

WEEKLY

# Television Digest®

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**FCC TO GO TO PRESIDENT** to appeal Administration's 1984 budget proposal for agency, says funds gained after earlier appeal to Budget Review Board aren't enough. (P. 8)

**1983—PROMISE & PORTENT:** Friendly regulators and difficult markets appear to characterize pattern for year ahead in broadcasting, cable & related industries. In sum: Broadcasters enter year in good shape to win significant deregulatory concessions, which they see as more essential than ever if they are to be permitted same freedom & flexibility as their new-technology competitors. Cable, entering year with unprecedented public visibility, is challenged to produce profits to match its promises. Growth of satellite business looks likely to continue at rapid pace, as ground rules are set for U.S. DBS service. Public broadcasters continue their struggle to survive in face of federal funding cutbacks. And newest new technology of all — videotex/teletext — attempts to become viable commercial proposition. Here's roundup of what to expect in 1983:

### **Broadcasters Look for Freedom**

Major issue in 1983 will be attempt of networks to move into program syndication. Now outstanding is FCC rulemaking removing ban on network financial interest in off-network

### Consumer Electronics

**1983 — FEAST IN SALES**, but famine in profits: Our annual forecast sees hot new sub-industries, but continued dumps and more attrition. (P. 9)

**INNOVATIVE CES** to focus on future, with new TV ideas, hi-fi VCR, digital audio. Burgeoning computer & game firms could reveal strategies. (P. 12)

**DROP IN JAPAN'S NOV. EXPORTS** of VCRs, TVs to U.S. reported by Finance Ministry. VHS format made up 72% of Japan's 1982 VCR output. (P. 13)

**MORE PRICE CUTS** coming on videogames as Mattel, NAP prepare to launch new consoles. (P. 14)

**VHD VIDEODISC LAUNCH** in Japan by JVC & Matsushita penciled in for spring. (P. 14)

**IMPORTS DOMINATED** total U.S. consumer electronics market for first time in 1982, Commerce's annual Outlook says. (P. 15)

**REPEAL OF FIRST-SALE** doctrine, to give copyright owners control over rentals, gets legislative spotlight as Betamax case pends. (P. 15)

**U.S. ADVANCED IC** and computer R&D venture given tentative clearance by Justice. (P. 16)

programming. Comments are due this month. Syndicators are mounting major effort to halt repeal, with support from some major station groups (including Cox, Taft). But all 3 affiliate boards have endorsed network position. Although it seems likely that networks will prevail at Commission, long court fight is near certainty.

Two other major broadcast regulations are likely to be repealed by FCC in 1983, moves that would give more elbow room to largest & smallest interests in industry. Rulemaking is in progress to drop network-cable cross-ownership prohibition and Mass Media Bureau soon will submit proposal to Commission to drop 7-7-7 rule. FCC and industry officials predict cross-ownership rule will be lifted early in year, but eliminating cap on multiple broadcast ownership will be tougher, take longer. Commission won't consider artificially higher ownership limits, instead probably will settle on triggering mechanism to halt station sale when it threatens market competition.

Also on Mass Media Bureau agenda: Teletext, TV stereo, excess capacity on auxiliary services, LPTV licensing and lottery methods, commercial STV deregulation reconsideration, more FM allocations. Commission plans rulemakings to permit more flexible use of FM sideband carriers & microwaves. FCC official told us rulemakings will increase broadcast ability to offer data transmission and paging in move to allow industry greater use of existing technology, equipment.

Demise of network-cable cross-ownership isn't opposed by cable industry because it feels networks no longer can achieve significant dominance. Some say infusion of cash from networks interested in cable would be welcomed, especially in major market new-build situations. If networks enter cable, one cable official said, that may set stage for repeal of must-carry rules because FCC will have concluded there is adequate marketplace competition between broadcast & cable. Broadcast executives dispute that, saying must-carry never will be repealed.

Smaller ownership groups are expected to benefit most by lifting of 7-7-7 rule, broadcast executives say, pointing out it looks at numbers only, not at market size or dominance. Small broadcast group owners should enjoy sizable growth if rule is eliminated, executives predicted, especially in Midwest & South. However, repeal of restrictions could be tough fight because public interest groups and minorities want them left in place.

TV & radio advertising is expected to climb 12% in 1983 to \$21 billion, according to 1983 edition of Commerce Dept.'s U.S. Industrial Outlook, \$15.8 billion for TV and \$5.2 billion for radio.

#### Cable Challenges: Marketing, Programming, Franchising

"M&M" -- marketing & management -- will dominate cable business in year ahead, industry officials say. MSO's are seen emphasizing marketing to consolidate gains of past 2 years, to achieve greater penetration needed to lure ad dollars. Marketing's job in 1983, as one official said, will be to "get the 46% of people on average who are passed by cable but who don't subscribe to the service." Recent announcement that Transportation Secy. Drew Lewis accepted top Warner-Amex job (see story in this issue) is indication cable will begin turning this year to new breed of managers. "We're leaving the era of entrepreneurs and entering the era of deep-thinking managers," one official said. Several MSO's will follow W-A's lead in hiring such managers, others predicted.

As year dawns, many distant signals will fade from cable homes as industry reacts to dramatically higher copyright fees set to take effect March 15. Replacing them, for most part, will be made-for-cable, ad-supported programming, several industry executives predicted. Number of subscribers reached by cable networks -- such as USA Network, ESPN, MTV, CNN -- will grow substantially in 1983, executives said.

Franchise disputes with cities also will dominate cable's attention, industry executives believe, partly because so many franchises near expiration in 1983, also because of 3 court challenges of franchise rights & obligations. Watch for NCTA and National League of Cities to reach agreement early in year on franchise renewal rights and limit on fees. That will allow introduction in 98th Congress of slightly rewritten cable deregulation bill (S-2172, known as



Goldwater bill in last session). Passage of such bill may defuse many explosive issues raised in Denver suit by Mountain States Legal Foundation.

Basic revenue for cable should increase 15.7% to \$2.8 billion, with premium cable service expected to provide industry additional \$1.8 billion in revenue, Commerce Dept.'s U.S. Industrial Outlook says. Number of basic cable subscribers is projected to grow by 2.9 million, reaching estimated 25 million by year's end. Cable advertising in 1982 is put at \$200 million, but should grow substantially in years ahead as penetration increases.

### Congress Turns to Broadcast Issues

With interest in telephone issues dwindling, Congress will be spending more time this year on TV-radio deregulation, cross-ownership & user/spectrum fee proposals. Biggest change will occur in House, where until now Telecommunications Subcommittee has been preoccupied with common carrier matters. Duties of several staff members have been shifted from phone issues to cable-broadcast to prepare for Chmn. Wirth's (D-Colo.) pledge to "take a look" at media issues during 98th Congress. NAB official predicted that "every idea ever proposed will be thrown out on the table" this session while Congress attempts to come up with deregulation package industry can live with.

Senate will continue to take lead on broadcast deregulation. Commerce Committee plans to reintroduce "all broadcasting bills" pending at year's end, according to staff member. With House planning to step up activity, those issues probably will advance further this session, although outcome is anyone's guess. Broadcast area undoubtedly will be marked by heated debate, with House less inclined toward TV deregulation than Senate. Following usual pattern, Wirth probably will hold hearings before seriously considering any legislation.

Radio deregulation is better bet than elimination of TV rules. Although leaning toward radio deregulation, Wirth and Rep. Dingell (D-Mich.), chmn. of parent Commerce Committee, oppose deregulating broadcasters without maintaining some form of "public accountability." One such "accountability" guarantee is Fowler's spectrum fee idea which Wirth has called "good idea." Sen. Packwood (R-Ore.), Senate Commerce Committee chmn., proposed user fees (for cost of regulation), less objectionable to broadcasters, in last session's Committee bill, hasn't said whether he'd support spectrum fees. NAB will continue pushing for elimination of fairness doctrine & equal time rules although chances of repeal remain slim.

As noted, this could be year that cable deregulation bill passes now that NCTA and NLC are close to agreement on what sort of bill both could support. Senate Commerce Committee plans to reintroduce bill — whether it's in same form as S-2172 depends on results of NCTA-League meetings — and will hold "brief" hearings on it. Less probable: Another attempt by House Judiciary Committee to pass cable copyright legislation. Sports & movie representatives may continue to urge Congress to end compulsory cable license — request that led to compromise bill last session. Question is, as one official wondered, whether Rep. Kastenmeier (D-Wis.) "has the stomach" for another round of tough bargaining sessions among interests to hammer out compromise. Disintegration of industry coalition and constant controversy over issue probably will make Congress wary of tackling it again. In addition, any proposals to eliminate compulsory license would be opposed by Wirth. Much will hinge on outcome of NCTA court appeal of 3.75% copyright fee schedule imposed by CRT, but court ruling isn't expected until late in year at best.

Other events to watch for: (1) Hearings will continue on Packwood's project to seek Constitutional amendment to extend freedom of expression to electronic media. (2) Plan to televise Senate floor action has good chance of passing during 98th session. (3) Radio Marti controversy will continue as Administration tries again to gain funding to set up station to broadcast to Cuba. (4) Saying they expect continued support from Administration, border broadcasters will keep working for "mirror bill" to retaliate against Canadian tax treatment that discourages Canadian businesses from advertising on U.S. border stations. Whether controversial "Telidon amendment" will reappear is uncertain. Proposal by Sen. Moynihan (D-N.Y.) to strengthen mirror bill by adding tax restrictions on U.S. use of Canadian Telidon equipment raised hackles of U.S. firms, such as Times-Mirror, planning to use equipment. Whole issue hinges on whether Canada would be willing to negotiate settlement of dispute.



(5) Legislation to permit NAB to reinstate TV Code would have good chance in both houses if industry sought it. (6) Neither House nor Senate would object to FCC dropping 7-7-7 rule limiting broadcast ownership, according to recent statements by leaders, although Wirth might balk if Commission dropped network-cable cross-ownership rule as well. (7) Wirth says Subcommittee also plans to "closely consider the issue of children's TV." (8) Possible FCC action eliminating network financial interest & syndication rules could stir up congressional opposition. Rep. Waxman (D-Cal.), for one, has pledged to reintroduce bill codifying rules. (9) Continued action on home videotaping (see story in our Consumer Electronics section).

Changes in Committee makeup could affect outcome of communications issues, particularly broadcast matters. Broadcasters lost friend on Senate Commerce Committee with defeat of Sen. Cannon (D-Nev.). Sen. Hollings (D-S.C.), replacing Cannon as ranking minority, is less inclined toward deregulation. New members of Senate Committee are known -- Sens.-elect Paul Trible (R-Va.) & Lautenberg (D-N.J.) -- but House Commerce Committee makeup isn't settled yet although leadership expects there will be 2 more Democrats, 3 fewer Republicans.

### Satellite Picture: Busy Year Ahead

Intense launch activity and busy domestic & international regulatory scene appear to dominate 1983 satellite communication calendar. FCC now is aiming for 2-degree separation decision within 6 weeks. Decision, expected to be "complete package," will almost certainly move industry toward 2-degree spacing although obviously not on overnight change basis. Change to narrower spacing between birds will permit industry to continue growth -- although there is evidence that demand for transponders has weakened of late. In addition to setting future path toward narrower separation, forthcoming FCC action is expected to include disposition of dozens of pending domestic satellite applications.

Regional Administrative Radio Conference for planning broadcasting satellite service in Region 2 is slated for 5 weeks in Geneva, beginning June 13. RARC '83 is unlikely to prove tremendously difficult for U.S., which will be seeking 4 primary, at least 4 more secondary slots. S. American countries don't appear to have needs which will conflict with those of U.S.; Canadian & Mexican coordination may prove most vexing problem for delegation led by former FCC Comr. Abbott Washburn.

### PTV Still Cheery in Face of Money Crunch

Despite threats to federal funding, public broadcasters continue to sound optimistic about coming year. Heads of CPB, PBS and NPR boast about gains in audiences, successes in fundraising and critical acclaim heaped on programming in 1982, but they are quick to warn that if White House prevails and CPB's budget is cut to \$75 million for fiscal 1986, system would suffer. Administration's recommendation "would destroy public broadcasting," PBS Pres. Lawrence Grossman told us. They all agree latest authorization for CPB for fiscal 1985 which was set at \$130 million is critical, rock-bottom amount needed to sustain system as it's presently constituted, and they say they're optimistic that Congress will come through again this year and sustain that level of funding. Ten public TV stations are currently participating in congressionally mandated advertising experiment, had taken in more than \$2.3 million at year's end. Experiment will terminate in June, at which point results will be closely scrutinized before Congress considers whether to authorize ads permanently.

### Videotex, Teletext Services Move to Commercial Mode

1983 will be year videotex goes operational in U.S. At least one company has committed itself to commercial videotex service this year and others are expected to follow suit. Knight-Ridder Newspapers plans to launch Viewtron videotex service on commercial basis in south Fla. beginning late in year. Teletext made its commercial debut last Nov., when Keycom Electronic Publishing began transmitting Keyfax teletext service on subcarrier of superstation WTBS Atlanta. However, it's unclear how many subscribers have signed up so far. Keycom also has plans to inaugurate 2-way videotex service in Chicago area. Times Mirror, which has been testing videotex in southern Cal., is expected to make announcement soon about its next step. CBS & NBC have put together teletext magazines of their own and reportedly are ready to broadcast nationwide via affiliates once FCC gives go-ahead, which is expected by March.



**VALENTI TOPS IN PAY:** Jack Valenti, head of MPAA, apparently still is highest paid association executive in communications area, according to 2nd annual survey by our Communications Daily. Based on estimate from past IRS data, Valenti earns more than \$350,000 per year. Valenti had no comment.

Valenti leads pack by far. Next in line is Stanley Gortikov, pres. of Recording Industry Assn. of America who made \$192,817 in 1980 salary, received \$35,000 contribution to a benefit plan and had \$38,988 in expense account plus other allowances. NAB Pres. Edward Fritts signed on in summer at \$150,000, and Thomas Wheeler, pres. of NCTA, makes \$117,211 with \$25,843 contributed to benefit plan. TIO head Roy Danish received 10% raise Jan. 1, 1982, increasing salary to \$147,075. Peter McClosky, pres. of EIA, made \$129,962 in 1980.

Other TV & radio executives and their salaries, based on fiscal 1980 IRS information unless noted otherwise (figures for all groups weren't available and there wasn't extensive information on other compensation such as deferred income, insurance, etc.): Roger Rice, TvB pres., \$137,355. Miles David, ex-pres. of RAB, over \$130,000. (Robert Alter, former exec. vp there, made \$91,292.) Peter Allport, pres. of ANA, \$95,000. Robert Keim, pres. of Advertising Council, \$93,769 in 1979. Edgar Roll, major officer, Advertising Research Foundation, \$85,000. John Ball, pres. of National Captioning Institute, \$70,000. John Cannon, pres. of National Academy of TV Arts & Sciences, \$55,000 in 1979.

Robert McAuliffe, exec. dir., Best. Financial Management Assn., \$65,841 in 1979. Elizabeth Young, pres. of PSSC, \$55,120 in 1979. Frank Norwood, exec. dir., Joint Council on Educational Telecommunications, \$48,244. Tom Paro., pres. of MST, \$88,526. Wallace Johnson, exec. dir., Assn. for Best. Engineering Standards, \$45,000 as part-timer. Carmen Junco, pres. of National Assn. of Spanish Bestrs., \$30,769. Howard Hitchens, exec. dir., Assn. for Educational Communications & Technology, \$50,000.

Judith Baer, exec. vp, Society of Cable TV Engineers, \$45,577. Stephen Labunski, exec. dir., IRTS, \$57,000. Donald Plunkett, exec. dir., Audio Engineering Society, \$66,000. Hugh Beville, dir., Best. Rating Council, \$32,333. Donald Breidt, exec. dir., Society of Motion Picture & TV Engineers, \$43,905.

Thomas Thomas, head of National Federation of Community Bestrs., \$11,235. Evelyn Dukovic, secy.-treas., Morality in Media, \$29,656. Mary Utting, exec. dir., Women in Communications, \$23,832. Andrew Schwartzman, exec. dir., Media Access Project, \$30,250. Robert Saudek, pres., Museum of Bestg., \$40,000. Marieli Rowe, exec. dir., American Council for Better Broadcasts, \$5,000 in 1979. Peggy Charren, pres. of ACT, \$22,417. Phyllis Tritsch, exec. dir., AWRT, \$29,553.

In public broadcasting area (where Congress put cap on salary of top official at PBS, NPR and CPB), PBS Pres. Lawrence Grossman makes \$69,630 (also received \$10,000 bonus last year). Edward Pfister,

pres. of Corp. for Public Bestg., \$69,630. NPR Pres. Frank Mankiewicz, \$70,000. See Communications Daily for incomes of non-TV & radio executives.

Responding to NTIA request for comments on how U.S. international communications policy can be improved, NAB suggested U.S. try to defuse equatorial countries' demands for orbital sovereignty by helping underdeveloped countries gain satellite capability through shared transponders and ground station facilities. Such action, first suggested by U.S. delegation to UNESCO in 1976, might cause equatorial countries to "reevaluate their position," NAB said. NAB also suggested: (1) Private industry should have more input in policy decisions because private sector has "developed significant contacts and information which are not efficiently shared with government due to the lack of a coordinated or focused telecommunications policy." (2) U.S. should encourage more regional decision-making & conferences because "regional decisions often can be more responsive to the needs and interests of individual countries than across-the-board worldwide allocations." Emphasizing need for more "positive," better coordinated U.S. policy, NAB said govt. hasn't been prepared for "hostile reaction" encountered lately in international meetings and thus its policies "have been ad hoc and reactive... American delegates to international communications conferences are often compelled to set their sights on little beyond damage limitation."

PTV's national program package: PBS hopes to put together proposed national program package for public TV stations to vote on by mid-Jan. On Dec. 21, PTV stations participated in straw poll to determine how much they wanted to spend on proposed package. PBS staff in consultation with Program Advisory Committee recommended stations spend \$28.8 million on 21 programs (first 17 programs chosen in non-binding preference poll Nov. 29 plus 4 minority programs selected by PBS & PAC). PBS hasn't released results of latest vote. However, officials expect hour-long MacNeil/Lehrer Report, ranked 14th by stations, will be included in package.

NPR is negotiating with Codart for nationwide pay-per-record audio service announced in Sept. Codart and KQED-FM San Francisco began service on paid basis Nov. 15, said it has signed 90 subscribers. Customers pay \$100 for device that hooks to receiver & stereo recorder, automatically records selected portions of programs transmitted during early morning hours. Subscribers phone Codart to get code numbers which they key into black box, paying 20¢-\$7.50 per selection. NPR and Codart plan to set up satellite-fed network in 1983. NPR officials refuse to discuss details until business partnership is formally established in near future.

WGGN-TV (Ch. 54) Sandusky, O. went on air Dec. 5, bringing total operating stations to 1,106 (633 VHF, 463 UHF). Licensee is Christian Faith Bestg., non-stock corporation with Shelby Gillam pres., Ernest McClellan vp-mgr.; they're also officers of WGGN(FM) Castalia, O.



**DISTANT SIGNAL PRORATION DENIED:** Register of copyrights has issued opinion that stay of 3.75% royalty rate doesn't temporarily vacate existing copyright regulation requiring full accounting period price for distant signal carried even a few days. That opinion by David Ladd, register of copyrights, rejects NCTA argument that stay creates special circumstance allowing operators to air post-Malrite distant signals through March 14 (last day of stay of higher rates) and be liable for prorated payment, rather than for whole 6-month accounting period. But Ladd said that current, lower rate would be basis for computing royalties if station is dropped before new rates go into effect. Rise in royalty payments for post-Malrite distant signals to 3.75% of gross subscriber revenue was delayed until March 15 by stay attached to continuing resolution by Sen. Mattingly (R-Ga.).

Late in week NCTA & Ted Turner asked copyrights office to reconsider opinion and allow waiver of 6-month signal carriage liability. But at presstime office hadn't changed position, wasn't expected to allow waiver. Ladd concurred with Rep. Fazio (D-Cal.), chmn. of Legislative Affairs Subcommittee of House Appropriations Committee, in saying that, barring any contrary court order, operators airing affected distant signals during stay won't be liable for higher 3.75% rate that will be on books at end of accounting period. Fazio had written letter to Ladd stating that was intent of Congress in imposing stay.

Ladd concluded: "A cable system which carries an affected signal during any part of the Jan.-June 1983 period must calculate its royalty as if it were carried for the entire accounting period. [And pending any contrary court order] we intend to apply the current rates for any affected signals carried during the accounting period but discontinued prior to March 15." Ladd rejected NCTA argument because, he said, nothing in language of stay specifically directs his office to override current regulation and allow proration.

