encourage its development, believes "it will be several years before there is a DBS system in the U.S." States PBS staff report on DBS: "PBS will not exercise initiative in encouraging the establishment of DBS systems. For the time being, PBS should continue to monitor DBS developments and participate in the joint committee of CPB, NPR & PBS that has been established to deal with Comsat regarding the possible involvement in the proposed Comsat DBS system."

(2) Decision whether to go ahead with DBS will soon be taken by Radio-Tele Luxembourg. (3) Nordic DBS project was apparently faltering — only Sweden & Norway favoring development of multi-national DBS service to Scandinavian nations. (4) At International Institute of Communications conference in Ottawa, Japanese broadcaster Jiro Maeda, of Mainichi Bestg. System, said some of his colleagues believe there's no need to seriously debate issues involved because DBS technology is so remote. Maeda disagreed, saying that it's "untenable" to think that DBS won't become reality in near future.

Long-awaited approval by IRS of NAB's Minority Investment Fund came through last week and name of plan to help minorities acquire stations was changed to Best. Capital Inc. (BroadCap). Fund still must get SBA clearance before it can start making loans, now has \$10 million committed from broadcasters over next 5 years. Fund Pres. Samuel Ewing said no formal applications have been accepted although several groups have expressed interest in applying.

Independent Network News starts weekend newscasts Oct. 4. Shows will be transmitted to 37 stations by satellite at 9:30 p.m. INN also added Charles Quinn, ex-NBC correspondent, to Washington bureau.

FCC has denied request by public interest groups that licensees be required to air PSAs during certain times of day and a specified number each day. At same time, Commission said that stations could count PSAs as illustrative of programming designed to meet needs of community found during ascertainment.

Cameras, tape recorders are still banned from federal trials and hearings, U.S. Judicial Conference decided. Conference also suggested federal judges prohibit lawyers involved in criminal trials from talking to reporters "if there is a reasonable likelihood that such dissemination will interfere with a fair trial."



**FERRIS THEME—COMPETITION:** FCC Chmn. Charles Ferris reviewed his 3-year stewardship at Commission and found it good, in address before IRTS in N.Y. last week.

His theme: Competition enhanced on all fronts. Said he: "In sum, I believe that through the blizzard of new actions from the FCC over the past 3 years, 3 common themes emerge: Promote free enterprise in all phases of communications; respect the goals of the First Amendment; and make our agency respond both to the industries it regulates and the public it serves."

Ferris listed variety of actions to buttress his claim: In satellites, STV, radio, minorities, low-power & drop-in TV, EEO, common carrier.

Commission's decision in computer inquiry, Ferris said, was most significant action by agency "in its 47 years."

"I have learned," said Ferris, "that when new technologies arise, unless the facts compel us to intervene, we should get out of the way... This mindset has, I recognize, been resented by some — particularly those already well up the ladder of the telecommunications industry. Some would see the job of FCC chairman as chief traffic cop, keeping those on the road from interfering with each other while barring other traffic from the access ramps. But I see my job as more like a college admissions officer, letting in all who meet minimum qualifications, letting all strive to achieve the most they can."

In Q-&-A after speech, Ferris denied Commission has a "tilt" toward cable, said it has "absence of a tilt toward broadcasting."

Asked about re-opening door to cable ownership by networks, he said Commission "ought to look into it" — but that he thinks rule against station-cable cross-ownership in same market "makes sense."

Hasn't FCC "prejudged" low-power and drop-in rulemaking? he was asked. His response: Those who want grants should be allowed to take risks — with FCC avoiding role of "paternalism." Asked how Commission will be able to handle backlog of new TV applications, Ferris said he hopes to do it through "paper processing" rather than through hearings. He noted that Senate has approved 85 more positions for processing.

Why will FCC move to Va.? Lease has expired on one of its buildings — and Commission will "save \$6-\$10 million over the next 10 years."

Speech was uninterrupted by applause.

Nielsen Home Video Index plans Oct. release of National Cable/Non-Cable report, which covers viewing data on cable homes which don't subscribe to pay service and also non-cable homes. Report is for comparison with earlier Pay Cable Report.

**TV RAPPED BY TRIBUNAL:** Official decision of Copyright Royalty Tribunal issued last week comes down hard on NAB arguments for big chunk of copyright pie (Vol. 20:31 p1). CRT says it agrees with statements that NAB's case was "rife with error" and it "left the record in... a state of utter confusion and disarray."

Guts of decision — which gave TV broadcasters surprisingly low 3.25% of fund while giving syndicators 75% — were announced in Aug., but official decision offers rationale and also settles dispute between performing rights societies on how to divide their 4.5% of pie. ASCAP will get 54%, BMI 43%, SESAC 3%. Tribunal members Frances Garcia & Clarence James issued dissent on this, wanted ASCAP to have 60%, BMI 37%, SESAC 3%. Claimants other than performing rights societies have agreed on how to divvy payments.

Tribunal also rejected proposal from copyright owners of cartoon or other special characters claiming payment. Tribunal said Congress didn't intend that.

Speaking about NAB request for 21% of payments, Tribunal said: "The record is void of any useful evidence that local broadcasters are harmed by cable carriage in distant markets of their locally produced programs, or that distant cable systems benefit from their carriage of locally produced news and public affairs programs. We are unable on the basis of this record to find any significant marketplace value for such programs." NAB last week had no comment on CRT decision, said no decision has been made on appeal.

NCTA Pres. Thomas Wheeler in an interview seized on CRT comments on broadcasters: "I think they have found what every other thoughtful group that has looked into the question has found. Once you get past the rhetoric, the facts aren't there to substantiate the imagined claims of cable impact."

Cable will cut wide swath in network viewing, according to studies by ad agencies J. Walter Thompson & Ted Bates. JWT predicts decline of networks' primetime TV audience from 90% share this season to 85% in 1984-85 and 75% in 1989-90, thinks it possible that one network could average as low as 12 rating by end of decade. Bates says 3-network share of prime time viewers could fall to 81% by 1985, expects basic cable penetration to jump from 22% to 32% and pay TV from 8% to 18% during same period. STV could grow from 1% to 7% of TV households.

WTJC (Ch. 26) Springfield, O. started Sept. 21, WQOW-TV Eau Claire, Wis. Sept. 22, raising operating U.S. TV stations to 1,028 — 746 commercial, 282 non-commercial. WTJC is religious non-profit station owned by Miami Valley Christian Bestg. (L. M. Weimer, pres.) represented by Spot Time Ltd. WQOW-TV is satellite of WXOW-TV La Crosse, is owned by Liberty TV, Eugene, Ore.



**DIGITAL STANDARDS FIGHT:** Britain's IBA last week in Brighton highlighted contentious issue to come on standards for digital picture encoding, with networks & national broadcasters generally on side of higher density, equipment makers backing more easily achievable lower density.

In technical sessions rated by engineers as good to excellent, digital standards dominated discussions, as 2 heavily entrenched viewpoints were dominant — use of "12-4-4" system (12-megabit luminance sampling, 4 megabits for each chrominance signal) vs. higher resolution encoding such as 14-7-7. Broadcasters, led by CBS & Britain's IBA argued for higher capacity encoding to provide superior pictures. Equipment makers (Ampex, Sony, Fernseh) consider 12-4-4 ample and less expensive to achieve in VTRs priced comparably with today's analog units, while higher standard would result in units costing 60-80% more.

Only digital VTR shown was developmental Sony U-matic, demonstrated privately, providing excellent picture but with package double size of recorder itself for digitalization. It had density in 300-megabit range, used 4 parallel tracks.