"It doesn't make much sense if you're carrying something for 75 days to have to pay for it like you carried it 6 months," NCTA official said in explaining request for waiver. But Assn. recognizes that Ladd "at least was sensitive to our concerns on liability for the new rates."

Warner Amex and Cablevision have agreed to new split of Brooklyn cable territories allowing each to serve some affluent, some poorer sections. Old plan divided borough north-south, and Cablevision complained that gave Warner Amex all affluent southern neighborhoods. W-A, which is also Queens franchisee, apparently agreed to new split to break deadlock: No builds in any of 4 boroughs outside Manhattan could begin until all were settled. Now service in some areas is predicted in 6 months.

WHAS-TV Louisville has ordered \$415,000, 9-m studio-to-satellite (SSL) video uplink from Harris Corp. Station will be 4th Satellite News Channel (SNC) regional affiliate to use Harris uplink.

Western Union has agreed to sell 2 Westar 4 transponders to TSI, video services company of Tulsa, and has leased 2 others: One to Cable News Network and one to Bonneville Corp. Leased transponders were freed by decision of Spanish International Network to terminate its 2-year Westar lease in favor of space on RCA Satcom 4. Earlier dispute between Western Union and TSI regarding transponder purchase was settled before current sales agreement, but independently of it, Western Union spokesman said. TSI plans to provide programming to cable systems and independent broadcasters, along with other satellite services. Purchase price wasn't disclosed; one transponder previously was leased by TSI, other previously was contracted for by Satellite Weather Services. Leases are on full-time, 2-year basis. CNN currently leases capacity on Western Union's Westar 3 for TV news feeds from independent and regional news bureaus. Bonneville also is current customer on Westar 4, sublessee on another. Westar 4, launched in Feb., has 24-transponder capacity. Unprotected service on 2-year lease sells for \$96,000 per month.

Women now hold 37% of promotion manager jobs at U.S. stations, up from 12% in 1968, according to study for BPA conducted by San Diego State U. At non-commercial stations, 60% of promotion managers are women. While female promotion managers still earn less than male counterparts, gap is closing. Only 24% of women earn more than \$25,000, 34% of men. At lower end of scale, 33% of women earn less than \$15,000, 17% of men. Promotion managers said "diverse challenges" are most favorable aspect of their jobs, with creative opportunities 2nd.

Advertising & cable industries must "reach out to bridge the gap between what is possible and what is profitable, and research will have a vital role in that process," ABC Video Enterprises Pres. Herbert Granath said at Advertising Research Foundation convention in N.Y. He said both sides must compromise to achieve goal: "The cable industry... must work harder to prove its viability as an advertising medium. The advertising industry... must be willing to throw away its prejudices and think more creatively [about] the new media."

Supreme Court Judge William Rehnquist refused to stay Ariz. judge's order requiring TV artists to clear pictures of jurors with him before showing them on air. Because case — murder of Phoenix businessman — involves links to organized crime, some potential jurors had expressed fear for their safety if selected for jury. Rehnquist also upheld Ariz. judge's prohibition on jurors, lawyers & witnesses talking to reporters at trial.

ESPN has confirmed it will add morning business show to program schedule during first quarter of 1983. Details will be announced at Jan. 11 news conference in N.Y.

AP NewsCable has mounted Satcom 3-R, carried on vertical blanking interval of WTBS Atlanta under agreement with Southern Satellite Systems.



**DOT'S LEWIS TO WARNER-AMEX:** DOT Secy. Drew Lewis last week said he'll become Warner-Amex Cable chmn. & CEO on Feb. 1, becoming 3rd Reagan Cabinet secy. to resign. Lewis said 2 years as DOT head were "most gratifying years of my life" but he wanted to return to private industry "where my talents are of most value." Lewis, 51, said he accepted W-A job Dec. 27 but had told Pres. Reagan in early Dec. he intended to resign.

Lewis denied at news conference his reputation as tough executive specializing in salvaging troubled companies indicates W-A is in trouble. "Warner-Amex does not have any financial problems," he said. "The cable industry has a bright future. It's a tremendous growth industry." But he said W-A and other MSO's won't show large profits for few years because of costs of metropolitan new-builds. W-A most recently won right to wire half of Brooklyn and much of Queens. Lewis developed "fix-it" reputation as head of Simplex Wire & Cable and later at Snelling & Snelling.

He succeeds Gustave Hauser, long-time W-A Cable chmn. & CEO who said in Nov. he intended to retire and seek private investment opportunities. However, W-A spokesmen have said Hauser will remain as consultant for some time, advising successor. Industry executive said he understood Lewis was offered salary & benefit package worth \$1 million or more. Lewis was introduced to Hauser and rest of W-A brass at N.Y. hq day after announcement.

Lewis said if Reagan seeks reelection he will temporarily turn over W-A duties to lieutenants and work in campaign. In letter to Lewis, Reagan accepted resignation "with regret." Lewis said Reagan didn't ask him to reconsider decision or to stay on until successor was named.

**New HDTV system for DBS using hybrid technique** combining "advantages of digital & analog transmission" has been proposed in U.K. by Plymouth Polytechnic, and Britain's influential Wireless World magazine in Jan. issue castigates govt. advisory panel for ruling out new system when it recently recommended that IBA's MAC system be adopted for DBS. Commission, headed by Sir Anthony Part, called Plymouth system "elegant & ingenious," but rejected it on grounds it couldn't meet 1986 deadline. Also rejected was BBC's "enhanced PAL" technique. Plymouth spokesman, however, said that with enough funds system could meet deadline "and offer the U.K. a system that could put us ahead of the world in satellite TV broadcasting long into the future." NTSC version of MAC system has been licensed to Digital Video Systems, owned by Scientific-Atlanta (Vol. 22:47 p6).

**Cable franchise update:** Naperville, Ill. has selected Centel Cable as firm it will negotiate with for franchise to serve town of 17,000 homes. Naperville would become Centel's 39th Chicago-area franchise. Meanwhile, subsidiaries of Tribune Cable Communications have won right to negotiate franchises in Clarkston, Mich. & Owatonna, Minn. Two towns together have about 14,000 homes.

Low-income Americans will benefit from repeal of network financial interest & syndication rules, Rep. Garcia (D-N.Y.) said in statement in Congressional Record. Reason: Rules "place the networks at a disadvantage in competing with pay TV for quality programs... Pay TV companies have, in some instances, been reluctant to provide delivery of their services to lower income areas... Even low-income families who are willing to meet the additional costs of pay TV may not be able to do so." Garcia reprinted letter to Washington Post by Rene Enriquez, actor on Hill St. Blues and pres. of small production company, arguing that letting networks participate in syndication will result in "greater diversity of programming and much greater opportunity for minority actors and minority production companies."

**Comsat's public stock offering** of one million shares opened trading at \$77.50 per share Dec. 22. First Boston Corp. serves as managing underwriter of 102 underwriters selling Comsat stock. Meanwhile, Comsat's World Systems Div. started satellite TV service to Australia Dec. 23. Featuring news, entertainment & sports, 24-hour service is first of its kind, Comsat spokesman said. Programming originates from Australia's Ch. 9 studios in Hollywood, is relayed to Comsat earth station in Santa Paula, Cal., about 35 miles northwest of L.A., then transmitted via Intelsat satellite over Pacific Ocean to 18-m receiving antenna in Sydney.

**Radio stations offering FM Subsidiary Communications Authorization (SCA) capacity** to paging service operators shouldn't be subject to common carrier regulation, according to NPR. In filing with FCC, NPR argued: "The provision of such services on SCAs is new and experimental. To decide now to impose a complete [common carrier] regulatory framework on such nascent offerings would be premature. When such service offerings do evolve, the Commission remains empowered to determine whether a particular regulatory scheme is either appropriate or necessary."

**Cox Cable has filed suit against Marquette, Mich.** for alleged antitrust violations in city's actions favoring local group over Cox during franchise renewal. Named in suit are city commission, local franchise winner Marquette Cablevision and several banks financing local group's build. Suit requests injunction against award of sole franchise, injunction giving Cox non-exclusive franchise in Marquette and unspecified monetary damages. Banks are named in suit because, Cox says, some city officials are bank directors.

**Cal. Appeals Court has sided with movie producers** in suit blaming violence in film "Boulevard Nights" for 1979 shooting incident outside theater where film was being shown. Teenage girl, shot outside theater, sued film exhibitors, distributors & creators saying they were negligent in not warning movie patrons that film could attract viewers "prone to violence." In overturning lower court's denial of exhibitors' motion for summary judgment, appeals court cited First Amendment concerns.



## Personals

Bruce Fein, FCC gen. counsel designate, addresses Federal Communications Bar Assn. luncheon Jan. 20, Washington... Ned Tanen resigns as Universal Pictures pres. to become independent producer; he's succeeded by Robert Rehme... Robert Young advanced at KGO-TV San Francisco to gen. sales mgr., succeeding Mark Mandala, recently named pres., ABC Owned TV Stations... Keven Wilder promoted to vp, WTTW Chicago Enterprises Group... Therese Ledwith joins Cable TV Network of N.J. as chief of operations.

Robert Davies, ex-KTSP Phoenix, named vp-corporate affairs, American Cable TV... Michael Grossman advanced at Columbia Pictures TV to senior vp-business affairs, Jeffrey Ornstein to administration vp, Robert Chasin to vp in charge of business affairs, Gary Fogel to vp-business affairs; Michael Lauer moves to business affairs office, Columbia Pictures TV Distribution... Lawrence Spungin named exec. vp, MCA Development Corp... Otis Freeman advanced to senior vp-engineering, WPIX N.Y., Kathleen Shepherd to vp-community affairs & production, Donna Hutchinson to vp-programming.

Harold Fleig promoted from vp of Nielsen's Media Research Group to dir. of mktg. services, new post; Connie Malik named central territory regional mgr., Nielsen TV Index... Betsy Anderson joins United Media Enterprises as promotion mgr... Bruce Maggin promoted to vp-cost management, will head new Cost Management Dept., ABC... John Damiano promoted to NBC-TV vp, affiliate planning.

CPB turned down PBS request for \$2 million for fiscal 1984 "tune in" advertising campaign to promote overall viewership for public TV. CPB allocated \$1.6 million in fiscal 1983, \$2 million in fiscal 1982 for such ads. PBS also asked for \$1.5 million in fiscal 1984 from CPB and \$3 million from stations for Station Independence Program, which pays for programming, ads, promotion and research for membership drives. CPB gave \$1.2 million and stations \$2.6 million in current fiscal year. CPB currently has no plans to provide funding for either program.

Image Cable Systems is new division of Key International Film Distributors. Image Cable will produce & distribute product for cable & STV. Productions include Beverly Hills, latenight soap series, and Unknown Comedy Show. Latter was bought by Rainbow Programming Services. Image Cable has exclusive distribution rights to "soft core" version of *Insatiable*.

National Children & TV Week, March 13-19, has been designated by Congress. Resolution's House sponsor Rep. Wirth (D-Colo.) said designation will "call attention to the best that TV has to offer our young citizens and to applaud those who have sought quality, imagination and sound educational values in developing and presenting children's TV programming."

FCC Chmn. Fowler is going directly to President Reagan to appeal Administration's 1984 budget recommendation for agency. FCC was trying to set up meeting with President or senior advisor at week's end. Fowler gained partial victory earlier last week when, after Office of Management & Budget rejected FCC appeal, agency went to Budget Review Board. Board gave FCC about half of \$8 million Fowler says is needed to continue operating agency at current level. OMB recommended \$77.4 million for 1984; Fowler says about \$85 million is needed to avoid furloughs and additional \$4 million from board still isn't enough. FCC also plans to ask President to provide additional \$3.2 million for 1983 to cover cost of newly-authorized pay raises. That request has been turned down in all appeals so far and FCC is already instituting cutbacks to account for lack of those funds -- including hiring freeze and reduction in other expenses such as travel and office supplies.

Britain's quick embrace of cable dominated recent Royal TV Society meeting in Manchester. Several developments were announced, including: (1) Visnews Gen. Mgr. Peter Marshall said his company is interested in developing 24-hour all-news channel directed at western Europe. But, he said U.K. cable market probably won't support all-news channel for at least 5 years due to language barriers and lack of adequate capital. (2) American film companies now are exploring establishing cable-delivered film service in Europe beamed by satellite. Official said American film companies turned to Europe soon after Premiere was shot down by Justice Dept. as antitrust violation.

**Educational teletext:** After testing teletext in elementary schools in southern Cal., public station KCET L.A. reports the new technology has great potential as educational medium. Station developed Think Shop, interactive instructional service designed to test reactions of teachers, students and administrators to use of teletext. Researchers reported Think Shop increased students' reading of traditional print materials. Copies of report are available from KCET Teletext Project, 4401 Sunset Blvd., L.A. 90027.

ABC bought insurance policy worth \$200 million to cover its TV and radio broadcasts of 1984 Olympic Games from L.A. Policy was purchased from Fireman's Fund Insurance Co., will pay network if expenses exceed anticipated revenues under long list of special circumstances. Policy is believed to be largest ever written to cover broadcast rights and production costs for sporting event. Price of policy wasn't released. ABC paid \$225 million for Olympic broadcast rights.

**Record cumes:** Preliminary figures indicate public TV's Nov. cumes for full day and prime time hit record levels for that month. PBS reports full-day cume reached 51.5%, up 7% from Nov. 1981, while prime-time cume rose to 32.1%, 8% gain over previous Nov. Live carriage of PBS core programs is running at 84% this fall, same level as last year.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Dec. 17 (50th week of 1982):

	DEC. 11-17	1981 WEEK	% CHANGE	DEC. 4-10	1982 TO DATE	1981 TO DATE	% CHANGE
TOTAL TV#.....	356,730	331,520	+ 7.6	394,670	16,447,677	15,159,479	+ 1.8
COLOR#.....	237,347	226,410	+ 4.8	239,828	10,958,429*	10,809,432	+ 1.4
MONOCHROME....	119,383	105,110	+13.6	154,842	5,489,248	5,350,047	+ 2.6
PROJECTION TV...	3,380	n.a.	--	3,239	111,871	n.a.	--
HOME VCR.....	74,636**	43,963	+69.8	73,005	1,918,456##	1,297,909	+47.0
COLOR CAMERAS...	10,572**	8,483	+24.6	9,603	280,249##	177,636	+57.8

Color TV 5-week moving average: 1982--261,066\*; 1981--242,709 (up 7.6%).

Home VCR 5-week moving average: 1982--68,370\*\*; 1981--41,220 (up 65.9%).

# Excludes projection TV. \* Record for period. \*\* Record for any week. ## Record for any full year.

**1983—FEAST IN SALES, FAMINE IN PROFITS:** Last year in this space we headlined our forecasts "1982—Year of the Big Dump." That dump, of course, was still in progress as year ended, and 1983 bids to be another year of oversupply in industry's traditional products — TVs & VCRs -- now joined by videogames. In 1983 as never before, consumer electronics will break further out of its familiar boundaries, into many viable new mini-industries, each preparing to enter traditional shakeout stage.

**Bewildering array of new products, industries & subindustries** will vie for consumer's dollar in period of severe unemployment, and shortages in any category will turn to surpluses virtually overnight, high inventories and instant obsolescence serving to keep prices at rock bottom and profits low, with some major failures & dropouts among proprietors of hot new products. That's what we see for this bright/dim new year. Below are our numerical forecasts of traditional product sales to dealers, followed by our annual specific predictions:

Product	1983 (forecast)	1982 (estimated)	1983 vs. 1982	1981	1982 vs. 1981
Total TV#.....	17,400,000*	16,980,000**	+ 2.5%	16,698,283	+ 1.7%
color#.....	11,700,000*	11,300,000**	+ 3.5%	11,157,334	+ 1.3%
monochrome...	5,700,000	5,680,000	+ 3.5%	5,540,949	+ 2.5%
Projection TV.	180,000*	120,000	+50.0%	121,650**	- 1.4%
Home VCR.....	2,650,000*	2,000,000**	+32.5%	1,360,988	+47.0%
Color cameras.	350,000*	295,000**	+18.6%	189,770	+55.5%
V'disc players	350,000*	235,000**	+48.9%	157,274	+49.4%

\*Projected record. \*\*Current record.

**Color TV:** It will be a year of restraint, at least by U.S. manufacturers, who will hold down production in attempt to cut industry inventories to acceptable level — but they'll be foiled by rising imports. And prices will show no upward movement, with low end continuing to dominate sales.

**Year will be particularly trying** for picture tube industry, with domestic production unchanged or down and with higher imports of complete sets as well as picture tubes themselves. Korea will emerge as picture tube competitor as plants now on stream pick up production pace while Korea's domestic color market continues flat. Europeans may follow up VCR dumping complaint against Japan with one on picture tubes, causing Japanese to look to

U.S. to unload. At same time, increasing number of high-end tubes will be showing up in TV monitors, new square-cornered TV set models.

But — a soaring record in sales numbers, with "a color TV in every room" coming closer to reality, is expected as consumers buy sets not only for themselves and the kids but for their videogames & computers. Monitor-receivers will move down into lower-end goods, video & audio jacks becoming common on all brands.

We'll begin to hear about "TV computers" starting in Sept. at Berlin Funkausstellung, and there'll be advance showings, here and in Japan as well as in Europe, of color sets in which all signal processing is digital. Little, if any, production is expected this year, though, and since first sets will be premium-priced with few premium features, marketers will be straining to figure out how to push them in the 1984-1/2 & 1985 product lines.

Color Imports: This will be first full year since 1976 without color TV import quota umbrella, and absence will be felt. Imports rose last year about 10% to 2.2 million, all of 200,000 increase coming in 2nd half after lifting of restrictions on shipments from Korea & Taiwan. We look for jump to at least 2.5 million in 1983, though import brand penetration will be somewhat higher as result of full operation at Gold Star plant in Ala. Most of increase last year was represented by Korea, which replaced Taiwan as 2nd largest (after Japan) color import source, and Koreans will continue to set import growth pace in 1983. While imports from Taiwan were down in 1982, primarily because of shift to U.S. assembly by Sampo, that slack will be taken up this year by AOC, just now starting to hit sales stride here. We look for continued rise in shipments from Singapore & Malaysia, and while first-year imports from Hong Kong won't be massive, every little bit adds to increase in pricing pressure.

Projection TV: Industry will rethink this one. There'll be dropouts, changes from make to buy, and at same time steady trend toward brighter, more contrasty pictures. Size smaller than 40" could show up in rear-projection. At year's end, projection will still be business waiting for major breakthrough — either technical, economic, or both.

Monochrome TV: Look for all sorts of micro-TV gimmicks, first LCD pocket sets reaching market, paving way for what could be biggest new novelty TV area since minicombo. Total monochrome sales will rise again, along with color.

VCRs: Last year we guardedly forecast street price of \$499 for some models. This year, we see \$299, and little progress in trimming inventories. In fact, with dumping proceedings in Europe, Japanese VCRs must have some place to go — and plenty will end up here. These bargains will spur sales further, and they'll sell at average rate of more than 50,000 a week, vs. 38,500 in 1982. Low-end units will sell well, trailed distantly by high-end models, with nothing in between. Portables will represent disappointing 15-20% of total. Camera sales will be up, but not anywhere near mass-market range, despite introduction of several lightweight all-solid-state units.

Japanese 8mm Committee will reach consensus on specs for combination camera-VCR, with first production tentatively scheduled for 1984.

Videodisc: Neither system will be out of woods by year's end, but there will be steady rise in sales of both, spurred by increasing amounts of programming. The 350,000 sales will be divided CED 275,000, LV 75,000 — and whether last figure is enough to support major consumer efforts by North American Philips and Pioneer will still be open question by year's end. RCA will introduce random-access player this year in hope of wooing library of interactive programming originally planned for VHD. That system will be launched in Japan, but there'll still be no date for U.S. or Europe at year's end.

Home taping legislation: Regardless of outcome of Betamax case, there will be another Congressional go-around. It's almost certain action will include bill devoted solely to revision of first-sale doctrine for video, with separate legislation for home taping. That would give Hollywood and Home Recording Rights Coalition equal chance to claim victories, but Congress may want to consider 2 bills as one anyway. Studios, led by Fox & Disney, count on victory some time during session. However, they'll have difficulty convincing Senate & House of need to control ownership after success of Paramount's Star Trek 2 cassette at \$40.



**Recorded cassettes:** Pricing, at last, has emerged as dominant issue among program suppliers, distributors, retailers. Cassette sales last year were dismal 5 million units, embarrassingly far under first estimates -- before industry realized full impact of \$60-\$100 movies. Demand for hit titles that many couldn't afford dropped from 40,000 to 20,000 copies. With some big releases at \$40 and continued climb of VCR population, sales should hit 6 million. With large-scale reductions, 7-7.5 million is likely. There's reason for encouragement — 110,000 units of \$40 Star Trek 2 helped lift business to record levels in last quarter of 1982, wiping out bad memories of earlier months.

**Audio:** Continuation of video fever means there's little likelihood of meaningful bounceback for depressed audio industry. This will be year inventory glut shifts from components to packaged systems, and hi-fi marketers will learn hard way that department stores aren't any easier to deal with than independent audio retailers. Spring introduction of optical digital Compact Disc player will trigger buying flurry among esoteric audiophiles, and that will be widely misinterpreted as sign of general market recovery. High hopes will fade in heat of July. Unit sales of portable stereo cassette players and radio-recorders will start downturn. That, plus strong market push by off-brand importers, will trigger major price cuts. Autosound will enjoy yet another year of modest growth, but move by more high-end hi-fi brands into field will increase competitive pressure, hold earnings down.

**Games & Computers:** You can fool adults, but not kids, so torrent of ill-conceived videogame cartridges will abate substantially. Dozen or so independent game makers will spend most of 1983 licking their Christmas 1982 wounds and searching for backers to supply capital infusion needed to support massive promotional budgets. New game console formats will get unenthusiastic welcome. Responding to dealer rebellion, game companies will cut back number of new titles, let customers cherry-pick, accept returns. Low-end computers will bite deeply into market for games, but game population will be high enough to ensure banner sales year for cartridges.

This will be sales explosion year for home computers and software, but 1984 will dawn with only about 4.5 million in use. Host of new companies will enter software arena this year, and low level of hardware penetration guarantees that shakeout will hit just as market starts to blossom. By year's end, under-\$200 computers will have been relegated to profitless toy market. Japanese will make little headway in attempt to break in during 1983, but will get ready for 2nd try, this time with computers designed to run on existing software.

Electronic telephones and related products will be superheated area, spurred by entry into consumer electronics arena of AT&T's American Bell, whose line will include some hot new computerized systems. There could be some major surprises in sprightly new areas by that stodgy old phone company.

**New Services:** Home receivers & tuners containing AM stereo will trickle in this year for Harris, Kahn, Magnavox & Motorola systems, but it will be only a promotional gesture. By late in year, "universal" sets which can receive any system will arrive. Whether consumers buy any will depend on whether feature is given away free with receiver. AM stereo will be available for 1984 car models from Delco & Motorola, but won't be ballyhooed as major feature.

EIA's Multichannel TV Sound Subcommittee will complete tests, file recommendation with FCC, which will make marketplace decision, permitting broadcasters to use any approved system. No significant broadcasting or receivers this year.

First satellite-to-home broadcasting, United Satellite TV, is scheduled to start this year via Canada's Anik bird, and General Instrument promises to deliver "tens of thousands" of home Ku-band receivers at low prices in 1983. Whether it comes off on schedule or not, DBS will arrive earlier than many now believe, and by year's end industry will seriously start exploring what eventually could become new market. Big winners on hardware front will be Japanese companies which already have equipment ready for production and are now lining up OEM customers here.

AT&T says its videotex system will be operational late this year — which still remains to be seen — and it hopes to have hardware ready in good quantities. Real home activity in videotex's mass-market counterpart, teletext, will be insignificant in 1983 despite widespread publicity.

Teletext gear could become a market in 1984, but it will be small and slow to take off. Both text services will suffer ups & downs before becoming profitable markets (if they ever do).

**INNOVATIVE CES TO FOCUS ON FUTURE:** Consumer Electronics Show, which opens 4-day stand this week in Las Vegas, may be most unusual winter CES ever held — with record amount of exhibit space, record number of exhibitors and probably record attendance in midst of recession which shows no signs of ending. Even more significant will be number of new products and innovations to be premiered at this show, which normally is midseason echo of trailblazing June Chicago event.

Overall theme will be advanced video, and games & computers will be focus of attention, but for somewhat different reasons. For games, show will give first look at post-Yule conditions, and dealer interest in replacing game cartridge inventory will be closely watched. There's also interest in how retailers will receive new game market entries, particularly high-end Ultravision with built-in color TV set, and new version of Odyssey.

Excitement in computers will center on raft of new hardware & software entries and on strategies established firms will adopt to retain market position. Panasonic, Mattel, Tomy and Creativision, to name just few, will be offering consoles for first time. Many videogame makers, plus at least half-dozen newcomers, are jumping in with programs. In computer software, issue is whether anticipated dealer turnoff caused by proliferation of videogame titles will hinder product launch effort.

GE may well set innovation keynote with main-floor 2-story exhibit devoted to products which aren't yet on sale (Vol. 22:51 p17). In VCRs, CES will see launch of Beta Hi Fi videocassette audio system by entire Beta group, and, quite likely, demonstration of similar FM-carrier sound technology by VHS group members. First look at Beta Compact, 6-lb. VCR using standard Beta cassette (Vol. 22:43 p15) will be provided by Sanyo, which will quote late-summer delivery and also will show prototype one-piece standard-cassette record-only camera-VCR. Beta Compact, to retail at \$600 in Japan, is designed as competitor to VHS-C portable, now marketed here by JVC, with new versions to be introduced by Sharp, perhaps others, in Las Vegas.

In TV, dealers will get first look at digital set in prototype form at GE exhibit. They'll see new FST (flat square tube) supertubes from Toshiba, perhaps other Japanese manufacturers (Vol. 22:47 p10, 22:48 p11). And of course there'll be component TV and monitor-receivers galore. In projection, Hitachi's new super-bright liquid-cooled tube system could be on display, either on floor or in hotel suite.

Monochrome spotlight will be on new breed of "pocket TVs," Casio scheduled to show 2.7" unit with LCD display, which could be first completely tubeless set to go to market. There may also be others.

Videodisc front should be relatively quiet, with RCA expected to give out some new numbers -- CED exhibit, in fact, will have huge moving counter showing exactly how many discs have been produced to date.

It's pricing, not product, that will be new for recorded cassettes at show. Paramount and Embassy are expected to announce *An Officer & A Gentleman* and *Blade Runner*, respectively, at \$40 suggested retail. Also in that bracket is MCA's *Homework*, and MCA may be ready with new pricing schedule for entire line. Trend is definitely down for older titles, with Vidamerica and Thorn EMI joining MCA and Paramount in budget category. Big problem for distributors, of course, is getting price protection for copies of same movies bought at higher prices last year. Specialty programs will make bigger splash than before — Karl Video has scheduled personal appearances for Jane Fonda and Richard Simmons, latter to promote new health & fitness tape.

In audio there will be more stirring than at any time since introduction of quadraphonic sound (but manufacturers obviously don't like that comparison). Show will mark U.S. debut of CD digital audio disc system, with perhaps dozen different models on display, along with announcements of disc catalogs (all pressed in Europe or Japan). First digital Compact Cassette systems also should be in evidence (from Sharp, at least), but probably with no delivery dates.



AM stereo will be broadcast in Las Vegas in at least 3 systems, by KMJJ (Magnavox) & KORK (Harris), with Motorola broadcasting locally to Convention Center area from low-power transmitter at Hilton hotel booth themed to emphasize Delco's choice of its system (Vol. 22:50 p12). There will be smattering of sets designed for specific systems — and Sansui will show AM stereo tuner capable of receiving 4 systems in prototype automobile model, delivery quoted before June.

It will be hottest CES yet for telephones, with cordless models having edge in terms of quantity of new product to be shown. American Bell, AT&T's consumer product subsidiary which came into existence Jan. 1, will have its first exhibit, unveil new line — possibly including ingenious "home control system" — and marketing plans. GE will run live demonstrations of low-cost Personal Radio Communications System (PRCS), for which it has sought FCC approval.

And what's a CES without a real way-out product? This year it will be home robot, to be launched by several exhibitors including Androbot, headed by Nolan Bushnell, who once launched another way-out product, the videogame.

JAPANESE VIDEO EXPORTS IN NOV. NOSEDIVE: Japanese exports of video equipment to U.S. dropped across-board in Nov. for 2nd consecutive month, with biggest declines logged by complete & incomplete color TVs, according to Finance Ministry.

For VCRs, falloff wasn't as steep as 21% drop logged in Oct. (Vol. 22:49 p10). Nov. shipments to U.S. were down 4.5% to 211,500, putting 11-month total at 2.33 million, up 10.5%, and about 48,000 short of total for all of 1981.

In TV, total exports dropped 46.5% in Nov. to 64,800, as color dropped 53% to 42,800, b&w slipped 26.9% to 22,100. For 11 months, total shipments were down 9.3% to 1.28 million, with color off 6.3% to 891,800, b&w down 15.6% to 384,500. In color, Nov. exports of complete sets were down 53.6% to 29,700, for 11-month total of 605,300, down 12.4%. Chassis & kit exports sank 51.7% in month to 13,100, but were up 9.8% to 286,400 for full period.

\* \* \* \*

VHS VCR format sharply increased its share of Japanese production last year, according to figures published by Nikkei Sangyo Shimbun. It reports total output by Japanese VCR makers jumped 35.4% last year to 12.86 million, from 9.5 million of 1981. VCR production climbed 42.7% to 9.25 million from 6.48 million, while production of Beta models rose 19.5% to 3.61 million from 3.02 million. As result, VHS accounted for 71.9% of new supply in 1982, up from 68.2%, while Beta share dropped from 31.8% to 28.1%.

Atari insiders sold some of their stock in parent Warner just prior to Dec. 8 public release of news of sluggish videogame cartridge sales that sent share prices plunging (Vol. 22:50 p15). Among Atari executives involved in selloff were Pres. Raymond Kassar (5,000 shares) and Exec. Vp Dennis Groth (6,800 shares), both of whom claimed disposition was arranged well before they were aware of game market sag. Kassar reportedly attempted to cancel stock sale but couldn't. Warner said some of stock sales were uncovered as result of internal audit ordered by Chmn. Steven Ross and that SEC had been informed.

Flood of unlicensed videocassettes bearing VHS logo hitting U.S. market has prompted JVC to take trade ads cautioning dealers to avoid them because of possible quality and performance problems... Coleco took year-end ads in business publications to say that while it couldn't make enough Colecovision videogame consoles to meet demand in 1982, "we've done something about it," and to promise that anyone wanting one in 1983 "will be able to get one."

Commodore VIC-20 was best selling home computer last year, with 600,000-1,000,000 units moved, according to Time in issue honoring computer as Machine (Man) of Year. Atari ranked 2nd with 600,000, divided between Model 400 at 400,000 and 800 at 200,000. TI moved 530,000. In different class, Timex \$99 unit was placed at 600,000. Leaders in higher priced models: Apple II 270,000, IBM 200,000, Radio Shack TRS-80 III about 120,000, Osborne 55,000. Special mention went to Epson's 4-lb. hand-held with 4-line LCD display at \$795 for sale of 7,500 in first month of availability.

All-time weekly records in sales to dealers were hit by VCRs & cameras in 3rd week of Dec. (see State of the Industry). After cracking 70,000 barrier for first time in 2nd Dec. week with 73,005, VCR topped that performance following week with sales of 74,636, leaving 1982-to-date figure just 81,544 units short of 2 million, with 2 weeks' sales still to be reported. Color video cameras also chalked up 2 consecutive all-time record weeks -- 9,603 in 2nd week of Dec., 10,572 in 3rd.



**MORE GAME CUTS:** Videogame console makers will follow pre-Christmas price cuts and rebate boosts with yet another round of reductions at the start of the new year.

Leading way this time will be Odyssey and Mattel. North American Philips Consumer Electronics will lower dealer cost and suggested retail on Odyssey by about 20%, which should put street price at around \$100. Move is in preparation for introduction of new console with standard keyboard, some computer functions, different name. Mattel is slated to introduce step-up Intellivision II, so will be trimming price on existing console. New price level may have been telegraphed by Sears which is advertising own-brand unit in post-Yule flier at \$125 net -- after \$50 rebate from Mattel.

American Multiple Industries shipped "pretty close to 500,000 units," or low end of its projected range, of X-rated videogame cartridges, according to Pres. Stuart Kesten. He said adverse publicity scared off dealers, held down sales. Among slower sales areas were L.A. and Suffolk County, N.Y., where local officials attempted to keep cartridges out of stores. AMI still has legal action pending against Suffolk, is being sued by Atari. Beat 'Em & Eat 'Em and Custer's Last Stand each accounted for about 40% of sales, Bachelor Party 20%, according to Kesten who said 15-20% of total moved through video specialty outlets. Where visible, games "did very, very well," Kesten claims. As for competition, there's been "lots of talk," but no action. AMI will introduce 4 new games at WCES, plans first point-of-purchase campaign early this year.

**Game notes:** Sega, arcade game marketing affiliate of Paramount, is returning to consumer game market through formation of video & computer game development and sales subsidiary. Sega currently licenses home rights to its arcade games to others. Its last direct consumer venture was unsuccessful 1976 try at cracking into TV field with Segavision line of projection systems... Mattel has acquired exclusive home game rights to TV cartoon characters developed by Hanna-Barbera... Atari acquires home game theme rights to Peanuts comic strip... Activision runs post-Christmas 8-page color supplement in 38 newspapers to promote 3-for-2 cartridge and free T-shirt offers, space shuttle launch visit contest.

**ITA theme for Audio/Video Update-1983 seminar,** set for Hollywood, Fla., March 6-9, is Survival/Opportunities in a Changing Market. Sessions will center on pitfalls & opportunities in various segments of home video industry. Columnist Art Buchwald is scheduled keynoter, Count Basie & band are booked for banquet. Details: ITA, 10 Columbus Circle, N.Y. 10019.

**Computer notes:** Quick Brown Fox introduces \$65 word processor cartridge for Commodore computers, plans to offer similar programs for other formats... Cardoco debuts adaptor that permits programs for Atari computers to run on Commodore models. Atari, however, claims product infringes its patents, is threatening suit.

**VHD'S JAPAN LAUNCH:** Contrary to appearance of demise generated by Nov. shutdown of VHD videodisc pressing and program acquisition activities in U.S. & Europe (Vol. 22:47 p.9) and cancellation of exhibit at this week's Consumer Electronics Show, system is still alive, and indication is that introduction in Japan has been penciled in for April.

Adverse publicity generated by postponements in 1981 & 1982 has made main sponsors, developer JVC and its parent Matsushita, understandably cautious about announcing new plan. Official word last week from JVC was "we are consulting with other members of the VHD group in Japan, and discussions are still going on." But it's understood VHD forces feel time is now right. Spokesman told us system got good reception at various exhibits during Japan's Audio Fair and Electronics Show. Also, Pioneer hasn't yet achieved strong market position for optical Laser vision system.

JVC has library of about 200 titles ready to go in Japan, expected to retail in \$25-\$35 range. Players, at about \$450, will be well under \$625 Pioneer gets for basic, \$950 for programmable, LV models. It's presumed VHD Group will base decision to revive plans for U.S. & European introductions on outcome of Japan market launch.

Possibly reacting to expected VHD startup, Pioneer said it plans sharp boost in output of LV players. Now turning them out at 4,000 monthly rate, Pioneer expects increase to 7,000 monthly in Feb., 10,000 in Sept. Pioneer said it anticipates its sales from LV players and discs to approach \$85 million in year ending next Sept. 30. In fiscal 1982, Pioneer's revenue from all non-audio equipment, including TVs and CATV equipment, as well as LV, was \$148 million.

**Software notes:** Lorimar filed suit in N.Y. Supreme Court charging that CBS and CBS/Fox Video mishandled its movies released on cassette. None of parties involved would provide details. Lorimar originally licensed titles to CBS Video Enterprises, finds they are now handled by CBS/Fox. Lorimar claims its product is under control of arch studio rival, wants deal voided and damages... King of Video acquisition by IFC Entertainment is off. Firms "couldn't reconcile" differences, source told us... Video Corp. of America expects to be in black for fiscal year ending June 30, compared with loss in 1982. Major factor is improved home video market. VCA's Vidamerica Div. has licensed CED disc rights for Joan of Arc to MGM/UA Home Video... Vidmax received & shipped orders for 3,500 copies of Mysterydisc, has moved only 400 from inventory of 2,500 which arrived during peak of Christmas season when store inventories were jammed. Company plans to market 12,000 units over next several months. CEO Robert Robbins said placement has been spotty with Pioneer Video and North American Philips slow to get discs into stores.

**First generic book on home VCR service** probably is Servicing Home Videocassette Recorders by Marvin Hobbs (Hayden Book Co., Rochelle Park, N.J., 237 pp., \$11.95).



**INDUSTRY OUTLOOK:** Decline in value of goods & services provided by domestic consumer electronics industry last year left imports with dominant share of U.S. market for first time in history, according to figures in Commerce's U.S. Industrial Outlook 1983.

Agency's annual review, slated for release this week, estimates that products & services sold by domestic industry dropped 8.6% in 1982 to \$6.22 billion from \$6.8 billion in 1981, while value of product imports rose 3.3% to \$6.72 billion from \$6.5 billion. On product-only basis, imports took lead in 1981 when value of U.S.-made shipments was \$5.61 billion, up just 0.2%, and imports retained edge last year as U.S. factory shipment value fell 7% to \$5.13 billion.

Situation is expected to continue this year. Figures show Commerce is anticipating rise of about 3.5% to \$6.43 billion in total shipments, 14% in product shipments to about \$5.37 billion, in 1983, and is predicting 14.6% increase in value of imports to \$7.7 billion.

Color TV is seen providing bulk of growth for domestic industry. Though Commerce estimates that unit shipments slipped 2.9% to 10.03 million in 1982, it expects 4.7% increase to near-record 10.5 million this year. It also anticipates 35% increase in shipments of U.S.-made auto radios, due to rise in new car sales. Production worker employment, which Commerce says dropped 4.6% to 43.7 million last year, is seen rising 3.2% to 45.1 million in 1983. Overall employment, which declined 3.2% to 62.6 million in 1982, is expected to be level this year.

For imports, color TV and VCRs are seen providing about 41% of indicated 1983 value rise. Commerce predicts 15% rise to \$620 million in imports of complete color TV, 7% rise to \$690 million in color chassis & kits, 25% boost to \$1.36 billion for VCRs.

U.S. consumer electronics trade deficit rose 8.1% last year to \$5.9 billion, as exports fell 21.8% to \$820 million. For 1983, exports are expected to rise just 9.8% to \$900 million, pushing trade deficit up 15% to \$6.8 billion, and exceeding overall value of domestic industry output for first time.

Through next 5 years domestic industry can, in constant dollars, expect average 4.9% growth rate. Market strength will come from new video products & services, continued rise in demand for color TV. By 1987, Commerce says, there will be 87 million TV homes, with 36 million hooked to cable, including 28-30 million taking pay channel. Outlook copies are \$11 from U.S. Supt. of Documents, Washington 20402 (stock #003-008-00888-2).

Canada's set makers and cable operators are getting together through respective associations to work out way to tell consumers, retailers and system owners just what CATV-ready TVs can & can't do. EEMAC and CCTV have formed joint Marketing-Commercial Committee to come up with PR program. They also formed Technical Committee to work on compatibility problems, consider practicality of developing industry standards.

**NEW CRACK AT FIRST-SALE:** New Congress will be facing new aspect of old home taping controversy this year. It's likely Rep. Mazzoli (D-Ky.) will introduce bill revising first-sale doctrine to give copyright owners right to restrict rentals of recorded material. Right-to-tape thus would be separate issue, presenting House & Senate committees with possibility of 2 bills.

Split of legislation has long been considered best way to give both sides what they want, but that doesn't guarantee success. Attorney close to situation doubts congressional committees will see enough difference between first-sale and home taping to consider them individually. Nevertheless push is on, led by audio forces who might even try 3rd piece of legislation, movie studio lobbyist told us. Lineup then would include 2 first-sale bills — one for audio & video, another for audio only — plus home taping. Movie studios, led by Fox and Disney, can be expected to remount strong first-sale campaign.

Mazzoli isn't member of House Copyright Subcommittee, though he is said to be seeking one of 3 open slots there. He wasn't involved in any floor action, and his interest in issue may stem from acquaintanceship with MPAA Pres. Jack Valenti. As for Senate, there's talk that Sen. Thurmond (R-S.C.) may revive Judiciary Copyright Subcommittee, requiring more witnesses & testimony.

Battle plans of MPAA members and opposing Home Recording Rights Coalition (HRRS) and Video Software Dealers Assn. (VSDA) are fluid, pending organization of committees. Anxiety at studios has been heightened by Star Trek 2 sales at \$39.95. Disney Telecommunications Pres. James Jimirro calls Paramount experience "an aberration," worries that "people are liable to think it makes a trend," giving Congress excuse to dismiss need for change. Lower prices clearly will have impact on Fox and Disney strategy.

Taking precedence over all activity is Supreme Court consideration of Betamax case, with oral arguments scheduled for Jan. 18. Congress won't budge on legislation until decision comes down, possibly by April-May, probably by June. If District Court ruling against Sony is upheld, MPAA source holds out hope for non-legislative settlement that would set up ASCAP-like system to collect & dispense copyright fees. "I like the idea of a private agreement," he said. If it's reversed, "we can just all go home."