General feeling at IBA was that digital VCR is still fairly far in future, because new 1" analog recorders have been so widely accepted. Ampex announced it had sold its 3,000th Type C 1" VTR, while Fernseh denied reports it would add Type C units to its line of Type B 1" machines.

If digital VTR prototypes were soft-pedaled at IBA, they're expected to be very much in evidence at SMPTE Winter Conference in San Francisco, where Ampex, Fernseh & Sony are expected to display their approaches, and encoding standards controversy should intensify.

IBA equipment exhibits — 121 of them vying for attention of 3,720 attending — consisted largely of PAL rerun of NAB.

FCC rejected complaint by Libertarian presidential candidate Ed Clark that NBC was unreasonable in refusing to sell 5-min. ad slots. Decision by Stephen Sewell, acting chief of Complaint & Compliance Div., can be appealed to full Commission within 30 days. Clark asked for 20 slots in prime time between July and Nov. NBC has sold Clark only 7 slots.

**Telecommunications Reports**, weekly common carrier newsletter, is being sold to Business Research Publications, N.Y., price undisclosed. Pres. of purchaser is John Roche, ex-Whitney Communications; substantial minority stockholder is Alfred Stern, onetime major cable operator. Fred Henck will continue as editor.

For first time, FCC sent out Spanish language news release (English version also was produced) to announce it will offer Spanish version of all amateur radio license exams by end of 1981.

**FCC MOVE MACHINATIONS:** Some members of FCC expressed irritation last week at newspaper reports about agency's upcoming move to suburban Va. Many said they knew only what they read, hadn't been briefed by Chmn. Ferris or anybody else at Commission. As consequence, at request of Comr. Washburn, they'll get update at Oct. 3 closed meeting.

On other fronts: (1) FCBA will present "concerns" in writing, probably this week, seek meeting with Ferris. (2) Public interest law firms, including Media Access Project, are opposed to move, claiming inconvenience and hardships. (3) Sen. Baucus (D-Mont.) plans Oct. 2 hearing by Senate Judiciary Subcommittee into FCC grants of \$175,000 to consultants to help agency find space. Most of money (\$127,300) went to Computer Science Corp. on non-bid basis. GSA said it would have provided same service free. (4) Rider to appropriations bill authorizing Commission to relocate outside Washington got stalled in congressional money fights. Congress now is passing continuing resolutions for agencies and bill won't get consideration until lame-duck Congress after elections.

**Hitting pressure groups,** TV producer David Gerber defended his controversial "Beulah Land" miniseries against criticism of blacks that it portrays racist stereotype of servile blacks. He told Hollywood Women's Press Club that NBC show (airing Oct. 7-9) isn't racist, blamed protests on frustrations of blacks unable to enter TV's mainstream. Warning of danger that pressure groups will turn TV away from handling controversial issues, he charged that "moral groups" are seeking to turn TV into "scapegoat" for ills of society, asserted: "I don't want these people to follow me into my home and, like Big Brother, tell me what we should or should not see."

Extended deadline on 9-kHz AM bandwidth reduction proceeding comments was granted by FCC at request of NBMC, which had asked for more time to permit minorities to participate fully. FCC said statements can be submitted up to Dec. 31, but warned that comments received after original Oct. 1 deadline run risk of not being considered before discussions with Canada & Mexico scheduled this fall. FCC rejected NBMC request for "9-kHz summit meeting" of interested govt. units.

New format, new name & more staff were announced for Golden West Bestrs. station in Oklahoma City. Ch. 43, now named KAUT in honor of Chmn. Gene Autry, premieres Nov. 3 with country's only all news, all day format, followed by entertainment in early evening and then STV, provided by Golden West STV Div.

Newspaper Guild has struck Minneapolis Star and sister paper Tribune, seeking pay for news sent out over cable system.

Gov. Reagan has accepted invitation from National Religious Bestrs. to attend press conference with religious media Oct. 3 in Lynchburg, Va.



**SWIFT BILL KILLED, RESURRECTED:** "It's a Frankenstein bill. They can't kill it. It keeps coming back," said one aide as cross-ownership bill was defeated on House floor, referred back to committee, and brought back to life for important House vote under suspension rules Sept. 30.

Deal was worked out in advance: When bill failed to get necessary 2/3 majority in House vote Sept. 23 — because of controversial N.J. VHF amendment — it was referred back to Commerce Committee, usually a sure sign of death. But Committee gave bill new life by splitting amendments into separate bills.

Main bill by Rep. Swift (D-Wash.) to ban cross-ownership of newspaper and broadcast outlets in same city goes to Congress with promise of NAB support, said Swift aides. N.J. amendment, bitterly opposed by broadcasters, won't resurface until after election, said aide of sponsor Rep. Maguire (D-N.J.): "If we wait until the lame duck session, it might take the pressure off the New York representatives" who fought the measure.

Other Hill action: Communications Act rewrite took baby step forward when House Judiciary subcommittee reported bill to full Committee for vote Sept. 30. Critics of bill said "adverse" report was death of bill, but supporters of AT&T restructuring bill claimed minor victory since report was "without prejudice" and "no debilitating amendments were attached." Congressional recess plans: House plans to quit Oct. 2 through Nov. 12; Senate will quit sometime between Sept. 30 & Oct. 2 and stay in recess until Nov. 12.

FCC denied NCCB petition for rulemaking requiring Commission to act on all petitions for rulemaking within 180 days. FCC did adopt time limit as "desirable goal" but said "fixed time limit would not be in [FCC's] interest or the public's." Best. Bureau already had informal policy of acting on rulemaking petitions within 6 months, but NCCB wanted FCC to make policy binding. FCC did agree to make Quarterly Status Report, which contains status of rulemaking petitions, available in each field office, Public Reference Room, library and Office of Public Affairs. Comrs. Brown & Jones dissented, urged NCCB petition be sent out as proposed rulemaking. "In our relatively short time here we have seen far too many petitions for rulemaking brought before the Commission with a recommendation that they be dismissed because they have been outstanding for so long that they have been mooted by subsequent action or the record is too stale on which to act," they said.

NCTA for first 6 months of fiscal year showed "profit" of \$581,000, \$366,000 more than was expected, according to reports circulated last week. Convention brought in \$557,000, \$159,000 more than expected.

Israel is exploring means of regulating cable, determining how to control systems popping up across country.

**LIGHTS, CAMERAS ACTION?** Tentative SAF/AFTRA contract was reached last week, but many roadblocks remain before actors return to work.

Hundreds of dissatisfied actors oppose proposed contract, which calls for 32.25% raise over 3 years from present weekly minimum of \$785 and precedent setting residuals for pay TV and home video. Dissent group plans campaign to defeat ratification. Ed Asner, TV's "Lou Grant," said: "Proposals for minimum wages and residual payments are inadequate and meaningless."

Boards for SAG and AFTRA will meet Sept. 29 to plan for ratification vote, decide whether actors can return to work pending vote. Mail ballot for ratification will take about 2 weeks. If contract is approved, it will take at least 5 weeks before filmed shows are ready, 2 to 3 weeks for taped programs.

Another problem: Strike by American Federation of Musicians continues against motion picture and TV producers and many actors have said they won't cross picket lines. Musicians have backed actors during 9-week strike, holding benefit concerts for strike funds.

"We're wide open to suggestions... particularly at the FCC... We have a process going now on the positions we should fill... Just give us the names" — said Sen. Laxalt (R-Nev.), chmn. of Reagan Campaign Committee — in answer to question following mostly political speech to NAB board in Washington last week (see p. 1). Laxalt didn't mention Comr. Quello, whose term expired June 30 but still is sitting until successor is qualified, but several broadcasters urged Quello's reappointment.

**Earth station notes:** (1) UPI satellite dishes have been ordered by 96 subscribers. UPI said installations are expected this month or next with full production set for Jan. (2) AP said it has 295 letters of intent from members wishing to participate in its earth station project, 45 dishes operational. (3) Earth station giveaway by Satellite Communications Network for Las Vegas Entertainment Network has been abandoned.

Minorities, women gained in CATV jobs last year, but cable still lags behind radio and TV, said FCC. CATV employed 31.9% women in 1979, 29.5% in 1978. Minorities jumped from 11.6% in 1978 to 12.1% in 1979. Total employment was 24,875, up 8.8% from 1978.

NAB has compiled 20-min. audio cassette "It's a Lot Easier Than You Think... Living with EEO" — \$5 for members, \$15 non-members. Purchasers also will receive "A Broadcaster's Guide to Designing & Implementing an EEO Program." Order from Judy Meehan, NAB, 1771 N St. NW, Washington 20036.

Annual programming report to FCC by commercial TV licensees will use following dates for composite week: Sun., Jan. 6; Mon., May 12; Tue., March 25; Wed. Feb. 6; Thu., April 24; Fri., Sept. 12; Sat., July 19.



**DEBATE PRESSURE ON REAGAN:** GOP candidate has rejected new TV debate format proposed by League of Women Voters, which called for head-to-head meeting with President Carter in Oct.

LWV plan called for 2-man debate week of Oct. 12 in Portland Ore., 3-way debate with Anderson week of Oct. 26 in Cleveland, and 3-way vice-presidential debate Oct. 2 in Louisville. Reagan wants series of round-robin, 2-man debates involving all 3 candidates, with order decided by coin toss.

Anderson, expressing disappointment at LWV plan, nonetheless accepted invitation. Carter quickly accepted also. Reagan attacked LWV for "trying to appease the White House," also said vice presidential candidate Bush would not attend VP debate. Reagan campaign aides said position might change if candidate falls behind in polls.

**Debate Notes:** Anderson's support grew to 19% following Baltimore debate. AP-NBC News poll found no clear winner, but many voters expressed disapproval that Carter didn't show up. ABC News-Harris Survey results: 36% said Anderson won debate, 30% said Reagan won, 17% called it a draw, 6% said both candidates did poorly, and 11% weren't sure.

Debate, covered live by CBS and NBC, slightly outscored ABC's movie "Midnight Express" in 3 big cities. ABC estimates 50-55 million watched debates, based on early returns from N.Y., Chicago and L.A. Nielsen said debates scored 42% of N.Y. audience (21% for both CBS and NBC), 44% in Chicago (CBS-23%, NBC-21%), and 42% in L.A. (CBS-27%, NBC-15%).

ABC pool used 8 cameras, 50 people, to shoot debate. Brief audience shots of Mrs. Reagan & Mrs. Anderson were shown. ABC didn't carry debate, and News Pres. Roone Arledge angrily denied charge by Anderson that network favors Carter. Arledge said charge "is both insulting to the professional people at ABC and it beneath what we would expect from a major national campaign official."

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New communications vp for Moral Majority Inc. is Cal Thomas, 37, ex-NBC News correspondent, Peabody Award winner. He will assist religious lobbying organization with daily national radio commentary "Moral Majority Report," said Rev. Jerry Falwell, founder, pres. of organization.

Cable deregulation by FCC was conducted in "don't confuse me with the facts" atmosphere, NAB Exec. Vp John Summers told Maine Assn. of Bcstrs. He said Commission's failure to set oral argument was "indicative of the apparent disdain for industry input" of FCC.

C-COR opened new Altoona plant, received \$2.25 million contract for distribution electronics & engineering design of Warner Cable's 1,750-mile Pittsburgh system.

**PBS's 'GRAND ALLIANCE':** PBS has proposed "unprecedented partnership" with major performing arts & cultural institutions across country, using them to expand cultural audiences and bring in additional income.

No video technology was ruled out in speech delivered by PBS Pres. Lawrence Grossman before PBS development conference in Phoenix. He said Carnegie Corp. has given small grant to explore concept. Carnegie has proposed that PTV establish cultural pay cable service.

Said Grossman: "The time has come for public TV to join together in a new nationwide enterprise with the professional dance companies, symphony orchestras, opera companies, theater companies and major museums that abound in our communities." He said that if 500,000 arts patrons became "stockholders" at \$100 per share, pot of \$50,000,000 could launch a "new cultural programming service." He said this "grand alliance" would link "vast cultural resources to our public telecommunications centers."

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Dual maxi pay TV service with both HBO and Showtime will be offered to subscribers in 12 markets as part of "extensive test," Teleprompter Corp. Mkt. Vp Andrew Goldman said. Teleprompter had dumped HBO in 12 markets Jan. 1979 when company became joint owner of Showtime, now will offer HBO at same price as Showtime in each market. Discount for dual package, named Galaxy Entertainment Service, will "range from \$4 in some areas to not at all in others to determine elasticity of demand," Goldman told us. Teleprompter will also test 2 ad campaigns, promoting either Galaxy or "HBO is back." "Very preliminary results are better than we expected," said Goldman, although he gave no numbers. Galaxy's dual offering is now available to more than 50,000 basic subscribers at Lakeland, Fla., Huntsville, Ala., Escanaba, Mich. and Winona, Minn. Additional markets will be added in Oct. and Nov.

Satellite trade group for broadcasters held organizational meeting in Washington Sept. 16 to seek more transponders for occasional video, especially sports. Group will incorporate as non-profit corporation, chaired by Hal Protter, exec. vp, KPLR-TV St. Louis. New group, tentatively called Concerned Broadcasters Using Intercity Video Transmission, includes Storer, Metromedia, WPHL-TV Philadelphia, WGN Chicago, WTBS Atlanta. Also attending meeting were Wold Communications, Hughes Sports Network, CBS, ABC. Group agreed that 2 things can be done: (1) Encourage more stations to make occasional use of satellites, particularly in non-prime time hours, since with increased level of occasional use, carriers will find occasional use more profitable. (2) Lobby carriers, FCC & Congress on need for more occasional use transponders.

Action TV pay service will be carried by Eastern Microwave in parts of Ohio, W. Va. & Pa.



## Personals

FCC Comr. James Quello receives award for "distinguished community service and industry relations" Sept. 29 from WGPR-TV Detroit, first black-owned TV station... Ted Turner, pres. of Turner Bestg. System and CNN, addresses IRTS luncheon Oct. 22, Waldorf Hotel, N.Y... Sara Dempsey promoted to vp, current drama programs, NBC Entertainment... Vincent Benedict, ex-WCBS(AM) N.Y., appointed sales vp, CBS Cable.

James Saunders, ex-WTOL-TV Toledo, joins WAVY-TV Norfolk as pres.-gen. mgr... Richard Whitman, ex-United Cable, appointed vp-gen. mgr., ON TV, Phoenix... Michael Ziegler, ex-WITF-TV-FM Hershey, Pa., moves to WSKG Binghamton, N.Y. as pres.-gen. mgr., succeeding Arthur Dees, now part owner of WGTX(AM) & WQUH(FM) DeFuniak Springs, Fla.

William Fyffe promoted to vp-station mgr., WLS-TV Chicago; he's succeeded as news dir. by Thomas Kuelbs... James Bowe advanced to chief engineer, WDHO-TV Toledo... Wayne Casa, ex-CBS, appointed business affairs dir., SIN... Judy Law, ex-KIRO-TV Seattle, named promotion mgr., WFSB Hartford.