Average repair center has doubled in size over last 3 years, according to survey taken by NESDA among attendees at national conference last year. Median annual volume for service operation was \$100,000-200,000, or about twice median that turned up in survey taken at 1979 event. Growth comes from new business, with 82% now servicing VCRs (up from 48% in 1979), 35% fixing computers (up from 11%). New on 1982 list were videodisc players (50%), videogames (33%). Slipping in importance were autosound & CB, 35% from 60%; stereo, 65% from 81%. Though growing, industry isn't attracting new blood. During 3-year period, NESDA says, average age of conference attendee rose exactly 3 years.



## Consumer Electronics Personals

**Yong Suk Lee**, former Samsung (Korea) International Div. exec. managing dir., named pres. of Samsung America, succeeding **Yong Lee**, who returns to parent as International Div. exec. dir., responsible for worldwide sales; **Yang Son** advanced from west zone operations vp to sales & mktg. vp, succeeding **Joseph DiFiglio**, who resigned last month (Vol. 22:49 p13); **Robert Branscombe** advanced from east zone mgr. to national sales dir... **Norman Smith**, ex-Video Canada, joins Zenith Sales as rental markets sales mgr.

**Roy Brubaker**, formerly with video production firm WQED West, appointed technical services dir., RCA Videodiscs, succeeding **Al Malang**, resigned... **John McPherson** promoted to Video Communications national mktg. mgr., Sony Communications Products; **Anthony Schicchi** named northeast region mgr.; **George Sheehan** appointed for east... **James Jimirro** (Disney) & **Lawrence Hilford** (CBS/Fox) named to RIAA Video Council board... **William Nix**, MPAA vp, appointed anti-piracy program head, succeeding **James Bouras**, now in charge of all home video activity.

**Stanley Harfinist**, ex-Knickerbocker Toy, named exec. vp of new Sega Consumer Products Div. (video & computer game programs); **Brenda Mutchnick** joins as corporate communications vp... **Hans Batschelet** advanced from Studer Div. mktg. vp to Studer Revox pres., succeeding **Bruno Hochstrasser**, who returns to Swiss parent... **Andrew Greenberg** joins Webcor as Communications Div. (phone products) national sales mgr., new post... **William Rozell** resigns as pres. of Code-A-Phone marketer Ford Industries.

**Charles Dransfield** named vp-distribution dir., **Patrick Greaney** vp-planning, North American Philips... **David Savage** named pres. of Mattel Direct Mktg., which will distribute consumer electronics sourced from other companies... **James Dykes**, GE Semiconductor Div. vp-gen. mgr., adds interim duties as pres. of IC making subsidiary Intersil, succeeding **Jack Gifford**, resigned.

**Susan Roberts** rejoins Acoustic Research as communications mgr... **John Hubach** advanced at CES Publications from Consumer Electronics Monthly managing editor to editor, Video Business, succeeding **George Kopp**, now editor, Electronic Fun magazine... **Leslie Azia** appointed Mart magazine managing editor... **Joseph Palenchar** named managing editor, **Beverly Knudsen** senior editor of Fairchild's Electronics Retailing magazine.

VCR "8mm" standardization will be delayed at least until March, Japanese committee decided, to no one's surprise, after failing to reach agreement on type of tape to be used. Committee is faced with decision between metal particle and metal evaporated tape, further complicated by proposal of vertical domain tape by Toshiba (Vol. 22:49 p14). Japanese manufacturers are understood to believe necessity for new format has been made less urgent by JVC's introduction of VHS-C format and impending debut of Beta compact system.

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**R&D VENTURE CLEARED:** Justice has given tentative blessing to planned formation of multi-company U.S. venture to handle advanced IC & computer R&D. Action clears way for formal recruiting of participants in for-profit Microelectronics & Computer Technology, now in steering committee stage and headed by Control Data Pres. Robert Price.

Creation of MCT is considered U.S. private industry answer to how domestic producers can afford to match Japan's govt. supported microelectronics R&D effort. MCT is expected to have \$50-\$100 million annual budget for support of longterm projects, make results available for fee to participants. Some 15 U.S. manufacturers have pledged or indicated support for venture, including N.V. Philips subsidiary Signetics. Direct involvement of companies in project has been put on hold pending Justice's review of antitrust aspect (Vol. 22:36 p15).

Justice said go-ahead represented only initial clearance based on available information. Venture might be opposed after formation, when MCT's actual investors, projects, budgets & standards for participation are detailed.

Professional video products announced by Sony: 46" rear-projection TV with comb filter, RGB input, 105-channel tuner, wireless remote, synthesized stereo, \$4,400. High-resolution 12" monitor-receiver with over 500 lines resolution, \$795. Four-standard (PAL, SECAM, NTSC, NTSC 4.43) 12" monitor with RGB input, \$915. High-resolution 550-line 12" monitor, \$2,150. High-resolution 650-line 19" monitor, \$3,280.



WEEKLY

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JANUARY 10, 1983

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**PIERCE TO ABC PRESIDENCY:** Board meets Jan. 10 on recommendation putting Exec. Vp Pierce in line to succeed Goldenson as chmn. Rule to move to vice chmn. (P. 1)

**CABLE CHANNELS IN JOINT VENTURE:** Movie Channel & Showtime become partners; Viacom, 3 movie companies to have equal shares, American Express smaller interest. (P. 2)

**DISTANT SIGNALS FADE** as cable reacts to higher copyright rates. NCTA spot on superstition raises ruckus. (P. 2)

**NAB EXEC. COMMITTEE PULLS PLUG** on Code Boards, recommends appointment of committee to study industry self regulation. (P. 4)

**INTV PREPARING FOR ITS BIGGEST:** More than 600 preregister for Jan. 15-18 convention in L.A.; 49 programmers to screen product. Wiley, Burch to debate financial interest rule. (P. 4)

**NEW COMMERCE COMMITTEE LINEUP:** House Democrats pick 7 new members, including one to replace Gramm; Republicans choose 3. (P. 6)

**INCUMBENTS, ARRIES, DUNLAP** lead 12 nominated for NAB TV board. Schmidt, Broman vie for joint board chmn. (P. 6)

**ABC BOARD TO ELECT PIERCE PRESIDENT:** Meeting in N.Y. today, ABC board of dirs. will elevate Exec. Vp Frederick Pierce to president to succeed Elton Rule and officially put Pierce in line to succeed 77-year-old Chmn.-CEO Leonard Goldenson. Pierce has been heir-apparent for several years; "It's just been a matter of timing," according to top ABC official. Rule, who moved 15 years ago from L.A. to N.Y. as pres. of TV network, said then he planned to stay only 2-3 years, is expected to be named to new post of vice chmn. Pierce will continue to report to Rule, and post of exec. vp isn't expected to be filled.

Goldenson, Rule & Pierce all are in 2nd year of 4-year contracts; Rule is 65, Pierce 49. Pierce has been exec. vp since April 1979. In May 1981, he relinquished additional title of ABC TV pres. to John Severino, who reports to Pierce. Also reporting to him are news, owned stations, radio, scenic attractions.

### Consumer Electronics

**MAMMOTH CES** heralds enlarged industry as games & computers star. Attendance seen at 75,000. Revised 1983 forecasts. (P. 8)

**CORNING CLOSING TUBE** glass plant in Ind., consolidating production at Pa. facility. RCA seeks sale of Canadian tube plant. (P. 9)

**INTERACTIVE CED PLAYER** planned for this year by RCA, which sees total market of up to 400,000 units. Zenith drops CED from line. (P. 9)

**BETA REVIVAL:** Hi-fi sound, 3 new Beta brands, \$29.95 hit movie, camera-recorder combo at Winter CES. (P. 10)

**AT&T ENTERS CONSUMER** market with phones priced at \$170, \$350. Panasonic expands line. (P. 11)

**DAMPER ON VCR PRICE CUTTING** this year is sharp appreciation of yen last 4 months, according to Panasonic's Hametz. (P. 11)

**MINIMUM EXPORT PRICE** on Japan's VCR shipments to Europe may be imposed by MITI-led cartel as way to ease trade friction. (P. 12)

**COLECO SAYS NET JUMPED** 5-fold in 1982, cites sales of 550,000 game consoles, 8 million cartridges, predicts continued growth. (P. 12)



An accountant by training, Pierce joined ABC in 1956 when he was 23, first as an analyst in research department. He was promoted to research dir. in 1961, named vp and national sales dir. in 1964, has held numerous corporate titles since and was elected an ABC dir. in 1974.

**SHOWTIME & MOVIE CHANNEL JOINT VENTURE:** In move expected to greatly increase their access to new movies, Showtime and The Movie Channel Jan. 7 announced joint venture among American Express, MCA, Paramount Pictures, Viacom International & Warner Bros. Each cable movie service will continue to be operated separately. Each also will continue licensing programming from producers.

Joint venture group said it will license theater-released movies to all pay cable services on non-exclusive basis. Three movie companies and Viacom will have equal shares in new venture; American Express will have unspecified smaller interest. In addition, Viacom (which had been looking for Showtime partners for some time) will receive \$75 million cash payment, retain some equity in Showtime and gain equity position in The Movie Channel.

Personnel changes and other corporate realignments haven't yet been made, Viacom executive said. New venture will be operated by independent management, executive said, and both will retain main hq in N.Y. Parties reached agreement Jan. 6, Viacom said.

Improving competitive position against HBO was "absolutely" major reason for joint venture, executive said. "It was done to improve and enhance both services and our competitive position as regards HBO." Both cable movie services recently lost some bidding wars with HB for popular movies.

Possible DoJ investigation on antitrust grounds doesn't worry partners, they say. DoJ recently launched probe into joint venture by CBS, Columbia Pictures & Time Inc. to form \$400 million movie studio; separate probe was begun by DoJ into proposed partnership among MCA, Paramount Pictures and Warner Bros. in The Movie Channel. "We think that the venture is pro-competitive in the marketplace. We believe that the Justice Department won't oppose it but we will cooperate with them for any information they want," Viacom executive said.

**CABLE DROPS DISTANT SIGNALS:** Superstations and regional independents both suffered by industry decisions to drop many post-Malrite distant signals before Jan. 1, according to our survey of several MSOs and cable common carriers. Congressional stay of Copyright Royalty Tribunal's 3.75% copyright rate slowed expected rush to drop nearly all post-Malrite distant signals by end of year, when increase originally would have taken effect.

Survey also shows MSOs, reluctant to pay full 6-month accounting period prices for signal carriage through March 15 (when stay expires), had removed by Dec. 31 most of what one executive described as "marginal distant signals... that don't carry lots of sports or movies." In their place, MSOs are adding cable networks; big gainers, they say, are MTV, Cable Health Network, Weather Channel & CNN.

Meanwhile, message by NCTA Pres. Thomas Wheeler attacking CRT for rate increase aired several times late last week on WTBS Atlanta. That prompted threat from MPAA to file FCC challenge at next renewal of WTBS license. In 30-sec. spot Wheeler says: "A bureaucratic agency in Washington, D.C. has ordered drastic and inflationary increases in the fees cable systems pay for many of your favorite shows. As a result, many cable operators will be forced to drop popular program channels. Please write your senators and congressmen and ask them to give you back the channels you enjoyed before the bureaucrats stepped in."

In letter to Wheeler & Turner, MPAA said spot raises "a substantial question as to whether the facilities of WTBS... are being used to promote your personal views and business interests." Turner spokesman responded that station aired spot because it deals with question of substantial public interest. But, he said spot and resulting criticism raise fairness doctrine question, that MPAA, NAB & sports interests would therefore be offered opportunity to make reply in similar format. At press time, it wasn't known if NCTA opponents on CRT issue would reply on WTBS. NCTA produced spot at its expense; WBTS absorbed all costs associated with airing it.



"The use of WTBS... to further personal interests violates firmly established Commission policy," said MPAA attorney Arthur Scheiner. "And to do so in a misleading and erroneous pitch repeatedly throughout the day is repugnant to minimum standards of fairness."

WTBS lost about 250,000 viewers when cable systems dropped distant signals in Dec., spokesman said, mainly in several smaller systems unwilling to pay 6 month copyright bill for 2-1/2 month's carriage. But, WTBS executive said Cox Cable's earlier decision to drop superstation before end of year in San Diego has been postponed. "We're seeing a mixed bag of directions that companies are taking," WTBS executive explained.

United Video and Eastern Microwave claim looming copyright increase and denial of prorated liability have had little impact on business. However, MSOs indicated WGN-TV Chicago & WOR-TV N.Y. have been dropped by many systems.

About one in 4 Warner Amex Cable subscribers lost at least one distant signal by Dec. 31. Executive said by year's end, WA had dropped signals from 9 systems serving about 250,000 subscribers. He said similar changes in carriage are pending at 4 more of WA's approximately 60 Form 3 systems affected by CRT decision. "It's a market-by-market decision," WA executive explained. Signals dropped are "about 50-50" between superstations & regionals, executive said.

ATC dropped distant signals at 17 systems, according to executive who said he couldn't relate that to number of subscribers. Like other MSOs, ATC took market-by-market approach, keeping most popular station in each market. Many dropped were regional independents, but in some systems subscribers seemed to like regionals more than superstations.

Group W Cable is following subscriber preference in deciding which signals to retain. "In areas where popularity is overwhelming or it is financially feasible, we are considering keeping some [distant signals]," said spokesman who declined to give specifics. "In terms of what will be dropped, this is being done on a system-by-system basis."

Cox Cable dropped distant signals in all 16 of its Form 3 systems. Spokesman said some 600,000 subscribers lost at least one station. "Regional distant signals are most heavily affected," but WGN-TV, WOR-TV & WTBS Atlanta each have been dropped in 4 Cox systems, spokesman said.

Democratic National Committee has asked U.S. Appeals Court, D.C., to overturn FCC ruling that CBS didn't violate fairness doctrine by refusing to provide Democrats with free response — at time DNC wanted -- to Oct. 13 speech by President Reagan. CBS had offered response time next night after local news; ABC didn't air speech; NBC put on Democratic spokesman following President (Vol. 22:44 p3). In other FCC decisions appealed before same Court: (1) West Mich. Bestg. seeks reversal of 4-3 grant of new FM in Hart, Mich. to Waters Bestg., owned by black woman who lives outside Hart; West Mich. is 15% black-owned. (2) Anthony Martin-Trigona asked Court to overturn dismissal of his complaint against license renewals of Capital Cities' WTNH-TV New Haven and WPRO(AM-FM) Providence. (3) ACT asked Court to order FCC to issue final order in rulemaking on children's TV.

First on-air test of ABC Video Enterprises' Home View Network was conducted at WABC-TV N.Y. in week between Christmas & New Year's. About 50 homes in Manhattan, Long Island & N.J. were equipped to decode scrambled signal, transmitted after end of late-night movie and before start of early-morning local news. AVE said signal generated lot of phone calls from puzzled viewers, some of whom wanted to know how to subscribe. Three-hour trial, judged success, may be repeated elsewhere. However, AVE claims it hasn't chosen site for rollout.

FCC won its appeal to Administration for 1983 & 1984 budget increases, gaining what Chmn. Fowler terms enough funds to keep agency at status quo operating level — \$3.2 million extra in 1983, \$5.2 million for 1984. Commission got additional funds after appealing to OMB, then to Budget Review Board, then to White House, finally back to OMB where, at White House's suggestion, Fowler met with top program directors. Additional 1984 funds bring FCC budget up to about \$85 million, which Fowler says is needed to avoid furloughs; more 1983 funds cover cost of newly authorized pay raises. Despite victory, FCC employees have been cautioned that new funds don't mean agency is flush with money. Rising work load as result of new duties, such as implementing Computer 2 decision, will require some cutbacks, better efficiency, Commission said.

Telecommunications Equipment Mfrs. Working Group has been set up to help Washington representatives keep abreast of developments affecting equipment industry. Spearheaded by Rolm, group's purpose is to educate and share information and it won't be lobbying organization, said Rolm representative Linda Johnson. First meeting: Noon-4 p.m. Jan. 14, Capitol Hill Club, featuring attorney Philip Verveer, ex-FCC Common Carrier Bureau chief who will discuss FCC issues. Discussion of international trade issues and legislation also is tentatively planned. Details: Johnson, 202-543-4898.



**NAB PULLS PLUG ON CODE BOARDS:** Throwing in the towel, at least for now, NAB Exec. Committee recommended that Radio & TV Code Boards officially be dissolved. Action follows Nov. settlement of Justice Dept. antitrust suit against TV Code and cancels single remaining Code activity -- commercial content.

For all intents & purposes, Code enforcement died last March when Court ruled against NAB in first phase of DoJ suit. "Each licensee continues to remain the sole judge of broadcast policies it should follow in the public interest," NAB Pres. Edward Fritts said at news conference following Exec. Committee meeting in Washington Jan. 5.

Committee also recommended that full NAB board appoint special study committee to review future of industry self regulation. "The confusion caused by the Department of Justice's lawsuit requires that we take time to assess the matter and review possible ways in which industry regulation may be able to serve the public interest in the future," Fritts said.

He said full board will decide size & composition of panel, whose members he and NAB Chmn. William Stakelin will appoint. Study committee will consider options ranging from recommending no action to suggesting that NAB seek antitrust exemption from Congress so self regulation effort can be revived. Seeking such exemption is "an option that will be a real area of interest to the committee," official said. Parent NAB board is expected to approve recommendation at Jan. 17-21 meetings in Puerto Vallarta, Mexico. Panel's report is expected by June board meeting.

Fritts said Code Board's study panel could be appointed within 10 days after full board gives okay. He said panel's focus will be on "what's do-able in terms of industry self regulation." Official said Exec. Committee suggested panel study because "rank and file broadcasters relate the Justice Department's action to something un-American."

Only "isolated incidents" of broadcasters deviating from Code have occurred since March when activities were suspended, official said. One involved airing ads promoting MASH vodka, others were multiple announcements, official said. Sole remaining Code official is NAB senior Vp Jerome Lansner, who is expected to remain on job in some capacity.

Cuban AM radio interference also was on Exec. Committee's agenda. Approved was options paper prepared by Assn.'s Cuban Interference Task Force recommending methods of negotiating with Cubans and regulatory changes which could aid broadcasters in lessening effects of Cuban interference. Task Force Chmn. Cullie Tarleton, Jefferson Pilot Bestg., in paper restates NAB position on problem: "The only long-term solution... is a negotiated agreement on standards of broadcasting."

Reporters & editors faced with legal problems now have 24-hour "hotline" in Washington to seek free advice. Established by Reporters Committee for Freedom of the Press, number is 202-891-6312.

**INTV PREPARING FOR ITS BIGGEST:** With more than 600 preregistered and 49 programmers reserving suites to screen their product, INTV is assured of its largest convention ever Jan. 15-18 at Century Plaza Hotel, L.A. "And we'll pick up a lot more at the door," INTV's Sandy Cunningham predicted. In fact, because of rapid growth last few years, 1983 site was shifted from Houston to larger facilities at Century Plaza.

After decade of rebuffing syndicators, INTV officially included them for first time at 1982 Washington convention (which attracted 450 registrants) — move that NATPE (major showcase for programmers which meets 2 months later) isn't too happy about. "They've become a mid-sized NATPE," syndicator said of INTV, "and having 2 major shows so close together really taxes our resources and budgets."

Nor will INTV lack for issues, such as FCC proposal to repeal ban against TV networks having financial interests in off-network programming and from engaging in domestic syndication. Issue will be debated by 2 former FCC chairmen: Dean Burch for Committee for Prudent Deregulation, which wants to retain ban, and Richard Wiley on behalf of CBS, which, of course, wants rules repealed. Burch & Wiley will be followed by comments of several programmers. (Comments are due at FCC in hotly contested rulemaking Jan. 26.)

Panel on "The Cable Copyright Crisis" will include most of the players: Fritz Attaway of MPAA, NCTA's James Mooney, NAB's Carol Randles, and David Polinger, WPIX N.Y. and chmn. of NAB Copyright Committee. Panel on STV and independent stations includes Burt Harris, pres. of Harriscope; Michael Kievman, Cox Communications exec. vp for TV (Cox has just ended STV operation in St. Louis because of dearth of subscribers); Lionel Schaen, pres. of SelecTV. Other panels are planned on investing in stations, future of network programming (with no network executive participating), ratings, research & sales.

Luncheon speakers are FCC Comr. Sharp and Metromedia Pres. John Kluge. Laurence Harris, chief of FCC Mass Media Bureau, speaks at opening session.

**Antitrust Div. of Justice Dept. is probing** proposed joint venture by CBS, Columbia Pictures and Time Inc. to form new movie studio. In separate action, DoJ attorneys in special regulated industries section are looking into proposed partnership among MCA, Paramount and Warner Bros. in The Movie Channel for cable. Spokesmen for companies couldn't be reached for comment but in newspaper interview Roger Fransecky, HBO vp-corp. relations, said: "We'll fully cooperate [with DoJ probe] and we see no reason for alarm or concern." DoJ spokesman said such investigations are routine when major corporations merge for new ventures.