Erika Jones, ex-FCC Office of Public Affairs, joins OMB Office of Regulatory Policy; Russell Frisby, ex-Common Carrier Bureau, named legal asst. to FCC Comr. Joseph Fogarty; Howard Kitzmiller, formerly FCC assoc. gen. counsel for legislation, recently Best. Bureau special counsel, retires, will enter private practice or govt. relations work... George Jacobs retires as engineering dir., Board for International Bestg., will enter private practice as consultant... Fred Finn, ex-Microband, joins Washington law firm Brown, Bernstein & Longest.

David Allen, Petry TV chief operating officer, also named pres., succeeding Arthur Scott, who becomes vice chmn.; Arthur Muth appointed chmn.; Brian McCullough and Bernice Sheldon promoted to Petry group research mgrs... Mary Parson, ex-ABC, joins John Blair & Co. as administrative dir., succeeding Alfred Cancellieri, now Blairsat vp-tres... Richard Lamb advanced to mgr., Arbitron eastern TV station sales... Brad Kalbfeld promoted to AP deputy broadcast editor, succeeding Bruce Hodgman, now night supervisor.

Bruce McKay, ex-NBC Entertainment, appointed vp for program development, Group W Productions; Ron Lease, ex-KDKA-TV Pittsburgh, named asst. engineering mgr... Jerry Smith resigns as Worldvision Enterprises exec. vp for marketing to form Jerry Smith Assoc. (660 Madison Ave., N.Y. 10021), specializing in marketing & acquisition of TV programming.

William Hart, ex-Columbia Pictures TV, appointed vp & domestic sales mgr., Warner Bros. TV... Robert Donnelly promoted to vp for western sales, Columbia Pictures TV, new post... Ivan Johnson, ex-NCTA, joins Times Mirror Cable as vp

WEEKLY

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with  
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for Ariz... Bishop Henley, ex-HBO, named Showtime south central regional dir... Roger Leonard, ex-ATC, appointed vp of administration, Comcast Cable Div.

R. J. Kelly promoted to sales & marketing vp, Exchange Cable Div. of General Cable... Trevor Lambert, ex-Incoterm, appointed vp for corp. development, Adams-Russell, new post... George Fletcher, ex-Jerrold, named Magnavox CATV regional sales mgr... Peter Lowten, ex-International Video, joins Sony Best. Div. as product mgr.; Frank Rinkel named sales engineer for southeast... C. Herbert Skoog, KGNB-AM-FM New Braunfels, Tex., elected pres., Tex. Assn. of Bestrs... Albert King, onetime NAB, named exec. dir., Nevada Bestrs. Assn.

FCC meeting schedule for Oct.: 2 — direct broadcast satellites, postponed from Sept. 30 (see p. 2); 3 — regular agenda; 9 — regular agenda; 15-16 — children's TV panels; 20 — Network Inquiry final report; 21 — regular agenda; 28 — common carrier matters. At Oct. 3 meeting, Commission is expected to turn down Carter-Mondale request for free time to respond to paid spots, purchased by independent committees, supporting Reagan (Vol. 20:36 p1). Carter spokesman already has said that President's committee will appeal. NAB is anxious for early decision, charging that complaint has intimidated stations and that some are refusing to accept paid ads on behalf of Reagan.

UA-Columbia Cablevision is putting itself on block, wants to know if anyone wants to acquire, invest or merge. Company board authorized financial advisor Morgan Stanley & Co. to ask for proposals. Company is 9th largest MSO, has 301,000 subscribers. Said Pres. Robert Rosencrans: "We don't know what will be suggested. This is very much exploratory."



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 12 (37th week of 1980):

	Sept. 6-12	1979 week	% change	Aug. 30- Sept. 5	1980 to date	1979 to date	% change
Total TV.....	334,750	335,689	-0.3	277,883	9,945,183	10,535,714	-5.6
color.....	202,845	201,827	+0.5	158,735	6,315,492	6,556,339	-3.7
monochrome..	131,905	133,862	-1.5	119,148	3,629,691	3,979,375	-8.8
Home VCR.....	21,289*	10,245	+107.8	11,022	442,469*	266,782	+65.9

Color TV 5-week moving average: 1980—205,211; 1979—180,956 (up 13.5%).

Home VCR 5-week moving average: 1980—16,115\*; 1979—8,327 (up 93.5%).

\*All-time record.

**GTE RAISES SYLVANIA, PHILCO COLOR PRICES:** Across-board price increase of 1.3% at factory level on all Sylvania & Philco color sets was announced at last week's end by GTE Entertainment Products. It's first general price hike in recession-nervous industry since last winter & spring's industry-wide increases.

It's too early to tell whether other manufacturers will follow. GTE isn't usually leader in establishing price trends, but often acts independently. Neither RCA nor Zenith had any direct comment. GTE boost was surprising in view of fact that industry is in grips of strong price competition in virtually all color TV categories. If majors should institute increases, they're more likely to coincide with scheduled sales meetings in Nov. & Dec.

GTE is currently involved in negotiations for sale or partnership arrangement involving its consumer electronics business, including TV & picture tube operations.

**'INFORMAL' COLOR EXPORTS—UP TO 670,000 SETS:** Rapidly growing "unofficial" color TV exports to Latin America — which are counted as domestic sales — could be higher than total number of sets officially exported. Such sets, sold in domestic market and shipped overseas, could be distorting industry sales figures to point where domestic sales for this year might actually be closer to 8.9 million than the 9.6 million or so which will be shown by EIA sales-to-dealers data.

These "informal" exports actually are sets purchased in U.S. — either from dealers or distributors — and shipped overseas, or carried home by visitors from Latin America. Rapid growth of color TV south of border, accompanied by relaxation of import restrictions and by shortages & high prices of sets in many countries, have made unofficial exports a big business. Principal destinations are Argentina (where sets must be modified for PAL N system), Chile, Venezuela & Panama, with Mexico main area for smuggled sets.

Issue of "informal exports" and their consequent distortion of domestic sales figures will be tackled by Marketing Services Committee at EIA fall conference in L.A. next month. Committee has been working with Commerce Dept. to try to find formula for isolating such unofficial exports.



Nobody really knows how many such sets are transshipped across borders or overseas, but there are guesses that number comes somewhere between 3% & 7% of total domestic sales to dealers. That works out to perhaps 290,000-670,000 sets this year. This is in addition to sets officially exported, which came to 374,653 last year and in this year's first half totaled 268,335, up 50% from first half 1979 — those sets aren't included in sales-to-dealer figures, but the informal exports are, because they're sold through traditional domestic distribution channels. There's nothing illegal about informal exports, of course, and set makers certainly don't object — they could actually make difference between slow year & hot year in color sales. Main problem is to measure them.

Some evidence of magnitude of export sales through domestic channels comes from movement in key counties as reported to EIA. For example, in Miami area (Dade & Broward counties), color TV sales have doubled in last 4 years. Commerce Dept.'s 1979 Buying Power Index (BPI) shows these counties representing 1.6781% of nation's retail sales — yet 3.35% of all color sets were sold there last year, up from 1.94% in 1977. In 4 Texas counties along Rio Grande — Hidalgo, Cameron, Webb & Maverick — color TV sales to dealers are 7 times higher than what would be indicated by BPI. Such local aberrations are relatively simple to isolate — but how many sets are sold for export in such cities as N.Y., Chicago & L.A.? N.Y. is particularly hot — stores in "little Brazil" area on 46th St. do thriving business with Latin American visitors. But any place with international airport is now also center for unofficial exports.

Industry depends on market statistics for day-to-day business decisions, and they're becoming increasingly skewed by this new export market, which is beyond anyone's control. Big problem is to determine exactly how much and in what areas they're skewed.