**NRBA claims addition of 475 members in 1982, raising total to 1,996.** "Obviously, a great many radio broadcasters are convinced that, in times like these, they need NRBA more than ever," said Jack Christian, membership vp.



Expected order issued by N.Y. Federal Judge Lee Gagliardi last week requires ASCAP & BMI to sell one-year interim blanket music licenses to TV stations at 1980 rate, pending outcome of appeal of Gagliardi's Aug. ruling that such licenses are antitrust violation. Order, which has Feb. 1 effective date, specifies stations may seek license fee reduction if appeal process drags on for more than year. Spokesman for All-Industry TV Station Music License Committee estimated that ruling could cut industry payments by \$30 million this year. Said BMI Pres. Edward Cramer: "On at least 2 counts, I'm quite pleased... First and foremost, it's a far cry from the total cessation of all payments as requested [by TV stations]. Secondly, I'm relieved that the initial phase of the suit is finally closed and that the appeal process can now begin."

"Short-term liquidity" is major problem for public TV flagship WNET N.Y., Pres. John Jay Iselin told news conference called to review station's widely publicized financial plight and its prospects. Liquidity has "improved dramatically" over last few months, said Senior Vp Charles Warren, chief administrative officer. Although station's year-end deficit totaled \$6.5 million, he said it had no long-term debt, and he outlined "new course for these challenging times": (1) "Cut expenses very severely" to develop surplus. (2) Eliminate \$4 million line of credit with Morgan Bank to save interest payments (which aren't tax-deductible because WNET is non-profit). (3) Examine longterm projects to minimize risk.

Full-time employment of professionals at broadcast stations (with 5 or more employees) increased 4,995 (up 3.2%) in 1982 to 131,589. Of total, 34,093 (25.9%) were women, 16,727 (12.7%) minorities. In 1981, there were 127,177 fulltime professional employees, 31,647 women (24.9%), 16,156 minorities (12.7%). Annual reports from stations may be inspected in Room 6120, FCC Mass Media Bureau EEO Branch, and Room 252, Office of Public Affairs Consumer Assistance Office, or purchased from Downtown Copy Center, 202-452-1422.

Gannett is selling WLKY-TV Louisville and WPTA Ft. Wayne to Pulitzer Publishing, price not announced. McCormick Communications is selling WLKW-AM-FM Providence for \$4.9 million to JAG Communications, new company headed by radio personality John Gambling and N.Y. attorney Morton Hamburg. Meredith Corp. is selling KCMO(AM)-KCEZ(FM) Kansas City to Fairbanks Bestg. Fairbanks owns stations in Fla., Ind., Mass. & Tex.

Keyfax teletext service, sponsored by Keycom Electronic Publishing, is being carried by ABC affiliate KTNV-TV Las Vegas during Winter Consumer Electronics Show there. GE, Magnavox and Zenith are demonstrating service at convention booths. Keyfax is transmitted nationwide on subcarrier of WTBS Atlanta and is currently carried by some 77 cable systems.

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**HOUSE COMMERCE LINEUP:** As Congress got organized for 98th session, House Democratic leadership selected 7 new members for Commerce Committee, 5 of them freshmen, while Republicans picked 2 veterans, one newcomer. As expected, action indicates net gain of 3 Democratic seats on Committee: 4 Democrats left Committee but 7 more were added. Republicans had net loss of 2 seats since 3 Republicans were added but 5 left. Subcommittee memberships will be decided later in month when Committee gets underway.

Among Democratic vacancies was one created by sudden departure of Rep. Gramm (D-Tex.), who resigned last week to run as Republican in special election Feb. 12. Leadership named freshman John Bryant (Tex.), 35, to replace him. Bryant, Dallas attorney, is former state representative.

Other new freshmen Democrats: (1) Jim Bates (Cal.), 41, former San Diego County supervisor. (2) Bill Richardson (N.M.), 35, Sante Fe consultant. (3) James Slattery (Kan.), 34, Topeka attorney and real estate broker who once served as state representative. (4) Gerry Sikorski (Minn.), 34, former state representative from Stillwater. Veterans named to Committee: (1) Dennis Eckart (O.), 32, 2nd-term member from Cleveland suburb of Euclid who is former state representative. (2) Wayne Dowdy (Miss.), 39, former McComb mayor who won special election in July 1981 to replace ex-Rep. Hinson (R-Miss.).

New Republicans: (1) Jack Fields (Tex.), 30, 2nd-term member from Humble, near Houston. (2) Michael Oxley (O.), 38, former state representative from Findlay who joined House in special election June 1981. (3) Freshman Howard Nielson (Utah) of Provo. He was statistics professor at Brigham Young U., before that Utah House speaker. As expected, Rep. Broyhill (R-N.C.) continues as Committee's ranking minority member.

Meanwhile, several communications measures were among usual first-day flurry of bill introductions. Rep. Biaggi (D-N.Y.) reintroduced bill (HR-84) to move national election day to Sun. with all polling places opening & closing at same time. Change is response to problem of early TV election projections reducing turnout of western voters. Rep. Annunzio (D-Ill.) introduced H.Res. 2, similar to earlier resolutions he authored, decrying "films and broadcasts which defame, stereotype, ridicule, demean or degrade ethnic, racial and religious groups." Among comments by Senate Majority Leader Baker (R-Tenn.) during opening day of Congress: Pledge to reintroduce resolution permitting electronic coverage of Senate floor proceedings.

**New TV station starters:** (1) KSHO (Ch. 26) Honolulu, owned by Pres. Saul Levine (80%), Vp F.E. Wilson (20%). Levine & Wilson have interest in KKGO(FM) L.A. (2) WFSL-TV (Ch. 47) Lansing; Chmn.-Pres. Joel Ferguson (48.5%), Vp Sol Steadman (48.5%), professional basketball players Earvin (Magic) Johnson and Gregory Kelser (each 1%). New stations bring U.S. operating total to 1,108 — 815 commercial, 293 non-commercial.

**NAB POLITICKING UNDERWAY:** Nominating process for NAB radio & TV board elections has been completed and those who will be on ballots are being asked if they want to run. In related matter, activity is heavy among candidates for board hierarchy to be elected at June board meetings.

There will be 12 candidates (including incumbents Jerry Holley, Stauffer Communications, and William Dunaway, WTHR-TV Indianapolis) for 6 TV board seats. Top 12 nominees — with vote total in parentheses: Leslie Arries (141), WIVB-TV Buffalo; Wallace Dunlap (120), Group W; Holley (108); Dunaway (108); Wallace Jorgenson (107), Jefferson Pilot Bestg.; Peter Kizer (80), Detroit Evening News Assn.

Also, Kenneth Hatch (77), Bonneville International; Michael McCormick (73), WTMJ-TV Milwaukee; Evans Nord (71), KELO-TV Sioux Falls; Michael McKinnon (55), KIII Corpus Christi; Robert Wiegand (55), WPEC W. Palm Beach; Jack Matranga (54), KTXL Sacramento. Ballots will be mailed Feb. 11, must be returned by March 7. Not all of nominees had been reached by NAB at presstime.

Meanwhile, current TV Chmn. Gert Schmidt, Harte Hanks, and ex-TV Chmn. Kathryn Broman, Springfield TV, are vying for joint board chairmanship to succeed William Stakelin, Bluegrass Bestg. Currently unopposed are TV Vice Chmn. Holley, who wants to move up to chmn., and William Turner, Forward Communications, to succeed Holley.

On radio side, Martin Beck, Beck-Ross Communications, is expected to seek reelection as chmn., hasn't drawn an announced opponent. Probable candidates for vice chmn. are ex-Radio Chmn. Walter May, WPKE(AM)-WDHR(FM) Pikeville, Ky., Dick Osburn, Osburn & Reynolds Stations, and Cliff Gill, KWVE(FM) Marina Del Rey, Cal. Current Vice Chmn. Robert Pricer, WCLT(AM) Newark, O., isn't eligible for reelection to radio board.

**Two French TV officials** were dismissed over flap involving missing crane that delayed for day President Mitterrand's live TV interview, scheduled for New Year's Day. Victims of snafu were Pres. Maurice Remy and Dir. General Jean Guillermin of TV de France, agency responsible for technical operation of French TV. Mitterrand's interview was to be televised from his country home in Latche with help of 140-ft. mobile crane to support transmission dish to send signal to nearby TV relay station. Missing crane was finally located at opposite end of France where it was used for trimming trees.

Among speakers at Feb. 15-16 TV-media workshop sponsored by ANA, Plaza Hotel, N.Y.: CBS TV Network Pres. Tony Malara, NBC News co-anchor Tom Brokaw, WCVB-TV Boston Vp-Gen. Mgr. James Coppersmith, 60 Min. commentator Andy Rooney. For information: Ronnie O'Brien, ANA, 155 E. 44th St., N.Y. 10017.

FCC 1983 phone directory is available (\$1 if picked up, \$1.70 prepaid by mail) from Downtown Copy Center, 1114 21st St. NW, Washington 20037.



## Personals

Senate Majority Leader Howard Baker (R-Tenn.) addresses TV lunch April 11 at NAB convention in Las Vegas, FCC Chmn. Mark Fowler closing joint lunch April 13... Susan Alvarado, asst. to Vice President Bush for legislative affairs, joins NAB Govt. Relations Dept. Feb. 1 as dir.-congressional relations.

Mary Lou Jennerjahn, former CBS Best. Group program practices vp, named CBS TV Network vp and asst. to Pres. Tony Malara... John Lack resigns as exec. vp-Warner Amex Satellite Entertainment.

Gert Schmidt promoted to senior vp, Bestg. & Entertainment Div., Harte-Hanks, new post... Bruce Fein took over Jan. 3 as FCC gen. counsel, moving from Justice Dept. where he was assoc. deputy attorney gen. He's author of numerous legal articles, had been at DoJ since 1973 and at one time served as senior trial attorney in appellate section of Antitrust Div.; Laurence Harris, FCC Mass Media Bureau chief, addresses Colo. Bestrs. Assn. Jan. 13 in Denver... Consultant Richard Grefe named dir.-planning & analysis, CPB, replacing John Dimling, who now heads Electronic Media Rating Council.

Burt Reinhardt advanced to pres., Cable News Network; Robert Vito joins as Detroit bureau chief... Deputy White House Press Secy. Larry Speakes will address Jan. 26 luncheon of National Assn. of Govt. Communicators, Flagship Restaurant, Washington.

Tony Washington, ex-Top Market TV, named WJLA-TV Washington mktg. dir., will head new marketing service division... Tina Moor joins WDIV Detroit as project coordinator... James Bell advanced to Mutual Bestg. System personnel vp... Charles Melniker promoted to business affairs dir., Entertainment Channel... Lynne Dowling, ex-Trident TV Assoc., named mktg. dir., D.L. Taffner/Ltd... Charles Hitchins advanced to vp-mgr. of Blair TV's Chicago sales office.

Charles Cowdrey advanced at WDCA-TV Washington to gen. sales mgr., succeeding Frank DeTillio, now station mgr., WFLA-TV Tampa... Ira Goldstein named gen. counsel, Metromedia Inc.; Mark Monsky, ex-WNEW-TV N.Y., named pres., Metromedia TV News... Ron Loewen promoted to vp-station mgr., KAKE-TV Wichita.

Jeffrey Krauss promoted at M/A-Com Development Corp. to vp-dir. of corporate affairs... Michael Long named mgr., international engineering, Zenith CATV/STV/videotex operations.

Linda Cinciotta, ex-pres. of FCBA and partner in Washington law firm Arent, Fox, Kintner, Plotkin & Kahn, will join Justice Dept. Feb. 1 as dir.-Office of Attorney Personnel Management... William Nix, MPAA vp, named to head Assn.'s worldwide anti-piracy program, succeeding James Bouras, MPAA vp-secy... Scott Hayner, ex-KNDU Yakima, named national sales mgr., KOMO-TV Seattle... Heather Farnsworth promoted to gen. sales mgr., KBHK-TV San Francisco... Richard Plotkin promoted to gen. mgr., WSNS-TV Chicago, succeeding Edward Morris, who has formed own company.

WEEKLY

## Television Digest

with  
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Connie Malick promoted at Nielsen TV Index to central territory regional mgr.; Harold Fleig advanced to mktg. services dir., Media Research Group... William Fagan promoted to exec. vp, Petry TV; Edward Aiken to vp; Harry Stecker to mktg. dir... Thomas McCoy, ex-Golden West Bestg., named senior vp, NRBA... Raymond Avedian joins RAB as vp & mgr., national sales-Detroit, succeeding Eldon Hazard, who retires... Patrick Irvin, ex-Continental Cablevision, joins Butterfield Communications Group as senior consultant.

Thom Mount promoted to pres.-worldwide motion picture production, MCA's new Theatrical Motion Picture Group... Edward Rutter named pres., Cooper Assoc. cable consultancy, recently acquired by John Russell Assoc... John Gibbons promoted to mgr.-employee & labor relations, Group W Satellite Communications... Mortimer Murphy, ex-ITT, appointed mgr.-transportation & distribution, Times Fiber Communications.

## Obituary

Eugene Rietzke, 85, died Jan. 3 at George Washington U. Hospital, Washington. While still in Navy, he founded Capital Radio Engineering Institute in 1927 and has trained hundreds of telecommunications engineers. CREI was first educational institution designed to provide advanced electronics engineering courses through home study. He received distinguished service award of IEEE, Popov Medal from Russia. Wife, 2 sons, daughter survive.

# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Dec. 24 (51st week of 1982):

	DEC. 18-24	1981 WEEK	% CHANGE	DEC. 11-17	1982 TO DATE	1981 TO DATE	% CHANGE
TOTAL TV#.....	317,393	243,524	+30.3	356,730	16,765,070	16,403,003	+ 2.2
COLOR#.....	192,450	165,663	+16.2	237,347	11,150,879*	10,975,095	+ 1.6
MONOCHROME....	124,943	77,861	+60.5	119,383	5,614,191	5,427,908	+ 3.4
PROJECTION TV...	3,131	n.a.	--	3,380	115,002	n.a.	--
HOME VCR.....	64,700*	30,166	+114.5	74,636**	1,983,156##	1,328,075	+49.3
COLOR CAMERAS...	10,055*	6,941	+44.9	10,572**	290,304##	184,577	+57.3

Color TV 5-week moving average: 1982--241,987\*; 1981--224,947 (up 7.6%).

Home VCR 5-week moving average: 1982--67,821\*; 1981--39,992 (up 69.6%).

# Excludes projection TV. \* Record for period. \*\* Record for any week. ## Record for any full year.

**MAMMOTH CES HERALDS ENLARGED INDUSTRY:** They crushed & crowded & jammed into Las Vegas Convention Center, a sea of human flesh, at opening of 1983 Winter CES Jan. 6. Three hours after 10 a.m. opening, show officials raised attendance estimate for 4-day event from original 70,000 to 75,000.

Videogames & computers undoubtedly were principally responsible for swelling attendance, and by halfway point at show, it still was uncertain how much interest in these growing categories rubbed off on industry's more traditional products. By 1 p.m. first day, attendance was officially estimated at 65,795, including 55,693 preregistrations, 10,103 at show, adjusted to eliminate duplication.

It was biggest consumer electronics media event yet, with press enrollment expected to push 1,500 by end of show. Everybody who was anybody was there, including Rona Barrett. "This is an industry which fights recession because it sells products people want to use, with good values," enthused EIA Senior Vp Jack Wayman at opening seminar.

Consumer electronics is now \$20 billion industry at retail level, including computers, games & telephones, said RCA Vp William Boss, EIA CEG vp, registering 30% growth even in last year's sluggish economy. He gave these CEG "consensus" estimates of 1983 sales to dealers: Videogame consoles, 7.2 million (up from 6.7 million last year); game cartridges, 70 million (from 60 million); telephones, leased & sold, "which this week became a consumer product," 26.8 million (from 25.2) million; home computer hardware & software, retail value of \$1.3 billion.

Industry's traditional products: Color TV, 11.5 million in 1983 (from 11.4); b&w TV, 5.5 million (5.7); VCR, 2.5 million (2); color cameras, 400,000 (300,000); videodisc players, 300,000 (225,000); projection TV, 145,000 (115,000); blank videocassettes, 35 million (28); recorded cassettes, 7 million (6); videodiscs, "possibly 9-10 million" (5 million).

Boss saw audio product sales remaining substantially unchanged — compact & component systems 2.8 million (2.7), separate components \$1.1 billion (\$1.15), portable tape equipment 20 million (20.1), blank cassettes 200 million (190), total radios 46.3 million (42.3), autosound equipment \$1.4 billion (\$1.3).

At show itself, obvious highlight was wild proliferation of videogames, and heavy plunge by cartridge makers into wide variety of compute formats. If there was any doubt computers have emerged as mass-market consumer product, it was dispelled by crowds at exhibits, and from new



products ranging from \$3,000-plus instruments & peripherals to new TI 4.2K computer with full keyboard at under \$100.

You'll find reports on show elsewhere in this issue, and we'll bring you more details next week.

**CORNING CLOSING TUBE GLASS PLANT:** Though final decision won't be made until next month, Corning is all but set to shut down color TV glass bulb manufacturing plant in Bluffton, Ind. as part of overall restructuring that will result in several plant closings, generate \$45 million after-tax loss to be charged against 1982 earnings.

Dropping of Bluffton will leave Corning with only one tube glass plant, in State College, Pa. Both are about equal in size and each currently employs about 450. Neither has been operating at capacity, and, we were told, planned efficiency improvements at State College facility will enable it to meet all Corning customer requirements. Corning blamed direct & indirect imports, over-capacity, for consolidation move. It said combined imports of color TVs and picture tubes accounted for 27% of market last year, and indications are import share will rise as imports of complete sets increase and Japanese send in more specialty-type tubes.

Pending shutdown is latest milestone in color tube industry history of attrition that started in 1970 when Motorola and National Video dropped tube production. That was soon followed by RCA's closing of one of its 3 U.S. tube plants, halt to output by Admiral, Philco-Ford and Westinghouse, total shutdown of Canadian industry, GTE's sale of Sylvania color tube plant to North American Philips. On glass front, Owens-Illinois shut Muncie, Ind. facility in 1972 — it still has plants in Columbus, O. & Pittston, Pa. — and Corning closed Albion, Mich. unit in 1975. Only significant additions over last several decades were RCA's opening of Circleville, O. glass plant in 1971, and Sony's 1973 addition of Trinitron tube production at San Diego color TV factory. Surviving in North American industry are 2 O-I and single Corning glass plants, Pittsburgh Plate Glass facility that makes face plates for replacement market, tube plants of GE, NAP, RCA (2) and Zenith.

RCA's Midland, Ont. tube plant, last such facility in Canada, closed Dec. 31. Just before, however, RCA Canada informed workers that several companies had expressed interest in buying and reopening it. As result, RCA said, it will continue maintenance at plant at least to end of March.

But RCA is obviously negotiating sale with mixed feelings. While it certainly would want to help its former workers get jobs back, it just as certainly has no desire to see major competitor for its OEM tube business open up north. Only companies likely to be interested in plant would be Japanese, with Matsushita and Toshiba considered among best bets. Tube plant in Canada, with its million unit annual capacity, would let them feed own plants in U.S. (Matsushita also has one in Canada) & U.K., serve as politically acceptable base for export sales to other Japanese-owned plants in U.S. & U.K. In both countries, Japanese provide virtually all non-captive OEM business for tube makers.

**RCA PLANS INTERACTIVE CED PLAYER THIS YEAR:** RCA will add random-access interactive videodisc player to top of its CED line in 2nd half, Consumer Electronics Vp-Gen. Mgr. Joseph Donahue announced in Las Vegas last week. Company officials, at press dinner on opening day of CES, exuded more confidence than at any time in past year, were emboldened enough to make first player sales forecasts since going off deep end a year ago. But despite appearance of system's bright prospects, CED camp lost major member, at least temporarily, when Zenith said it won't have player in 1984-model line.

Interactive player, forecast in these pages last week, will let user "search out & locate special segments of video information contained in our 2-hour discs," said Donahue, pointedly noting that it "will be able to duplicate all the visual challenges of the new [Laservision] Mystery Disc from Vidmax, if that were available as a CED disc."

Consumers bought more than 130,000 RCA brand disc players in 1982, Donahue estimated — more than double 65,000 of 1981 — and he forecast industry sales of all videodisc players will

exceed 300,000 units "and could easily reach 400,000... if the economy becomes more favorable by mid-1983," up from 240,000 last year, in estimates somewhat higher than those made by EIA at CES. At CED exhibit on show floor, big digital display showed number of CED discs produced up to the minute (including those made by CBS), reading about 8,285,000 opening day of show, and advancing -- by our count -- at 70 per min., better than one per sec.