**PROJECTION TV MAKERS SEEK NEW MARKET TIER:** Bid to open tip of mass market for quality video projection systems is strategy behind recent introduction of under-\$3,000 2-piece systems by Advent & Sony (Vol. 20:35 p8, 20:36 p8). But chance of stripped projectors being success, in terms of sharp increase in industry unit sales, is being viewed skeptically by other major projector marketers.

Advent Pres. Bernie Mitchell is biggest booster of low-priced concept. Sale of under-\$3,000 units will cause industry volume "to triple over the next 18 months, [and] Advent will get them out there first," he predicts. He acknowledges that producing to meet that price is tough target. "It will happen not because of any simple thing, but because I am going to make it happen," in both self-contained & 2-piece units, he says.

Projector sales have been soft this year, EIA putting first half volume at just over 18,000. Industry "sold about 50,000 last year, and sales were only at about a 40,000 annual rate in the first half this year. But in the 2nd half, we'll sell 40,000. That's an 80,000 annual rate and it will continue into 1981," Mitchell says. He forecasts sales of 95,000 for 1981, 150,000 for 1982, Advent becoming industry's top brand by next April. "I don't think we're in the top 6 right now, but that's because we only have one model." Advent has new low-priced unit coming out next month, 3rd model due for Jan. introduction. In year or so, Mitchell says, quality projectors actually selling at \$1,995 will account for 40% of business, and those at \$2,495 for 20%, against no sales until Sony 50" unit reached market. At same time, those retailing at \$2,995, which he estimates now provide 65% of unit volume, will drop to 20%, those at \$3,495 will slip to 15% from 25%, and more expensive models to 5% from 10%. But he points out, "5% of the market then will be a lot bigger than 10% is today."

Sony is hopeful, but not quite so positive. "Acceptance of our new 2-piece units (72" at \$2,995, 50" at \$2,495) at our meeting was just excellent," we were told by Sony Consumer Products Pres. Joe Lagore. "Based on the little sell-through we've seen, they can open a whole new market tier for us, but I don't know how big that will be." Sony is hedging its bet. "We won't drop our one-piece business, and there will be replacements coming for those now in our line." Based on industry sales figures, Sony already is major factor in projection market, plans



to be even bigger. New models "will open up the market a little more. We're now looking at a separate dealer agreement for them," because average TV dealer isn't equipped to display & demonstrate projectors properly.

Acknowledged industry sales leader is Mitsubishi, with 3 one-piece units at \$3,700-\$4,200, and there are no plans to jump on lowball bandwagon, according to Pres. Yoshito Yamaguchi. "We are doing well, moving about 1,000 a month, with about a 20% market share, and are convinced our one-piece unit is the best for the consumer"; company is dropping 2-piece leader from line, he said.

Pricing isn't important enough factor in consumer buying decision to make stripped-down projectors big sellers, according to GE's market research. "Interest in owning big-screen TV and styling are one & 2 in importance, and convenience features are also very, very important, and rank higher than price," said GE TV Div. Mktg. Mgr. Lud Huck. He feels that one-piece projectors "with good picture quality and furniture styling that fits into the motif of most households" is where "the business will be in the long haul. It just isn't that price sensitive." Even with remote & other features, "I don't think [low priced] 2-piece systems could generate the kind of volume the industry wants. With a one-piece you could start to open up the numbers, if you can do it without losing features & styling." GE is looking at ways to expand line which now has new rear-screen model just entering market as old one is being phased out. "We see this as a long term business with growth opportunity in the direction of a mass market." GE is considering other approaches "such as a front screen projector," Huck said.

Panasonic is another company staying away from 2-piece projectors for consumer market. "We really feel that for home use one-piece systems are best," said Exec. Vp Ray Gates. He said front-screen model at \$3,999 has been in short supply all year, rear-screen model, at \$3,299, is just now becoming available "but dealer acceptance has been good." While company may have 2-piece projector next year, it would be commercial, not consumer model. As for consumer line, "We would like to target for under \$3,000, but there's nothing like that on the table today. The market now is more feature than price oriented, and to bring down the price at the expense of features won't help," Gates said.

No one took exception to Mitchell's 1980-81 sales forecasts, and there also was general agreement that videodisc & VCR will help generate consumer interest in big screens. "As video peripheral equipment starts coming into its own, more upscale consumers will be attracted to projection TV," said Huck. "Certainly we are going to get a big share of home VCR owners into projection," predicted Lagore. "It ties in with their interest in movies and sporting events. They are video people."

Projector business is starting to crowd up at all points in pricing spectrum. With new plant on stream (Vol. 20:38 p16), Henry Kloss says Kloss Video's \$2,995 Novabeam will be "market-limited" rather than "production-limited." Toshiba has yet to start pushing in field; both Sylvania & Magnavox have shown prototypes and could be ready with models for introduction next year. Sharp, which markets projection in Japan, says it will have U.S.-made model, but currently it's not "top item in our priorities because of the size of the market." RCA is officially fence-sitting, but internally is understood to be warming up to idea. Zenith has said it will have own-brand projector on market in mid-1981, but actually is in field now through subsidiary Heath, which offers 2-piece model that costs consumer \$2,195, \$50 shipping, and about 60 hours of assembly time.

Hitachi's Mag Camera portable VCR-camera combination (Vol. 20:38 p10) originally had been scheduled for first showing at exhibit marking company's 70th anniversary in Nov., but preview look was pushed ahead because of Sony's showing of its own version. Hitachi officials think their company and Sony are only ones at such advanced stage of VCR-camera design. Although thin metal tape cassette is designed to record for 2 hours, tiny rechargeable battery is good for only 30 min. These

details are brought out in Television Digest Videocassette Extra showing highlights of Sept. 16 Tokyo press conference. The color tape runs about 20 min., contains demonstrations of both mag camera with VCR and Hitachi's new MOS camera. (Ordering information elsewhere in this issue.)

Company moves: APF to 1501 Broadway, N.Y. 10036... CBS Video Enterprises to 1700 Broadway, N.Y. 10019.



**AM STEREO ACTION:** Insisting that its purpose was "not in any way to delay the selection of AM stereo," FCC released its further notice of proposed rulemaking (Vol. 20:31 p10), including original "matrix" of criteria which led to selection of Magnavox system and new revised matrix.

New matrix still lacks some data, but on basis of FCC staff evaluation gives Motorola system lead over the other 4. In new matrix — which contains gaps where Commission believed it had insufficient information — Motorola system gets 67 points, Magnavox 51, Harris & Kahn 50 each, Belar 41. Former matrix, on which original choice was based, gave Magnavox 73, Belar 71, Motorola 64, Harris 63, Kahn 59.

New rulemaking asks: (1) Evidence from system proponents on any points where they believe they have been "misrepresented." (2) Evaluation & appropriateness of criteria in matrices. (3) Whether FCC should revive its "marketplace" approach and approve 2 or more systems. (4) Feasibility of manufacturing universal decoders to accommodate several systems. (5) Whether system should be chosen by "lottery" among all qualified systems. (6) Whether poor stereo noise figure it had recorded for Kahn system was typical and, if not, what was more accurate number. Comments are due Dec. 9, replies Jan. 8.

**Ad notes:** Magnavox launches multi-product national campaign Oct. 6 under theme "The brightest ideas in the world are here to play." Ads cover TV, videodisc player, VCR, video game, other audio products. TV & radio ads feature jingle "Play on Magnavox, play on"... Atari is seeking new ad agency for \$2 million home computer account, replacing Doyle Dane Bernbach West, which is retaining game account. On ad front, Atari has budgeted \$6.5 million for pre- & post-Christmas network TV campaign for video game. This week, it launches 20-market newspaper campaign for Model 400 computer, telling parents that \$630 computer will help prepare youngsters to take advantage of \$20,000 college education. Promotion includes free \$150 educational software package... Sony's futuristic home entertainment system, displayed at CES, is highlight of Sony Fair exhibit opening at Macy's in N.Y. this week. Similar fairs are slated for Carson Pirie & Scott, Chicago; Woodward & Lothrop, Washington; Broadway, L.A.