Videodisc sales in 1982 were up 130% from 1981, Donahue said, noting that dealers have opportunity to sell consumer "a system that amounts to a \$1,000 retail sale in the first year of ownership," including average of 20-30 discs.

Industrywide video sales will continue rise in 1983, RCA Sales Corp. Pres. Arnold Valencia predicted, paced by 35% rise in VCRs to 2.7 million units from 2 million last year. He put 1983 sales of color sets at 11.6 million, rise from 11.4 million in 1982, with consoles increasing share. Some 38% of total will have remote control, including 60% of consoles and 32% of portables and table models. He saw projection TV sales rebounding to 150,000 from last year's 115,000, color video cameras rising to 400,000 from 300,000.

As for Zenith's pulling out of market, spokesman said company has "substantially sold out inventory" of player it has been sourcing from RCA, and "has no plans for the introduction of new product." Zenith, he said, "believes videodisc is a growing market due to the increased availability of software," but noted it also has become primarily a software business, field Zenith isn't in. He noted that player prices have come down substantially since introduction in March 1981.

Last year, Zenith announced it would stop buying players from RCA, and opened negotiations with potential Japanese suppliers. Company, it's understood, reached tentative agreement with Toshiba, but never placed order. Last fall, Zenith started liquidating player inventory. Its units were commonly available at \$180-\$200, and were seen at as low as \$99 when offered in package requiring purchasers to agree to buy minimum number of discs.

**BETA REVIVAL—NEW SOUND, HARDWARE, SOFTWARE, BRANDS:** Multi-faceted effort by Beta group to get back in VCR ballgame kicked off CES with formal announcement of Beta Hi-Fi format (Vol. 22:24 p9) along with 68 stereo software titles, 2 new hardware configurations and 3 new Beta brands scheduled to appear on U.S. market within the year.

New brands, all to debut here in Beta Hi-Fi, are Pioneer (which became Beta licensee in Japan last year), Sony subsidiary Aiwa and prestigious audio manufacturer Nakamichi. Last was showing super-deluxe VCR in private suite during CES. Aiwa, which manufactures VCRs in Japan for Sony, will introduce model under own name here this fall, we were told by U.S. Pres. Shigeru Inagaki. Pioneer is still undecided on introduction date and whether unit will be handled by Pioneer Video or through its audio operation.

Beta Hi-Fi demonstration was sponsored jointly by the 11 Beta group members (Aiwa, Marantz, Nakamichi, NEC, Pioneer, Sanyo, Sears, Sony, Teknika, Toshiba, Zenith). Sound was described as better than best audiophile LP or best audio tape, and "just below digital." System adds 2 discrete frequency modulated stereo channels between luminance & chrominance channels on helical track, keeping traditional longitudinal audio track to preserve compatibility with existing machines. Incidental byproduct of system is that it can provide special effects such as half-speed or double-speed playback without altering intelligibility or pitch of sound.

All Beta group members exhibiting in Las Vegas showed own versions of Beta Hi-Fi promising delivery around midyear. No prices have been set, but it was indicated that new system won't add substantially to tag of high-end unit. No changes are made in heads — same revolving heads record and play back audio signal along with video. All modifications are in circuits.

Zenith, however, said it isn't certain to have Beta Hi-Fi VCR model in new line it will introduce in May. Spokesman said Zenith didn't actively participate in Beta Hi-Fi demonstration at WCES, and didn't have unit at hospitality suit it ran in Las Vegas hotel during show. "We have not yet finalized our 1983 VCR product plans," he said.



Compatible Beta Hi-Fi programs will start appearing in spring, under labels of Embassy, Thorn-EMI, MGM/UA, Disney, Paramount, Pacific Arts, Warner, Wizard, Vestron, IUD, Sony Video 45 and Sony Video LP. Initially, all duplication will be done by Sony at Dothan plant until duplicators can be supplied with new slave units, which Sony said would start within 6 months.

Paramount created major stir by announcing that Beta Hi-Fi version of hit *An Officer & a Gentleman* would be priced at \$29.95 (\$39.95 in VHS), \$5-\$6 under LV disc version and only \$2 more than CED. It's not known to what extent, if any, Sony is subsidizing project.

In another prong of Beta effort, Sony, Sanyo, Toshiba & NEC all displayed mockups of Beta Movie, one-piece record-only combination camera-VCR, which records up to 3 hours on standard Beta cassette. It weighs only 5.5 lb., resembles 8mm camera in configuration, has standard pickup tube, through-lens viewfinder. Deliveries are promised by year's end; models shown by all companies at CES appeared to be identical except for trademarks.

In addition to Beta Movie, Sanyo showed another Beta group project — tiny compact standard-cassette recorder with matching tuner-timer designed to compete with VHS-C format. Other companies are expected to offer similar unit, which they have shown in Japan.

**AT&T CONSUMER LAUNCH:** Independent phone marketers who had been concerned with impact AT&T would make with first introductions by American Bell Consumer Products emitted collective sigh of relief at WCES when company unveiled pair of ultra-high priced phones.

At top is \$350 Genesis Telesystem, which boasts membrane keypad, alpha-numeric display, all standard bells-&-whistles, accepts program cartridges (\$30-\$50 each) which increase functions. Add-on combines speaker, alphabet keyboard and 75-name audiodialer, will sell for \$270. Other entry, Touch-a-matic 1600, has 12-number memory, redial, LED display to show number called, elapsed time, or time and date, lists at \$150. Model 1600 is due in March, Genesis in May.

ABCP said products will be in thousands of retail outlets by end of 1983, announced deal with Target discount chain which has 200 stores, more are being negotiated. ABCP wants to set up Bell PhoneCenters or scaled down Bell PhoneBooths in retail outlets, doesn't have plans to let corner drugstore sell just a few phones. ABCP estimates industry will sell 26 million phones at 17,000 retail outlets in 1983.

Panasonic unveiled pair of high-end combination phones with speaker, answerer, 10-number dialer, at \$200 & \$260, latter with remote. New speaker phone with one-button redial is \$130, step-up with 16-number autodial is \$140; wireless with phone-to-base intercom is \$230; dialers with speaker-monitor are \$120 for 32-number, \$140 for 60-number.

Sony set March for start of optical Compact Disc (CD) player & record sales in U.S. Rollout will be gradual, with about 50 of its 1,000 hi-fi dealers getting players at first, another 100 outlets added in June. Sony also will be selling discs, sourced from Japanese affiliate CBS/Sony (Vol. 22:50 p14). Sony indicated players would be priced at about \$1,000, with discs going for \$15-\$17. Among others expected to introduce players at about same time are Hitachi, Denon, Magnavox, Sharp & Toshiba.

**VCR PRICE CUT DOUBTS:** VCR price cut predictions made at end of 1982 may not come to pass, according to Panasonic Home Video Vp Stan Hametz. Many in industry who said they were looking at 10-15% drop in VCR prices "failed to take into account the jump in the value of the yen against the dollar," he said.

Delivering message that will come as good news to videodisc player marketers concerned with head-to-head price competition from VCRs, Hametz pointed out that since start of 4th quarter last year yen has climbed 17%, rose nearly 8% in last 30 days. He acknowledged that increase in yen value would mean reduction in cost of materials Japanese manufacturers have to import, but indicated that represented something substantially less than total offset.

Through design changes, manufacturing efficiencies and increased volume, Japanese will be reducing cost of production this year, Hametz said. But, he pointed out, to achieve "a full 10% reduction in the dollar cost of a VCR, Japanese producers would have to cut their price by 23%" from what they were getting last Sept., "and that's not a realistic expectation."

First personal robots were introduced by Androbot, company headed by Nolan Bushnell, founder of Atari, Pizza Time Theatre and Catalyst Technologies. They are 3 ft. high, come in 2 models: B.O.B., for "brains on board," with 3 megabyte memory at \$2,495 and TOPO, dumb robot billed as mobile extension of home computer at \$995, plus \$200 for voice module. TOPO can be remote controlled by computer, either through keyboard or joystick. Both use ultra-sonic and infra-red sensors to navigate, have capability to tell jokes and sing songs, deliver drinks at parties, but can do little in way of work. B.O.B. can learn from mistakes and won't bump into same object twice. Bushnell said he hopes software houses will create programs to expand robot's talents, predicted his sales of robots would hit \$40 million by 1985.

**JAPAN VCR EXPORT LIMITS:** Responding to complaints from Europe over intense price competition in VCR market, Japan's MITI is developing plan to reduce trade friction by setting minimum export pricing on shipments to EEC.

In theory, export restriction will be form of self-restraint conducted by manufacturers themselves through formation of export cartel. Creation of govt.-blessed cartel is needed to avoid conflict with Japan's antitrust laws. Under plan, cartel and MITI will calculate appropriate floor prices which MITI will then apply to exports of all producers, including those which aren't cartel members.

Unit quantity limits also could be imposed under cartel system. But expansion of Japan photo equipment and audio companies into video would make it very difficult to come up with equitable quota allocation plan. Quota would also tend to freeze relative EEC export market shares of competing Beta & VHS systems, something to which Beta adherents would strongly object.

MITI proposal comes just after filing of Japan VCR dumping complaint with EEC by 11 European manufacturers & marketers of Philips-developed V2000 format. In complaint, they charged prices of Japan-made VCRs had dropped 60% over last 2 years, and that units now were retailing for less than cost of production (Vol. 22:52 p9).

Japanese aren't backing away from conflict on all VCR fronts, however. Following through with threat made last Nov., govt. filed official complaint with GATT over new French Customs procedures that require all VCR imports to be processed through small inland customs station (Vol. 22:47 p10). Effect of that is reflected in figures showing French cleared only about 1,000 VCRs in Nov., against 53,000 in Aug. Japanese acted only after French ignored repeated requests for return to standard system. In support, MITI indicated that VCR shipments to France may be excluded from any minimum export pricing requirement.

Just how much effect export price limit will have on retail situation in Europe is open to question. Regulation won't control price of units Japanese assemble there. JVC currently is turning out 20,000 VHS VCRs monthly in Berlin, 10,000 monthly in U.K., in cooperation with Telefunken and Thorn EMI, its partners in European manufacturing venture J2T Holdings. Sony's German subsidiary is producing 5,000 Beta VCRs monthly. Matsushita-Bosch venture in Germany is slated to launch VHS production at 3,000 monthly rate in Feb., and late this year, or early in 1984, Hitachi plans to be assembling 5,000 VHS units per month in a new German plant.

\* \* \*

Why French consumer pays just over \$1,000 for Japanese VCR that costs importer \$448 is detailed in magazine Tele Cine Video. Retail price includes 8% duty (\$35), 5% shipping (\$22), 25% distributor profit (\$112), 30% dealer profit (\$134), 33% value added tax (\$250).

**COLECO NET SOARS:** Coleco expects to report 1982 earnings of close to \$40 million, up 5-fold from 1981, on 181% sales jump to more than \$500 million, company said in letter to holders. Figures indicate 4th quarter net of about \$10 million, against loss in same 1981 period, sales rise of some 400% to at least \$190 million.

Coleco said it sold 550,000 Colecovision videogame consoles in 1982, shipped 8 million cartridges for own, Atari & Intellivision systems, predicted its console sales in first quarter this year will exceed 1982 total. Coleco said it expects earnings in current quarter will be triple \$4.5 million of Jan.-March 1982, and that addition of computer adaptor for game, expansion of cartridge line, will turn 1983 into "another year of extraordinary growth."

Pioneer says it now expects to turn profit on Laservision line in 1984, year earlier than expected. Monthly production is expected to hit 13,000 players, million discs, and library will grow to 500 titles within 2 years.

Sony says it will cut 1983 capital spending 47% to about \$260 million from \$487 million outlay of 1982. Sony attributed cutback to worldwide market recession. For Sony, 1982 was peak capital expansion year as it made major investments to expand VCR and IC manufacturing capability. Even so, outlay was somewhat under budget as Sony suspended planned 1982 start of construction on new color TV factory in Columbia, S.C.

Tandy said computers & telephones were among hot sellers that resulted in 23% rise in Dec. sales by its Radio Shack stores. Tandy indicated it expects to show 20-27% rise in earnings in 2nd quarter to Dec. 31, from \$73.8 million net in same 1981 period, 23-28% earnings increase for current fiscal year.

Commodore sales jumped nearly 150% in 2nd quarter ending Dec. 31 to \$175 million, company reported. It announced technology exchange agreement with MPU maker Zilog that is expected to result in Commodore's introduction of more powerful home computers, also said it planned to double its semiconductor manufacturing capacity this year.

Album price cut of 22% was instituted on 90% of titles by Warner Records. Warner said suggested retail was being reduced from \$8.98 to \$6.98 on most LPs that have been in release for year or more as way to spur sales. Record business, as well as hi-fi equipment industry, has been in 3-year slump, condition many attribute to shift in consumer buying interest to video hardware & software.

Holiday business was good in video, judging from sales to dealers in year's 51st week, ended Christmas Eve (see State of the Industry). VCR sales were up 114.5% from same 1982 week, highest percentage gain registered any week this year. With final week still unreported, VCR sales in first 4 weeks of Dec. were higher than any full month in history. In 51 weeks, VCR sales were just 16,844 units short of 2 million and color sales were only 6,457 shy of record 11,157,334, set in 1981.



**PARAMOUNT PRICE CUT:** Though other software marketers haven't yet rushed to follow lead Paramount took when it offered Star Trek II cassette at \$39.95, studio moved step ahead at WCES with announcement that Beta version of An Officer & A Gentleman will go for \$29.95.

VHS copy will list at \$39.95, and it's open secret that Sony, which will handle duplication of Beta cassettes, is subsidizing low-price effort. Sony has experimented with less expensive titles before, but never at this price and never with current release.

Paramount clearly sees move as best means to push VHS blank tape suppliers to cut prices, still \$3-\$4 above Beta. Paramount Home Video Vp-Gen. Mgr. Richard Childs said market research indicates that \$29.95 is sell-through goal, claims "it was like a lightning bolt hit the room" when consumer focus groups discuss what they'll pay.

Paramount is taking something of risk. With Beta priced \$10 less, it says it will have to sell 90,000 copies to show profit, 10,000 more than if all were \$39.95. Also, at 90,000 level, Beta will have to provide about 45% of volume to make effort worthwhile. VHS accounted for 75% of 115,000 STII copies delivered. Dick Komiyama, senior vp of Sony Consumer Video Products Div., said he would be satisfied if Officer brought ratio back to 2-1.

Effect of Paramount-Sony announcement was to take some of thunder away from Embassy Home Entertainment's drop to \$39.95 for Blade Runner. Sales Vp Robert Cook expects to move at least 60,000 copies, acknowledges that EHE is risking "good chunk of revenue" guaranteed at \$59.95, but believes "we might be at a turning point in the market." Cook looks for 9-million-unit year for industry if other studios commit most of major releases to new price, vs. 6 million if market continues unchanged. Meanwhile, Disney Home Video officials told CES news conference that it had acquired first outside product — 4 off-network Muppet titles from Henson Assoc. and Bill Burrud series on wildlife, long withdrawn from syndication market.

Japan's output of electronics rose just 4.7% last year to \$47.3 billion, is seen increasing 8.5% in 1983 to \$51.3 billion, according to EIA-J estimates. Major gains are expected to continue to be provided by non-consumer products. Assn. says value of industrial electronics production rose 15.1% in 1982 to \$17.1 billion, and is expected to increase 13.3% to \$19.4 billion this year. Output of electronic parts & components was up 5.9% to \$15.1 million last year, will rise 11.2% to \$16.8 billion this year. As for consumer products, EIA-J put 1982 value at \$15.05 billion, down 6.1%, says it sees improvement of just 0.3% to \$15.09 billion this year.

**Ad notes:** Clarion appoints Marsteller, L.A., replacing Kresser, Robbins & Assoc. on \$2 million account... Viare Publications has acquired Home Video magazine from Media Horizons. HV will be absorbed by Viare's current consumer magazine, Video Review, boosting latter's circulation from 180,000 to 250,000.

**NEW VIDEO DISPUTE:** Next major battle in video copyright arena, over public showings of videocassettes & discs, is already shaping up, and on this one industry is far from united. Victory would open door to licensing of bars, mini-theatres, motels, etc., to show movies and other programs for fee or free.

Such exhibitions are no-no's, according to MPAA, which says cassettes & discs are licensed strictly for home use, takes very limited view of term, and zealously tries to enforce that limitation in U.S. & overseas. Last year, it won judgment against bar in Kennebunkport, Me., and MPAA promises other actions this year. Assn. says problem is even more significant in U.S., Germany & South Africa, notes latter has more than 60,000 newly constructed apartments wired for "unauthorized exhibition."

MGM/UA Home Entertainment's Ancillary Rights Div. made first stab at authorized deal only to be rebuffed when other studios, reportedly led by Fox, raised legal objections. MGM was prepared to grant license to Maxwell's Video, 2-store chain in Erie, Pa. Retailer has set up private viewing rooms for customers, charging them \$5 and up for movie played on stores' closed-circuit system. Service, which Maxwell's reportedly hopes to franchise, has been offered without okay from program suppliers.

However, retailer pulled back at last minute when other studios sent in lawyers. Suit was filed about 3 weeks ago, we're told. According to MGM/UA, Maxwell's reasoned that any deal it signed would be tantamount to admitting liability, and retailer plans to fight.

Delay hasn't deterred Ancillary Rights Div. Pres. Peter Kuyper: "We're doing several more [deals]." Kuyper maintains some studios won't join in battling Maxwell's. He told us MGM is trying to negotiate public performance contracts with industrial accounts, said actual signing is "months away."

Canada's set makers and cable operators are getting together through respective associations to work out way to tell consumers, retailers and system owners just what CATV-ready TVs can & can't do. EEMAC and CCTV have formed joint Marketing-Commercial Committee to come up with PR program. They also formed Technical Committee to work on compatibility problems, consider practicality of developing industry standards.

Antitrust suit seeking \$10 million in damages has been filed against Panasonic West by Video Network, Glendale, Cal. retail-distributor. Company charges that Panasonic's dropping it as distributor was part of trade restraint and price fixing conspiracy, said Panasonic had threatened it with termination because of its discounting.

Adcom has acquired U.S. distribution rights to German-made Dual turntables & components, replacing United Audio. Adcom currently markets European Braun, Canton & Ortofon audio lines, recently purchased Lawrence, Mass. speaker manufacturer Cizek.

## Consumer Electronics Personals

David Arganbright rejoins RCA as corporate videodisc project business management & control staff vp; R. W. (Mike) Staup promoted at N. American Philips Consumer Electronics Odyssey unit from vp-business planning dir. to vp-gen. mgr., succeeding Arganbright... Floyd Kvamme, former pres. of National Advanced Systems, computer arm of National Semiconductor, joins Apple Computer as mktg. & sales exec. vp with responsibility for worldwide sales, distribution & market development.

Richard Baumbusch resigns as Intellivision mktg. dir., Mattel, plans unannounced... Norman Stollman named vp-gen. mgr. in N.Y., Thomas Meakin vp in U.K., of CBS Electronics, overseas videogame, cartridge & computer software marketing venture of CBS Records International & CBS Toys/International.

Fred Fehlauer, CBS/Fox Farmington Hills, Mich. plant operations gen. mgr., named vp; Todd Leavitt, ex-Disney Channel, appointed legal & business affairs vp... Carl Linquist, ex-BSR, joins Maxell as asst. advertising mgr... Frank Russomanno named mkt. development mgr. of commercial & educational markets, 3M Magnetic Audio/Video Products Div.; Tom Brannan appointed northeast area sales mgr... Michael Dubester, ex-vp of MDS operator Contemporary Communications, named operations vp, ABC Video Enterprises' Home View Network.

Jeanne Shepler appointed Alpine/Luxman mdsg. mgr... Logan Davis advanced at GTE Retail Phone Div. from national sales mgr. to gen. mgr., succeeding John Witt, resigned... Randall Tobias, former AT&T residence mktg. sales vp, named pres. of American Bell Consumer Products, responsible for PhoneCenter retail store operations.

Nicholas Mihalas, one-time Timex pres., named pres.-COO at Sealectro, succeeding William Silberstein, who continues as chmn.-chef exec... John Luke, ex-Signetix, named Monsanto Electronics Div. sales dir... John Kinn, EIA JEDEC exec. secy. and Solid State Products Div. staff dir., appointed Engineering Dept. dir., succeeding Allen Wilson, who retires as staff vp after 16 years with association.

Most new cars sold by domestic makers and importers will be shipped without radios as standard equipment or offered with radio-delete option, according to CASA, which represents interests of independent car stereo equipment marketers. It says that of 387 models to be marketed in 1983 model year, 162 will have delete option, 148 will come without radios as standard equipment. Only 77, or 20%, will have non-deletable factory installed radios. Companies covered by report: Audi, Chrysler, Ford, GM, Honda, Mazda, Subaru, Toyota, Volkswagen.

CB radio has come alive again, but rebirth is in Japan, not U.S. where business went from boom to bust in late 1970's. Japanese Post & Telecommunication Ministry has opened market there for sale of CBs to public. Permitted are 5-watt, 80-channel models operating at 903-905 MHz.

Atari & Imagic reached out-of-court settlement of Atari copyright infringement suit. Claim was Imagic's Demon Attack videogame cartridge was knock-off of Centuri coin-op game Phoenix to which Atari has exclusive home game license (Vol. 22:49 p15). Companies didn't disclose terms, but said Imagic will continue to market Demon Attack... Milton Bradley has purchased videogame license from Magnavox, which holds exclusive rights to basic patent of Sanders Assoc. Magnavox has infringement suit pending against Activision, and its infringement victory over Mattel in Chicago Federal Court is being appealed.

Strict limits on foreign investment in high-technology areas have been imposed by Brazil. Regulations require Brazilian controlling interest in all such ventures, including those formed for production of ICs, MPUs, mini & microcomputers, advanced electronic information handling & processing equipment. Rules also limit how much foreign partner can charge such ventures for technology transfer.

Professional video products announced by Sony: 46" rear-projection TV with comb filter, RGB input, 105-channel tuner, wireless remote, synthesized stereo, \$4,400. High-resolution 12" monitor-receiver with over 500 lines resolution, \$795. Four-standard (PAL, SECAM, NTSC, NTSC 4.43) 12" monitor with RGB input, \$915. High-resolution 550-line 12" monitor, \$2,150. High-resolution 650-line 19" monitor, \$3,280.

Multilayer & chip ceramic capacitors have been removed from products being considered for addition to list of items eligible for duty-free importation from less developed countries. Withdrawal of capacitors came at request of U.S. Trade Representatives. EIA Parts Div. was on record opposing preferential tariff treatment.

Toshiba's first hand-held portable computer, with LCD display, 4K memory, has been introduced in Japan at \$225. Sharp plans early-1983 introduction of new low-end hand-held, expected to list at about \$100, sell for \$80. It will replace current version that lists at \$200, but retails in \$150 area.

Mitsubishi Sales has opened new 102,000 sq. ft. multifunction office & warehouse facility at 799 N. Bierman Circle, Mt. Prospect, Ill., 60056. It serves as hq for Car Audio and Industrial Divs., midwest region hq. for semiconductor & computer marketing affiliate Mitsubishi Electronics.

N.V. Philips & USSR are discussing plan for constructing color TV plant in Russia. Philips says talks are in exploratory stage. Russians are reportedly holding similar talks with other European, as well as Japanese, manufacturers.

It couldn't happen here: Tele Cine Video, monthly French magazine, features self-stick labels and descriptions for major movies to be televised by French TV during month for attachment to home-taped videocassettes.



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**GOLDENSON'S VIEW FROM THE TOP:** Network plans move into 'dynamic new areas,' will use 'every conceivable possibility' to get signal to public. Major personnel changes not seen as result of advance of Pierce to presidency. (P. 2)

**SMATV IS CABLE CHALLENGE #1:** Wheeler says new competitor has unfair advantage, urges cable to 'pre-emptive strike.' Other priority: Sorting out relations with cities. (P. 3)

**HARRIS BRIEFS INTV,** sees busy Feb. for FCC in broadcast matters, predicts decision on financial interest 'by summer.' Wiley, Burch to debate issue in L.A. (P. 5)

**SHOWTIME/MOVIE CHANNEL** joint venture upsets HBO. (P. 6)

**BROADCAST DEREGULATION, CABLE BILLS,** set for Senate Commerce Committee introduction Jan. 25 or 26. (P. 6)

**6 INCUMBENTS SEEK REELECTION** to NAB Radio Board in contests for 13 seats. 2 directors decline to run again. (P. 7)

**GOVT. MATTERS TO DOMINATE NAB SESSIONS—AGAIN:** "I find it hard to reach out and find any major controversial issues that will split the board," NAB Chmn. William Stakelin said about topics for Jan. 18-21 board meetings in Puerto Vallarta, Mexico. "But that's not to say there won't be important issues before us," he added. Stakelin and NAB Pres. Edward Fritts picked out about same "important issues":

Cable copyright. Must carry. What do do about TV & Radio Codes. Interference to TV Ch. 6 by educational FMs. Cuban interference to AM stations. Legislative initiatives to be taken by NAB. New technologies. International matters.

Added Fritz: "We want to test the waters again on a spectrum fee" -- to which NAB is violently opposed in form put forth by FCC Chmn. Fowler. NAB, however, has told Congress that it would go along on fee to cover cost of servicing applications.

### Consumer Electronics

**1982 SALES**--record 11,366,000 color sets, 2,035,000 VCRs. Dec. sales strong. (P. 13)

**CES IS UPBEAT** all the way, with record 78,126 attendance, optimistic forecasts. (P. 13)

**VCR IMPORTS FELL** in Nov., along with most other video products. (P. 14)

**ELECTROHOME DROPS OUT** of consumer market, continues in industrial video. (P. 15)

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**TV IS PRICE SCENE,** as new lows are hit. (P. 20)

**HOME DISH MAKERS** exuberant. (P. 21)

Joint board meeting will get under way Jan. 18 with maiden speech to board by Fritts as pres. He was chmn. until last summer, replaced Vincent Wasilewski as pres. Oct. 1. TV board meets next day, radio board Jan. 20, joint board again Jan. 21. Convention and Congressional Liaison Committees meet Jan. 17; at former, Wasilewski is said to be "odds on choice" for Distinguished Service Award.

Combined semiannual legal & govt. relations report to board has grown to 321 pages, covers more than 100 matters pending before Congress, courts and regulatory agencies (principally FCC) and has been copyrighted, concludes: "The length of this report and the pendency of so many unresolved issues underscore the need for broadcasters to increase their level of lobbying activity and overall attention to matters pending in the agencies and courts... The agenda of unfinished business awaiting Commission action is formidable."

Board will consider budget for fiscal year starting April 1 which includes expected \$9,317,500 income, \$9,194,429 expenses, leaving surplus of \$123,071 (Vol. 22:49 p7). And that surplus will quickly drop by \$50,000 if board follows request, as expected, of Exec. Committee which at Jan. 4-5 meeting approved allocating that amount to state associations (Vol. 22:52 p3).

Both Stakelin & Fritts said they didn't expect controversy over TIO that ran for several months last year to erupt again. NAB Futures Committee, reporting last spring, recommended that TIO be merged into NAB Public Affairs Dept. TV board then set up ad hoc committee (under TV Dir. William Dunaway), which recommended that TIO remain as now structured, based in N.Y. under Dir. Roy Danish. However, Danish angered some by published interview in which he stated that reevaluation wasn't necessarily productive because it was instigated by members of NAB radio board. Despite that, "I imagine the radio board will go along with the TV board," Stakelin said.

On Code issue, Exec. Committee has recommended that TV & Radio Code Boards be abolished and that special committee be formed to review future of industry self-regulation in light of consent decree with Justice Dept. which put Codes out of business (Vol. 22:48 p2). Of some 3 dozen Code employees year ago, only Dir. Jerome Lansner remains with Code apparatus although several moved to other jobs within NAB.

All 15 TV dirs. will be in Mexico this week, but several radio dirs. have sent word they'll miss meetings, including Ben Hoberman, Martin Rubenstein (who is recuperating from mild heart attack), Cliff Gill, Eugene Lothery and Gary Stevens.

**ABC PLANS MOVES INTO 'DYNAMIC NEW AREAS':** ABC Pres. Frederick Pierce, in closed-circuit telecast to ABC employees (day after he was advanced from exec. vp), said: "ABC's success is based on the concept of doing things differently or more imaginatively... Innovation is the key to all that ABC has accomplished and it's the key to our success tomorrow as well... We are moving into dynamic new areas and we are bringing new excitement to our traditional activities."

In telephone interview with ABC Chmn. Leonard Goldenson later same day, we asked what "dynamic new areas" Pierce was talking about. "Gimbel's never tells Macy's," Goldenson responded. "If I were to tell you everything and you published it in your paper, CBS and NBC would have it before we have it."

Goldenson said it was ex-ABC Pres. Elton Rule (who moved to vice chmn. to make room for Pierce) who proposed that it was time to make Pierce pres. (Vol. 23:2 p1): "Elton brought it up himself many months ago. He thought it was time to move Fred up to be president. So we've been making our plans these last 9 months... Probably the greatest thrust in our TV network [becoming No. 1 in prime time, which it lost in 1981 to CBS] was made by Fred... He moved this thing ahead at a fantastic rate." In closed-circuit telecast, Goldenson said: "Four years ago, Elton and I decided... that Fred Pierce was the man we wanted to lead the next generation of ABC management... He was doing an outstanding job [as pres. of ABC TV], as he had done at every previous stop in an ABC career that began in 1956."

Goldenson also debunked published reports that Rule planned to retire soon and return to Cal. or that other major executive changes are in works at ABC following promotion of Pierce.



"Elton has committed to me that he is going to stay on as long as he feels that he is making a contribution," Goldenson said. As for other executive changes, there are none planned "to my knowledge... We believe in stability and continuity here at ABC. We believe in promoting from within the ABC family."

Goldenson said he's very pleased with progress in new technology areas in which ABC is involved, specifically Satellite News Channels (joint venture with Group W), Daytime (with Hearst) and ESPN (with Getty Oil): "We entered [these areas] not on the theory that we were going to make [money] overnight. We didn't build ABC overnight... We entered these things on the theory that we were making an investment for the future and we are satisfied that they are doing well... You've got to realize that 1982 was a depression year. Advertising-supported cable did not do well... Advertisers put most of their money into TV, as you know. Therefore, it's not a good year to judge upon."

Asked about financial performance of Satellite News Channels, Goldenson told us: "I'm not in any way making any statements as to what we're making or losing, except that we will be reporting it in our annual statement with a breakdown of what we're losing. [News Channels] has been making changes as they've gone along. It's a trial and error development. I think it's improving all the time." He refused to compare output of SNC with that of Cable News Network (which he said he watches "all the time") because "I'm not going to be a critic." He said cable Daytime venture with Hearst is "making real progress."

In answer to question about ABC's possible use of direct broadcast satellites, Goldenson said: "We will look at every conceivable possibility if it's economically viable to get the [ABC] signal to the public if that's what the public wants. We're going to be in every form of software. We're going to be like a broken-field runner." Asked if ABC had talked to Comsat on possible use of DRS to distribute ABC signals, he said: "Many people have talked to us, but we have no understanding with anybody at this stage."

On pay-per-view sports on ESPN (in which ABC has 3-year option to acquire up to 49% of 85% owned by Getty Oil), Goldenson said: "Something will be done, in my opinion, on the pay-per-view as far as sports is concerned with ESPN during the course of this year. At this moment, I'm in no position to be specific" — except, he said, it won't involve 1984 summer or winter Olympics, for which ABC TV has rights.

In our interview, Goldenson also made pitch for more deregulation of networks. On 7-7-7 rule, he said that "even though we may not [buy more stations] because prices are so high, I still think we ought to have the opportunity to do so." He said ABC has no plans to buy cable systems, but "we certainly ought to have the right to do it... I want all restrictions [on the networks] lifted. I want to be in the same position that anybody else is. There's no restrictions placed on cable [ownership] and I don't think there should be any restrictions placed on us."

Goldenson said ABC is taking no position on repeal of prime time access rule because "this seems to be something that the affiliated stations feel that they want and we are not taking a position on that one way or another. We're not fighting that." ABC, however, is joining other TV networks in urging FCC to repeal financial interest rule and ban against domestic syndication of programming by networks.

ABC chmn. said that from sales standpoint "'83 is starting out very nicely, very solid. I think '84 should be even better. Of course, that's an Olympic year and we've got the winter Olympics and the summer Olympics. And, you have the conventions and elections that year, too. I think that '84 will be a very big year."

As for his personal plans, 77-year-old Goldenson told us: "I'm going to keep working harder than ever. I used to get in here at about 9 o'clock. I'm now going to get in at 8:30 because I love it, because it's getting to be a more exciting business."

**WHEELER ON CABLE CHALLENGES:** SMATV poses biggest challenge to cable because it can deliver essentially same services but without incurring franchise costs and responsibilities, NCTA Pres. Thomas Wheeler said in interview with Television Digest Inc. To counter SMATV

challenge, cable operators should make what Wheeler describes as "preemptive strikes," establishing SMATVs themselves in areas they can't immediately wire. Wheeler, plotting course of Assn. for year ahead, said reaching accord with cities on franchise rights & limits is top priority. Condensed version of interview follows:

Q: 1982 seemed to be a difficult year for cable. What successes & failures do you most note?

A: We had growing pains like you would have in any developing industry. We spent \$1.7 billion last year in construction and that's a lot of risk-taking based upon some pretty firm financial footing. Sure, we've had the problem of CBS Cable but, boy, if there ever was something that was overblown it was that situation. I think a lot of increased understanding developed [in] relations with the cities [and on] the issue of our relations with broadcasters and copyright holders.

Q: What's ahead for cable in 1983?

A: Well, I think No. 1 has to be sorting out once and for all with some degree of finality our relationship with the cities. I think both parties recognize there is a need for some established national policy and as you know we're working with the National League of Cities to try to reach some kind of an accord. Very shortly, we will have to be meeting with the various policy leaders in the Congress to incorporate their input. You know, like the poor, it seems as though copyright will always be with us. We are learning to do a better job marketing our product but we still have to learn more. We are having to compete with other technologies at a level that we never had before.

Q: How close are the NCTA and the Cities on reaching an agreement? Can you make a prediction when such a bill will be introduced and in which house?

A: No, I can't on either of those points. [Wheeler recounts story of negotiator emerging from long bargaining session and telling reporters:] "We have tentatively agreed on all but the major issues." I think that's a fair assessment of where we are but I think there's a great deal of optimism that surrounds the whole discussion.

Q: With Sen. Cannon (D-Nev.) gone from the Hill, both cable & broadcasting have lost a friend for deregulation. Now, Sen. Hollings (D-S.C.) is the ranking minority member of the Commerce Committee. How do these important changes affect the NCTA's legislative initiatives?

A: Howard Cannon certainly was sensitive to allowing cable its chance in the marketplace, but let's look at the cities issue, for instance. Let's don't forget that it was Howard Cannon and Fritz Hollings who had the Cannon/Hollings amendment to [S-2172] last year that would have provided for total deregulation in 5 years. Sen. Hollings has been around these issues time & time again. He's not always agreed but he has always been fair and I think extremely well-informed.

Q: At the Western Cable Show, Percy Sutton said that for cable to be accepted in major urban centers the industry will have to do a better job on minority issues, mainly employment. Do you agree?

A: Couldn't agree more. We have to have a commitment both to minority employment and minority ownership and we can't ignore one for the other because equity participation is equally as important as employment. I think you'll still find that our statistics across the industry show that we're better than the FCC's EEO standards. As you know, we had the minority business development symposium here just a few months ago, plan to have another one. We've broadened it to go far beyond minority ownership of cable systems to minority suppliers and we're even developing a minority purchasing program for the Association.

Q: Reorganization at the FCC has placed cable & broadcasters within the same bureau. Mass Media Bureau Chief Laurence Harris says this makes sense because the viewer doesn't really distinguish between the 2. Do you agree?



A: It wasn't too many years ago when the consolidation of broadcasting & cable was suggested and we opposed it vigorously because you were still working on the ancillary-to-broadcasting doctrine out there. But, now I think the FCC and regulation in general see broadcasting & cable and other mass media services as full-fledged partners, non-ancillary to each other and I think that's healthy.

Q: Of all the emerging entertainment technologies, DBS, STV, SMATV and all the rest, which are you most afraid of as a competitor for revenue?

A: I guess the one I'm most concerned about is SMATV because SMATV is cable TV without the responsibilities of being cable operated. There is nothing different between a SMATV system and a cable system except that the SMATVs can thumb their nose at local responsibilities that cities expect cable operators to meet and that gives them an incredible competitive advantage.

I do, however, think that it's significant that our companies have been responding to the competition of SMATVs in a very aggressive manner and they've been doing their own preemptive strikes, even going into the SMATV business themselves. But, it just is a terrible policy inequity that cable operators, as our studies show, spend 22 percent of their income on regulatory burdens and the SMATV operator doesn't have to spend any. I've been spending the last year going around the country urging cable operators to [take] what I call the preemptive strike and it's a very important action and it's working.

**HARRIS BRIEFS INTV:** FCC Mass Media Bureau will give commissioners recommendation "by summer" on whether ban against TV networks having financial interests in syndicated programming should be retained, according to Bureau Chief Laurence Harris. Speaking at opening session of INTV convention Jan. 16 in L.A., he gave no indication what recommendation will be. There's strong speculation majority of commissioners favor removing ban, and some say Chmn. Fowler will push to get action before June 30, when terms of Comrs. Fogarty & Sharp, who favor removal of ban, end.

Major convention session comes Jan. 18 when 2 former FCC chmn., Dean Burch & Richard Wiley, will appear on opposite sides of issue. Burch represents Committee for Prudent Deregulation (made up of programmers & syndicators), which favors retaining ban, as does INTV; Wiley will represent CBS.

Harris outlined fairly heavy Feb. schedule for FCC in TV matters, said "underbrush" of little rules will be dealt with — such as doing away with operational & maintenance logs. Also, TV stereo and teletext will be up Feb. 3 &/or 10. Also due in Feb.: Relaxation of Part 74 of rules to permit TV stations to use excess channel capacity for money-making ventures; rulemaking to expand current 7-7-7 station ownership limits; "attribution" rule which is applied to multiple ownership restrictions if person owns 5% of licensee (upward move to permit larger interest is expected). Harris noted that both Sen. Packwood (R-Ore.) and Rep. Wirth (D-Colo.) have spoken out against 7-7-7 rule, predicted there could be action in Congress to permit ownership of more stations.

**Best. Pioneers Library** reports latest corporate & foundation donors (amounts undisclosed): ABC, James Duncan Media Enterprises, Fetzer, Forward, Smullin, Storer Foundation, WKBN Foundation. Library Pres. Ward Quaal said 1982 was best fund-raising year since original campaign 12 years ago.

**SUIT IN CABLE OVERBUILD FIGHT:** Fierce competition from what is described as most extensive franchise overbuild in U.S. has provoked court suit by original cable franchisee against firm now building 2nd system in Long Island town of Huntington. Suit was filed by Huntington TV Cable (HTVC), 75% owned by James Nishimura, against Charles Dolan, Cablevision Huntington and Dolan's other cable interests, in U.S. Dist. Court, N.Y., asks unspecified treble damages.

Main allegations: (1) Dolan interests conspired to deprive HTVC of sports programming, mainly several local college & pro teams, by obtaining exclusive cablecasting rights to those games. (2) Personnel erecting Cablevision Huntington plant deliberately sabotaged HTVC cables, drops & other equipment, which are strung on same poles, causing frequent HTVC outages and subscriber losses. (3) Key Dolan employee told HTVC's main lending bank that Dolan intended to put HTVC out of business, that HTVC's bank should take action to secure its loans further. (4) Personnel erecting Cablevision Huntington plant damaged poles & buildings and then blamed damage on HTVC.

There are about 12 franchise overbuilds in U.S., industry spokesman said, but Huntington situation is first to provoke court suit. In most cases, one party maneuvers to buy out other. That could happen in Huntington, he said.

Sen. Proxmire (D-Wis.) again will introduce bill to abolish fairness doctrine and equal time rule — 5th Congress he's done so. He said: "Clearly, television and radio are the dominant source of news for the American people. Yet, because of... government controls, broadcasters are second-class citizens when it comes to First Amendment rights... These government controls on the free press are unconstitutional."



**HIGHER FILM PRICES—HBO:** Showtime-Movie Channel joint venture with 3 film studios "is a further step in the continuing attempt by the movie companies involved to gain control of the future development of pay TV," HBO said, indicating film studios intend to "increase the prices for their movies to the cable operator and the television viewer."

HBO said it would have no other comment on joint venture which caught cable industry and Hollywood by surprise. Announcement was that American Express, MCA, Paramount Pictures, Viacom and Warner Bros. will operate Showtime & The Movie Channel as joint venture of those companies, under independent management (Vol. 23:2 p2).

Justice Dept. is "just now getting a handle on" what joint venture entails, DoJ spokesman said. "No decision has been made yet whether to begin a separate look at this as a possible antitrust violation or to build on the one we already had begun." Justice recently began probe of agreement in principle announced in Nov. for MCA, Paramount Pictures and Warner Bros. to buy equal shares in The Movie Channel. "It goes without saying," a DoJ attorney said, "that since we already were looking at actions by 3 of the principals [for the movie companies' intent to buy into Movie Channel], and then these principals take a bigger step within the industry, that we will be very interested in learning all the details."