France has started field test of video terminal as substitute for phone book, expects to have 250,000 installed by end of year. Govt.-owned phone company says it will be cheaper to give away terminals than to update & distribute phone books each year to its 30 million subscribers. CRT terminal has keyboard for accessing regular directory as well as special information bank giving detailed data on restaurants, transportation, etc.

Labor Dept. rejected import adjustment assistance for displaced workers at GE's Owensboro, Ky. receiving tube plant on grounds tube imports have declined.

**INGRAM QUILTS MAGNAVOX:** Kenneth Ingram has resigned as Magnavox sales & mktg. senior vp, leaving office Sept. 26. His plans are indefinite, but he told us he hopes to join firm where he will have "P&L responsibility." Ingram's duties are being assumed on interim basis by Sales Vp James Egan.

Resignation of Ingram, who has been top marketing official & spokesman for Magnavox since its takeover by North American Philips in 1974, is understood to be related to policy differences and dissatisfaction with scope of role he was assigned there. Frank Lann, who moved from GTE last year, this summer was appointed to new post of exec. vp of Magnavox Consumer Electronics (Vol. 20:29 p11).

Disagreement over videodisc marketing approach (Vol. 20:37 p10) may have played role in Ingram's resignation, but probably wasn't major factor. Ingram has never believed that disc was mass-market product of same magnitude as color TV.

Ingram joined Magnavox after 22 years with Selmer, musical instrument company which was acquired by Magnavox. He's outgoing chmn. of EIA's Consumer Electronics Group and its Video Div., which is scheduled to elect new officers at its meeting next month in L.A.

**Computer notes:** SEC moved to curb speculation in Commodore International stock last week by requiring investors & short sellers to have brokerage account equity equal to value of any Commodore transactions made on margin. Price of Commodore shares has jumped 400% over last 6 months... Source Telecomputing, supplier of computer software services, is entering hardware field through contract to buy minimum of 250,000 CRT terminals over next 3 years from Telic-Alcatel of France. Terminals allow users to hook into Source data banks via telephone, video formation display, something it now takes computer terminal to do. Source expects to have terminals on market next spring, retailing in combination with data service contract at about \$550.

Talking ICs could be \$255 million business by 1985, greatest demand coming from toy & game manufacturers, National Semiconductor estimates. Market size projections for speech synthesis chips: Toys & games \$40 million, automotive \$25 million, appliance \$30 million, telephone \$80 million, other consumer products \$30 million, other industrial products \$50 million. NS says at least one car maker may have talking dashboard next year, and several U.S. appliance manufacturers plan to offer speech feature on 1982 models.

Convicted video pirate Ralph Smith was sentenced to 4 years, fined \$100,000 by Judge Norman Black in Houston federal court. Last July, jury found Smith guilty of criminal copyright infringement, interstate & foreign transportation of property stolen or converted by fraud (Vol. 20:30 p8). MPAA Pres. Jack Valenti hailed sentence as marking end to day of 'slap-on-wrist' penalties for pirates.



**KEY TV SALES WEEK:** Last week was most important in year for color TV sales. Not only is 39th week usually biggest of year in sales to dealers, but for last 14 years it has been accurate barometer of 4th-quarter sales.

It's little-noticed fact that sales in 39th week generally equal about 10% of total sales in upcoming final quarter of year. In 1966-1979 period, final Sept. week hasn't been more than one percentage point from the magic 10% for 9 out of the 14 years; in only 3 of the 14 years has it been more than 1.5 percentage points off. Last year, 39th week sales totaled 282,428 color sets, just 10.2% of 4th-quarter sales of 2,790,000. Sales for 39th week will be released by EIA next week.

Here's year-by-year tabulation of accuracy of 39th week as 4th-quarter forecaster (numbers represent 39th week as percentage of sales in following quarter):

1966... 9.0%	1973... 11.2%
1967... 12.5%	1974... 12.3%
1968... 10.3%	1975... 9.0%
1969... 9.8%	1976... 9.3%
1970... 9.2%	1977... 11.1%
1971... 9.4%	1978... 10.9%
1972... 11.7%	1979... 10.2%

If this year's 39th-week sales should equal those of last year, 10% rule would indicate total sales for year of more than 9.6 million. Fingers crossed, some industry analysts guardedly predict that 1980 sales could match 1979's figure of 9.85 million. Helping to accomplish this will be quirk in EIA's statistical calendar — 1980 will have 53 weeks vs. 52 for 1979. Thus, Dec. will have 6 full weeks instead of usual 5, and all sets sold from Nov. 22 through Jan. 2 will be credited to Dec. EIA adds week to Dec. every 6 years to adjust its statistical year more closely to calendar.

Both EIA retail sales figures and our Early Warning Report show sales to consumers now running ahead of last year. But EIA wholesale statistics indicate dealers are buying more than they're selling, so there's expectation that retail stockpiling is approaching end and sales to dealers will show less strength in 4th quarter than they did in Aug., although they could continue to run ahead of last year.

On basis of figures reported so far, Sept. sales this year should be higher than those of same 1979 month, but below record for Sept. established in 1978. Either a strong or a slow final week could change this, of course.

\* \* \* \*

Home VCR sales are picking up strength as fall selling season gets under way. They set all-time weekly record during 3rd week in 5-week Sept., totaling 21,289 units, up 107.8% from last year's comparable week (see State of the Industry). Previous weekly record — 20,731 — has stood since Oct. 1979. VCR 5-week moving average, or going sales rate, was 93.5% ahead of last year as of Sept. 12.

**HI-FI BRANDS SOLD:** In continuation of trend which has seen many pioneering U.S. hi-fi brands taken over by foreign interests and importers, financially troubled Superscope last week announced agreement to sell foreign rights to Marantz name and other overseas assets to Dutch Philips. In unrelated transaction, Korean manufacturers acquired rights to Sherwood name.

Philips has agreed to give Superscope about \$34 million for its foreign operations, including sales subsidiaries in Europe & Australia, manufacturing interests in Japan & Taiwan. Superscope owns 43% of Marantz Japan (formerly Standard Radio), acquired in 1971 for \$3 million, 90% of Superscope Taiwan. Deal gives Philips ownership of Marantz brand outside U.S. & Canada, contains 15-year agreement under which Philips & Marantz Japan will supply Superscope with essentially all its product requirements. Superscope will continue marketing in U.S. & Canada, and Philips will set up separate unit to run its international Marantz operation.

Philips will be getting assets valued at \$65.2 million, or 54% of Superscope's total assets as of June 30, also will assume all liabilities of businesses it's acquiring. Superscope says it will show gain of about \$1 million on sale. Released figures show foreign operations provided 58.8% of Superscope's \$71.3 million sales in first half this year, lost \$2.7 million. That indicates U.S. unit had loss of \$6.6 million on sales of \$29.4 million.

Superscope says \$30 million of proceeds will be used to pay off all but \$9.9 million of bank debt. Terms of remaining debt will be restructured, and banks will forgive \$8.2 million back interest owed by Superscope. If everything goes through, Superscope says its short & long term debt, excluding accrued interest, will be trimmed to \$14 million from \$61.6 million, and banks will make \$15 million in additional loans available over next 10 years.

Brand rights to Sherwood hi-fi label have been acquired from Sherwood Labs by Inkel Audio, U.S. sales subsidiary of Dong Won, making it first Korean company with established U.S. audio brand name. Dong Won has been producing Sherwood equipment for limited distribution here by Sherwood Trading, a former brand licensee of Sherwood Labs. Inkel will change name to Sherwood.

Among old-line audio brands, Japanese now own Fisher & Harman-Kardon, French trader controls H.H. Scott. Pilot brand was controlled by Japan's Mitsubishi Trading, now belongs to Morse.

Hitachi spending for R&D in fiscal 1979 represented 5.8% of sales, and total outlay of \$459 million was 2nd highest in Japan, trailing only \$484 million by Toyota, according to Nihon Keizai Shinbun study. Among electronics firms ranked, Toshiba placed 4th at \$321 million, 4.8% of sales; Matsushita Electric 5th at \$233 million, 2.9% of sales. Tied for 6th at \$200 million were NEC (6% of sales) & Mitsubishi Electric (4%).



**RADIO SHACK & VIDEO:** Radio Shack will be adding two 19" color TVs to line later this year but has no intention of becoming major TV outlet, according to Exec. Vp John Roach. Retailer introduced RCA-made 13" color portable at \$399, battery portable 5"-FM-AM radio combo at \$180, last month.

"We look on TVs as accessories to the other video products we're selling," Roach said. That product group now consists of computers, home terminals for videotext & video games, but may be expanded to include videodisc players & discs, Roach said. "We've been approached" by at least one videodisc proponent interested in getting distribution through RS's 6,700 stores in U.S. & Canada, "but we're not committed to any system yet." Roach believes that stereo sound is must for videodisc. "I think the audio implications of the disc are just as important as the video."

Despite being one of largest U.S. manufacturers of audio tape & cassettes, RS hasn't moved into either blank or pre-recorded videocassettes. Blank videocassettes are beyond present manufacturing capability, while pre-recorded doesn't fit into RS's product philosophy. "We don't carry record albums or books either. It's hard for us to distribute things that are faddish," products which have to be returned if they don't sell.

\* \* \* \*

Radio Shack's smallest business segment, telephones & intercoms, was also its fastest growing in fiscal 1980 (to June 30), with volume up 70.9% to \$70.6 million, according to annual report of parent Tandy. Sales of computers, software & accessories jumped 64.3% to \$175.8 million, while group consisting of microphones, headphones, test equipment, toys & specialty items rose 23.3% to \$182.8 million. Parts & accessories continued as largest segment, with volume up 17.5% to \$315.7 million, and hi-fi equipment sales rose 8.9% to \$239.5 million. Sales of CBs, walkie-talkies & scanners slipped 9.8% to \$141.2 million. Off 1.4% to \$258.9 million, were sales of radios, recorders & phonos.

Report's comments on various aspects of industry: "Our nightmare of a TV set having to accommodate games, security & intercom systems, tape recorders & discs, videotext, computers, pay & cable & satellite TV and even audio, is going to come true in this decade"... In audio, separate components "remain dormant," while mini-components "haven't made much of an impact, and probably won't." Cassette has taken lead in tape and 8-track "appears to be heading for the exits." Console stereo "is only for the very brave or nostalgic." On digital audio: "When you're working at the cutting edge of technology, the main thing is to stay behind the blade."

Calculator & watch business now belongs to innovators in Japan, "clever copycats in Taiwan & Hong Kong"... On computers, main lesson Tandy learned is need for total commitment to keep product on line. That "should give most retailers 2nd

thoughts about being in the business, but knowing most retailers, it probably won't." Report says Tandy expects to open 250 retail stores, 50 computer centers in U.S., 100 stores & centers abroad in fiscal 1981, increasing combined worldwide total to 8,000.

Penalty assessment guidelines for duty evasion cases proposed by Customs would permit reduction of fine levied of up 25% of duties avoided for each mitigating factor, up to 100% of duties evaded. Acceptable factors in instances involving negligence or fraud include contributory Customs error, cooperation in investigation, inexperience, good prior record. Aggravating factors, such as non-cooperation in or obstruction of investigation, past violations, could result in increased penalties. Normal penalty assessed would be lesser of value of merchandise involved or, in case of negligence, twice duties evaded; for gross negligence, 4 times duties; for fraud, 8 times duties.

Service franchising organization, Tronics 2000 has been formed in Bloomington, Ind., with David Hagelin, former Electronic Technician/Dealer publisher as pres., PTS founder Roland Nobis as vp-secy. Franchisees get 5-day training session, local & regional ad support. Individual shop 5-year renewable franchise is \$5,000, plus \$500 to \$2,000 for signs, 5% royalty on all consumer electronic repair work. No royalties are paid on product sales. Master franchise territories of about 600,000 population are \$10,000, and sold with right to assign up to 20 individual franchises. Territory holders get 50% of franchise & royalty fees. Details: Tronics 2000, 5229 S. Hwy. 37, Box 2003, Bloomington, Ind. 47401.

Japan VCR notes: Matsushita produced 2 millionth VHS VCR Sept. 24. It took 2 years to produce first million, just year for 2nd... Funai will make 20,000 portable 1/4" VCRs next year, 75% for export, 25% domestic market; unit is being sold in U.S. by Technicolor... Sony has introduced premium Dynamicon HG Beta VCR in Japan, claimed to have 2 dB higher video, 3 dB higher color signal-to-noise ratio, 2 dB higher color & RF output... TDK will build new videocassette plant in Japan with 2.5 million monthly output, bringing company's total capacity to 7.5 million cassettes monthly.

Video clubs are on agendas of MCA & CBS Records. MCA expects to decide on structure within month or so, may attempt tie-in with established mail-order operations such as Time Life Video Club. Idea is to classify movies by genre, e.g., horror movies, westerns, attract members who would have to buy certain number of titles annually and relieve retailers of burden of carrying more & more cassettes. CBS operation would be part of Columbia House, may be launched in mid-1981. Plans are "very formative," we're told.

Disc duplication photopolymerization process to be used by 3M in optical system operation was developed by 3M, not Philips as we stated Sept. 8 (Vol. 20:36 p8), 3M spokesman points out.



**JULY TV IMPORTS:** Boost in incoming shipments from Japan helped push July imports of b&w TV slightly above those of same 1979 month, and to monthly high for year, as totals from 2 major b&w source countries, Taiwan & Korea, held essentially level with year earlier (Vol. 20:36 p9).

Here's breakdown by country of July TV imports, with 7-month results in parentheses: Japan, total TV 88,000, -20.6% (502,000, -39%); color 44,700, -44% (249,600, -44.5%); b&w 43,300, +39.6% (252,400, -32.2%). Taiwan, total TV 395,600, -13.7% (2.63 million, +6.1%); color 45,600, -56.6% (467,400, -21.1%); b&w 350,100, -0.9% (2.16 million, +14.6%). Korea, total TV 204,300, +14.8% (1.11 million, -4.1%); color 30,100, +199.5% (143,400, -34.9%); b&w 174,200, +3.7% (970,800, +3.1%). Singapore, total TV 46,300 (436,800); color 43,200, +497.3% (407,000, +761.5%); b&w 3,100 (29,800), against none last year. Mexico, total color 155,100 (1 million), no comparable 1979 totals. Philippines total color 8,800 (57,900), against none last year.

Results for complete color TVs: Japan, 35,100, -40.3% (196,900, -41.2%). Taiwan, 31,000, -36.8% (186,100, -14.6%). Singapore, 7,600, +238.3% (32,600, -16.7%). Canada, 4,500, +20.1% (44,500, -30%). Mexico, 303 (5,900) & Philippines 1,200 (1,200), against none last year. All color TVs from Korea were complete.

Incomplete (chassis & kits) color imports: Japan,

9,600, -54.3% (52,800, -54.2%). Taiwan, 14,600, -73.9% (281,300, -24.9%). Singapore, 35,600, +780.4% (374,400, +4534.3%). Canada, none in July, 2,400 for full period, -42.7%. Mexico, 154,800, +9.4% (1 million, +16.6%). Philippines, 7,600 (56,800).

Bally sold Consumer Products Div. to Astrovision of Columbus, O., newly formed for purpose of acquisition. Price wasn't disclosed. Vp Dan Dawson said Astrovision has already taken over marketing of Bally's programmable video game, now listing at \$299, plus library of 14 cartridges priced \$20-\$25. He said one new cartridge will be offered by year's end. Plans for 1981 include 6-8 new cartridges, add-on computer keyboard, export sales. Bally has been seeking buyer for consumer business for last 18 months, announced sale agreement with Fidelity Electronics last Jan., but deal fell through.

**Tape topics:** Pacific Tape, L.A.-based supplier of audio cassettes to duplicators, enters consumer market with 3 lines, Pro 500 priced from 99¢, Pro 1000 starting at \$1.50, Pro 3000 at \$2.50. Company expects to produce 500,000 cassettes monthly for sale in U.S. & export consumer markets... Ampex won contract to supply Army & Air Force PXs with \$4 million worth of VHS videocassettes, \$1 million of audio cassettes over next 2 years.

Electronic watch exports from Korea were valued at \$42 million in first 8 months this year, up 50% from same 1979 period, govt. reports. Export goal for 1980 is \$65 million.

## EXTRA ON VIDEOCASSETTE

### First U.S. demonstrations:

Hitachi "Mag Camera" Portable VCR/Camera Combination  
Hitachi Portable MOS Camera

Videotaped at Tokyo Press Conference, September 16, 1980

"Mag Camera" weighs 7.5 lbs., records for two hrs. on compact 1/2-in. cassette and is proposed for 1982 production. MOS camera uses solid-state image sensor and is scheduled for marketing next year in U.S. and Japan. Both on Television Digest Videocassette Extra No. 2.

### Still Available

#### HOME VIDEO FOR THE 1980s

A one-hour overview of existing and proposed home VCR and videodisc systems

#### VIDEOCASSETTE EXTRA No. 1

Technicolor Lightweight Portable Compact Videocassette System — videotaped at New York press conference, August 5, 1980

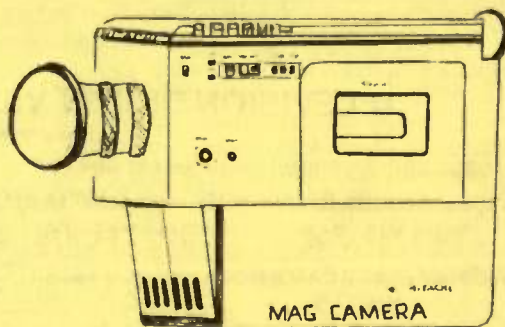
#### INTERNATIONALE FUNKAUSSTELLUNG 1979

Videotaped at Berlin TV-Radio Exposition, August-September 1979

#### JAPAN ELECTRONICS SHOW 1979

Videotaped in Osaka, October 1979

*All cassettes available in Beta, VHS and U-Matic Formats  
See next page for order form and special combination rates*





**Consumer Electronics Personals**

**Stan Hametz** promoted at Panasonic from Home Video Div. gen. mgr. to acting gen. mgr. of new Home Video Group and gen. mgr. of Video Home Systems (VCR & cameras) Div.; **Charles Toda**, former corporate sales planning asst. gen. mgr., named gen. mgr. of new TV Div... **Charles Suthers**, ex-RCA b&w TV product line development mgr., joins Quasar as TV product planning mgr.; **Jon Passini**, ex-Motorola & Dynascan, appointed independent distributors mgr... **Philip Yellin**, ex-Motorola Autosound sales training mgr., joins Grundig Autosound as sales vp.

**Frank Price Jr.**, ex-radio best. development mgr., named sales & mktg. mgr. of 3M optical recording project; **Joe Williams**, former national sales mgr, retail markets, appointed sales & mktg. mgr. for Home Entertainment Products Dept... **Richard Klinger**, ex-Paramount TV, named RCA Selectavision west coast business affairs dir... **Stanley Cornyn** promoted from exec. vp, Warner Bros Records, to senior vp of Warner Communication's Record Group, responsible for video developments... **Jacques Souplet**, ex-CBS Disques (France) CEO, named pres. of Warner Filipacchi Video, French distributor of Warner Home Video line.

**Mark Shepherd**, Texas Instruments chmn., elected Conference Board chmn... **Robert Falise**, ex-Dictaphone, joins RCA as staff vp & gen. attorney, corporate affairs.

**TESTING TECHNICOLOR'S VCR:** It poses no threat in terms of performance to 3/4" U-matic VCRs, but ease of use and unexpectedly high quality of output makes Technicolor's 1/4" VCR impressive challenger in portable market to 1/2" Beta & VHS models, particularly when no serious editing is required.

That's conclusion we reached with help of local CATV system which cooperated in our test of borrowed Technicolor Funai-made unit (Vol. 20:22 p7). Tape, shot outdoors using camera Hitachi makes for Technicolor, was fed from VCR into headend of McLean Cable system in Tarrytown, N.Y. Picture subscribers saw "is about as good as they get from our 1/2-inch" VCRs, was comment of Garrett McCarey, program dir. He noted Technicolor appeared to outperform 1/2" portables in lack of picture breakup in start-stop shooting.

Same tape dubbed up to VHS (4-hour speed) performed less admirably. Although output viewed on studio monitor was almost as good as original, picture from cable was ragged at bottom, indicating need for time base correction.

**Lafayette** will close remaining 8 N.Y. area retail stores this week, unless it can come up with 11th-hour financing. Lafayette, which had more than 100 stores operating last year, has been in Chapter 11 since Jan., and in July agreed to shut last outlets if it couldn't secure new equity financing acceptable to banks by Sept. 30. At last week's end, Lafayette was still negotiating with potential investors.

## TELEVISION DIGEST VIDEOCASSETTES — Order Form

(See preceding page for details)

Please check cassette and format desired:

**Videocassette Extra No. 2** — Hitachi "Mag Camera" and MOS Camera

Beta 1 (\$ 75) \_\_\_\_\_ Beta 2 (\$ 75) \_\_\_\_\_ VHS-2 (\$ 75) \_\_\_\_\_ U-Matic (\$ 85) \_\_\_\_\_

**Videocassette Extra No. 1** — Technicolor Portable VCR

Beta 1 (\$ 75) \_\_\_\_\_ Beta 2 (\$ 75) \_\_\_\_\_ VHS-2 (\$ 75) \_\_\_\_\_ U-Matic (\$ 85) \_\_\_\_\_

**Videocassette Extras No. 1 & 2**, recorded on single cassette

Beta 1 (\$ 95) \_\_\_\_\_ Beta 2 (\$ 95) \_\_\_\_\_ VHS-2 (\$ 95) \_\_\_\_\_ U-Matic (\$105) \_\_\_\_\_

**Video Edition No. 3** — Home Video for the 1980s

Beta 1 (\$250) \_\_\_\_\_ Beta 2 (\$250) \_\_\_\_\_ VHS-2 (\$250) \_\_\_\_\_ U-Matic (\$250) \_\_\_\_\_

**Combination Rate:** Video Edition No. 3 and Video Extra No. 2, on two cassettes

Beta 1 (\$300) \_\_\_\_\_ Beta 2 (\$300) \_\_\_\_\_ VHS-2 (\$300) \_\_\_\_\_ U-Matic (\$300) \_\_\_\_\_

(PAL and SECAM rates on request)

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

*Check or company purchase order must accompany this form*