Deal scuttles movie companies' plan to buy into Movie Channel. Said MCA's Thomas Wertheimer: "That agreement in principle was reached prior to the time this deal came along, so all the partners are now pursuing this joint venture" with Showtime and Movie Channel. Wider joint venture was chosen "because we think it enables us to compete more effectively against HBO," Wertheimer said.

Because movie companies involved in Showtime/Movie Channel joint venture plan to license their films on non-exclusive basis, "this doesn't present a case at all similar to Premiere," DoJ attorney said. Premiere was found to be antitrust violation in 1980 because 4 movie companies involved with Getty Oil in that venture agreed to give Premiere 9-month exclusive license for their films.

Owning about 23% each of joint venture will be MCA, parent of Universal Pictures; Paramount Pictures, division of Gulf & Western; Warner Bros. unit of Warner Communications; Viacom. Indications are that American Express will have less than 10%. Value of properties involved is placed at about \$250 million. Only financial detail partners announced is that Viacom, owner of Showtime, will receive \$75 million — \$25 million from each of 3 movie companies — for contributing No. 2 pay TV service to joint venture. Last Aug., Viacom paid \$75 million to Westinghouse for its 50% interest in Showtime. Since then, it's been looking for another partner.

Asked at NBC mini-TV affiliates conference in Phoenix what network planned to air Feb. 28 against final 2-hour episode of MASH, NBC Entertainment Pres. Brandon Tartikoff quipped: "Maybe the network should just air a billboard for 2 hours saying: 'We're watching it, too.'"

**CABLE & DEREG ON SENATE AGENDA:** High on Commerce Committee agenda when Senate reconvenes later this month: Reintroduction of TV-radio deregulation bill and cable-local regulation bill. Bills will be thrown in hopper either Jan. 25 or 26 and aren't expected to undergo many changes — which is particularly significant in case of cable bill. Senate apparently has decided not to wait for possible agreement between NCTA and National League of Cities on legislation.

Senate aide said Sen. Goldwater (R-Ariz.), chmn. of Communications Subcommittee, wants to get going on bill and it always can be amended later if change, acceptable to Senate, is needed as result of negotiations. At least one hearing is expected.

Broadcast bill, as expected, will contain so-called "cost of regulation" or service fees first proposed 2 years ago by Committee Chmn. Packwood (R-Ore.). Seen by Packwood as trade-off for broadcast deregulation, fees would cover FCC costs of regulating and providing services to industry; money would go to FCC to reduce budget but fees couldn't total more than 50% of FCC budget.

Similar proposal for "modest user charge" is being advanced by FCC Chmn. Fowler, although his plan would involve using money to support public broadcasting and is opposed by commercial broadcasters. Industry views Fowler plan as veiled spectrum fee because it's not tied to cost of regulation and would be levied only against spectrum users.

Packwood plan would levy charges against non-spectrum users as well and is supported by broadcasters who view it as acceptable price to pay for deregulation, given fact that Congress probably won't approve deregulation without some trade-off.

Zenith Radio Corp. has signed long-term agreements with 7 Canadian cable operators to supply addressable decoders for Canada's pay TV operations which begin Feb. 1. Rogers Cablesystems, Canada's biggest MSO, and McLean Hunter, 2nd largest, have ordered Z-TAC addressable decoders, add-on addressable modules and headend equipment. Zenith also received orders from Ottawa Cablevision, Greater Winnipeg Cablevision, Cable TV Inc., Classicom, Mountain Cablevision. Rogers order is valued at \$12 million, Zenith said, but value of other orders wasn't disclosed. Addressable decoders will be manufactured at new Zenith plant in Toronto which opened this week.

UTV has delayed indefinitely launch of viewer "talk back" cable channel. Launch was scheduled for Jan. 10, but spokesman said lack of long-term financial backing is causing serious problems. "We feel that with the industry in the state it's in now that long-term financial viability is an essential part of the UTV launch. We are looking for a partner" to provide financial backing, spokesman said, indicating UTV hopes to find such partner within 60 days.

President Reagan signed S. Res.-264 designating March 13-19 as National Children & TV Week.



**26 VIE FOR NAB RADIO BOARD:** It's unusual for eligible incumbents on NAB board not to seek reelection (dirs. may serve 2 consecutive 2-year terms), but 2 radio dirs. who were renominated have declined to seek 2nd term: Hal Close, WKNE(AM)-WNBX(FM) Keene, N.H., and Thomas Read, Read Bestg., Seattle. All told, 26 candidates — including 6 incumbents and 3 ex-dirs. — are vying for 13 seats. On TV side, 12 candidates (2 incumbents) are contesting for 6 seats (Daily, Jan. 11). Robert Wiegand, WPEC W. Palm Beach, was among those nominated but withdrew, is replaced by C.P. Persons, WKRG-TV Mobile. Radio candidates (\*incumbent):

Dist. 1: James Asher, WJDA(AM) Quincy, Mass.; Richard Rakovan, WSNE(FM) Providence. Dist. 3: \*Edward Giller, WFBG-AM-FM Altoona; Ralph Price, WPAA(AM)-WAVT(FM) Pottsville, Pa. Dist. 5: \*Walter May, WPKE(AM)-WDHR(FM) Pikeville, Ky.; Dale Miller, WAJR(AM) Morgantown, W.Va.. Dist. 7: James Chaplin, WIRA(AM) Ft. Pierce, Fla.; Charles Jones, WSRZ(AM) Sarasota, Fla. Dist. 9: Clyde Price, WACT-AM-FM Tuscaloosa, Ala.; Thom Smith, WDEN(FM) Macon, Ga. (both ex-dirs.). Dist. 11: Fred Anthony, WAKR(AM)-WAEZ(FM) Akron; David Palmer, WATH(AM)-WXTQ(FM) Athens, O. Dist. 13: Edward Allen, WDOR-AM-FM Sturgeon Bay, Wis.; Kenneth MacDonald, WSAM(AM)-WKCQ(FM) Saginaw.

Dist. 15: \*Ted Snider, KARN(AM) Little Rock; William Barry, WAMB(AM) Donelson, Tenn. Dist. 17: \*William Hansen, WJOL(AM)-WLLI(FM) Joliet, Ill.; Charles Wright (ex-dir.), WBYS(AM) Canton, Ill. Dist. 19: \*Dick Osburn, Osburn/Reynolds Stations, Ft. Worth; Bev Brown, KGAS(AM) Carthage, Tex. Dist. 21: \*Dean Sorenson, KCCR(AM)-KNEY(FM) Pierre, S.D.; Jerry Papenfuss, KAGE-AM-FM Winona, Minn.; Dist. 23: Thomas Busch, KNOM(AM) Nome, Alaska; Thomas Young KVON(AM)-KVYN(FM) Napa, Cal. Dist. 25: Gary Capps, KGRL(AM)-KXIQ(FM) Bend, Ore.; Clifford Hunter, KJET(AM)-KZOK(FM) Seattle.

White House is expected to add Harry O'Connor, 56, of L.A. to list of CPB board nominees. He's chmn. of O'Connor Creative Services Inc., Hollywood-based radio program syndicator. Before Reagan announced his candidacy for President, O'Connor syndicated Reagan's radio commentary. Last month, Administration nominated Richard Brookhiser, Karl Eller & Helen Taylor, along with current Chmn. Sharon Rockefeller, to fill seats of 5 current board members whose terms expired last March. Their names must be resubmitted to new Congress. Under amendment passed late last year, terms of 2 new nominees will expire in 1984, while others will end in 6 years.

**Potential health hazards** associated with VDTs and microwave and satellite transmissions will be focus of Newspaper Safety & Health Symposium scheduled for March 24-25 at Holiday Inn, Fisherman's Wharf, San Francisco. American Newspaper Publishers Assn. is sponsoring event, which will be moderated by Howard Brown, N.Y. Times media dir. Registration is \$250. Contact: George Cashau, ANPA Research Institute, Box 598, 1350 Sullivan Trail, Easton, Pa. 18042, 215-253-6155.

**SHARP'S BROWN BAG:** In wide-ranging talk with reporters last week, FCC Comr. Sharp reiterated his view that broadcast licensee character proceedings need simplifying. He said Commission should eliminate "that extra step" where FCC, having studied character of broadcast licensee or potential licensee, makes value judgment whether it's good or bad. "Determining what is bad character really just confuses the issue," he said. Only real issue of FCC concern, he said, should be whether licensee "will be honest with us and with the public."

Sharp, who will leave Commission June 30 unless 2nd vacancy occurs to permit his reappointment, said he doesn't agree with Comr. Rivera (Vol. 22:51 p1) that en banc meeting is needed to deal with kidvid programming. "It's better for the decisions [on what children watch on TV] to be made in the home by parents rather than here at the FCC. I don't see this as an FCC mandate." While saying he wouldn't oppose Rivera on asking Chmn. Fowler to call en banc meeting on subject, "I would prefer that he [Rivera] do it after July 1," when Sharp's term expires.

Sharp said he doesn't foresee time when deregulation pendulum will swing other way toward more regulation. Using radio deregulation as example, he said: "The station managers are out in the field finding out what the public wants to hear. They're doing that without our guiding hand, partly because the regulations we had weren't that effective."

Sharp, who had been FCC gen. counsel for about a year when elevated last Oct., accepted term extending only through June 30, when number of commissioners will shrink from 7 to 5, because he said he wanted to see proposals he advanced as gen. counsel implemented.

Candidates are endorsed by only 3.1% of broadcast stations, while 35% of those who editorialize on other issues say they would do so if it weren't for FCC political broadcasting rules, according to survey by NAB, National Best. Editorial Assn. and RTNDA. Survey provides "a compelling demonstration of the degree to which the political editorializing rule, contrary to the purposes of the Commission and the Constitution, discourages over-the-air expression of political opinion," according to NAB. "The stark figure representing the percentage of licensees who endorse political candidates, contrasted with the much larger percentage of licensees who regularly air other forms of editorial opinion [45%], underscores the need for prompt Commission action." NAB filed survey with FCC as supplement to 1980 petition seeking repeal of personal attack and political editorializing rules. Commission hasn't acted on petition.

NPR board approved creation of NPR Ventures Inc., for-profit subsidiary that will provide legal and operational framework for NPR's new business ventures. Board of NPR Ventures will consist of 5 NPR board members, representatives from 2 member stations and 2 lay members. Unit will be incorporated in Del.



**COMMCO IN U.K. VENTURE:** Commeo Cable TV of Tex. has joined 2 British partners to form venture to build cable systems in U.K. El Campo-based Commco joined with Charterhouse Group, investment & banking concern, and Cable & Wireless to form Cable TV Construction. Commco will own 20%, British firms 40% each. Commco Pres. William Jenkins said talks among partners have been under way 2 years, that plan came to head in last few weeks.

Commco's experience with fiber optics installation greatly interested British firms, Jenkins said. Opening of U.K. for cable was signaled late last year in Hunt Report which recommended open-market approach similar to U.S. But report indicates British govt. strongly favors fiber optics, with its advanced interactive & switching capability, over traditional tree-and-branch coaxial system.

New venture claims it can gain 15% of U.K. cable construction business. Partners estimate U.K. cable franchise grants in next 18 months will require about \$750-\$800 million in construction. Few British firms have experience in system construction, said Charterhouse executive Bruce Fireman. Because of this "gap in the market," Charterhouse and Cable & Wireless felt American partner was "absolutely necessary," he said. Besides new builds, joint venture expects to rebuild several existing large systems that use twisted pairs. Jenkins said about a million households subscribe to such systems to get improved off-air reception.

Departing from all-sports format, ESPN will add business news program March 1, hopes to capture affluent male audience for underwatched early morning hours. Called "Business Times," show is brainchild of independent producer Denny Crimmins. Idea is to attract some of \$4 billion spent on business magazine ads. Project will be financed with "classic venture capital," said Crimmins; no money from ESPN or parent Getty Oil is involved. Program's 8 top editors were lured from Newsweek, Business Week, The Economist, U.S. News, among other publications, with offers of equity in project. News staff of 20 will cover news, offer long-range analyses, features, interviews, geared to executive before he goes to work. ESPN 1982 ad dollars were below expectations, Pres. William Grimes told us. "We'd hoped the NFL strike would have brought some advertising dollars our way, but the advertisers thought every day it would be settled and they never rerouted the money." Grimes said he has \$3 million in ads lined up for the new U.S. Football League, which debuts on ESPN next fall.

C-COR's growth has slowed in fiscal year 1983 but earnings per share will be about same as last year, Pres. James Palmer said. To offset reduction in sales volume, C-COR on Jan. 1 instituted wage & salary freeze to last 6 months and laid off 60 workers.

Two years and \$7 million in losses later, John Blair & Co. has scrubbed its service of delivering commercials to local TV stations via satellite. Blairsat unit delivered its last satellite transmission Dec. 29.

Telecommunications Research & Action Center (TRAC) is unhappy that commercial TV networks have refused to participate in Jan. 18 conference in Washington on FCC financial interest & syndication rules. Exec. Dir. Samuel Simon had asked them to donate \$7,500 (matching like amount donated by Committee for Prudent Deregulation) and to provide panelists. None is sending money or panelists but ABC & CBS are sending observers. "NBC alone, among the 3 networks, has taken an outright hostile position toward the conference," according to TRAC Exec. Dir. Samuel Simon. "I find NBC's attempts to discredit the event and TRAC to be reprehensible and hypocritical... The failure of the networks to participate... continues an unfortunate tradition of arrogance and disdain by the networks toward members of the public with legitimate questions and concerns about network practices." NBC said that it's "concerned that the funds provided by the Committee for Prudent Deregulation... are part of a reported \$10 million political war chest the Committee has amassed to influence the FCC and Congress to prevent repeal of the rules... Groups representing millions of senior citizens, minorities, working men and women and others have already contacted the FCC on this issue... We firmly believe these rules are severely damaging" and that TRAC conference "will not be the appropriate and objective forum in which groups may expect to become better informed on the issues." Among those who will participate: Rep. Waxman (D-Cal.) and Mobil's Herbert Schmertz.

**Jobs in new media:** Videotex & teletext operations being set up in U.S. may stimulate up to 5,000 new jobs by 1990, according to Arlen Communications, research & publishing firm. Electronic publishing concerns will be responsible for most new positions, with half in editorial services and half in advertising, technical & administrative support, Arlen predicts. Major videotex players, including Time, Times Mirror, Dow Jones and Viewdata Corp. of America, will at start need 100 employees each to produce, sell & deliver information services, while their local partners will employ 10-20 at start. Networks probably will hire 50-70 to operate 24-hour broadcast teletext services, while local stations may need as few as 2 employees to create & insert local information. In addition, private videotex systems for businesses may become major factor in industry, creating several hundred jobs. Analysis available from Arlen Communications, 7315 Wisconsin Ave., Bethesda, Md. 20814.

**FCC grant of UHF translator CPs to Monroe County (Fla.)** Commission over protest of local cable operator has been upheld by U.S. Court of Appeals, D.C. County is mainly in Florida Keys with no local TV stations and out of reach of Miami stations. In 1979, FCC granted county commissioners authority to construct & operate UHF translators to rebroadcast 5 Miami stations to Keys. Grant was opposed by Tele-Media, which operates cable systems in county. Court affirmed FCC holding that Tele-Media hasn't raised material questions of fact, found that FCC correctly concluded grant was in public interest.



**N.J. CABLE NETWORK LAUNCH:** Cable TV Network of N.J. plans launch this week when first affiliate, Comcast Cable of Trenton, plugs into statewide web eventually linking all 59 cable systems in state. First program will be educational show produced by N.J. Dept. of Higher Education. By June, all cable systems in state, serving about one million subscribers, will be tied to network, officials said.

N.J. cable operators are first in nation to create such system, which has been in works 5 years, it's claimed. Operators actually own network through purchases of stock, which initially capitalized effort. Programming will originate in Trenton at central studio. From there, it will be fed by microwave and by common carrier; each system is responsible for passing it along chain.

Educational, cultural & political programming of state interest will dominate network programming, officials said. State agencies will produce much of programming. Only 25% will be ad-supported, mainly movies. Four staffers have been hired to operate network, supervised by board of representative from each member system. Plans call for member systems in later years to pay 6¢ per subscriber to fund program development.

**Chicago cable update:** City Council has tentatively awarded franchises and set service areas for 4 cable companies serving 5 areas of Windy City. City & cable firms now begin negotiating on service levels & rates in process expected to take 2-3 months. Each service area includes roughly 200,000 homes. Area 1 (downtown northward along Lake Michigan): Cablevision Systems Chicago, \$108 million for 522 miles of plant. Area 2 (northern residential section): Group W Cable, \$175 million, 777 miles. Area 3 (northwest residential section): Group W Cable, \$155 million, 815 miles. Area 4 (near south side): Chicago Cable Communications, joint venture of TCI & Cross Country Cable, \$74 million, 771 miles. Area 5 (far south side): Stellar-Continental Cable, joint venture of Continental & Stellar, minority group, \$110 million, 1,000 miles. All bidders proposed 36-channel basic service at \$69.95 installation but no monthly charge. Franchise recommendations were made to City Council by Cable Administrator John McGuire. Same day, Mayor Jane Byrne announced she was firing McGuire, replacing him with James Kane, attorney in private practice. McGuire apparently angered mayor when he questioned proposed venture between Group W Cable and Thomas King, who was a major fund-raiser for Byrne. Resulting outcry by cable bidders (Kane has no experience in cable) caused mayor to keep McGuire on until end of franchise process.

Viacom International is buying KLAS-TV Shreveport in stock swap valued at about \$29.9 million, subject to adjustment at closing. KSLA-TV holders (about 30, headed by Dolores LaVigne with 48.52%) will receive 242.6 Viacom shares for each KSLA-TV share (4,122 outstanding). Viacom closed Jan. 13 on N.Y. Exchange at 30-1/4, off 1/8. Stock exchange is designed to be tax-free.

**MPAA challenges WTBS license:** Angered by WTBS Atlanta airing of NCTA spot in which Assn. Pres. Thomas Wheeler criticizes Copyright Royalty Tribunal decision raising distant signal rates, MPAA filed challenge of station license with FCC. Motion asks for declaratory ruling that airing spot constitutes breach of station license to serve public interest by promoting private interest of WTBS owner Ted Turner. Filing derides fairness doctrine claim by WTBS that it aired 30-sec. spot Jan. 6 & 7 to provide "robust and wide-open discussion of issues of public importance. Last week WTBS offered copyright opponents opportunity to reply (Vol. 23:2 p 2), but MPAA filing said offering reply is ploy to shield "insidiously wrongful actions" with fairness doctrine, that action "cannot be condoned." WTBS added 10-sec. tag to end of spot disclosing that station "has an interest in" and will be affected by cable copyright issues.

Denouncing NCTA for opposing its petition to repeal telco-cable cross-ownership ban, USITA found "curious" NCTA's argument that growth of cable industry wouldn't have occurred without ban on cross-ownership: "Why NCTA would point with apparent pride to such a dismal record of selective and cream-skimming market penetration is difficult to understand. On what basis it justifies that record on the existence of a rule under which CATV operators have had virtually free rein throughout the country is unfathomable... Moreover, the NCTA repetition of its familiar theme of the few and ancient instances of Commission unhappiness with telephone company conduct is more than somewhat reminiscent of the 'all the Indians walk single file — the only one I've ever seen did' logic."

USA Today devoted editorial page Jan. 10 to violence on TV, included guest columns by Donald Wildmon, Norman Lear, George Gerbner & Nicholas Johnson, "Voices from Across the USA" interviews with public. In editorial headed, "Keep the Congress out of TV scripts," Today said: "Asking Congress to regulate TV violence because of suggested influences is a mistake... It would be wrong to deprive 225 million Americans of their right to choose because a few are abnormally impressionable. The fact is, most people like to be entertained by violence... Finally, people must act as their own censors — at home. Those who want to watch violence on TV must have the right to do so. Those who don't must have the equally inalienable right to turn it off."

**Sacramento pay-TV operator filed \$10 million civil antitrust suit against HBO in Federal Court, charging conspiracy and illegal price discrimination for allegedly refusing to provide feature films on which HBO held exclusive rights. Cal. Satellite Systems, unit of Graphic Scanning, charged HBO with creating illegal "boycott" following end of network affiliation agreement between 2 companies.**

**Cable system swap:** Storer Cable has acquired Newport, Ky., cable system from Metrovision in exchange for Glendale Heights, Ill. system.



With cable as common enemy, STV & MDS plan 1983 convention. Joint convention & tradeshow Oct. 30 in L.A. of Subscription TV Assn. (STVA) and National Assn. of MDS Service Companies (NAMSCO) is first step toward what both groups hope will be merger of all over-the-air pay services, including LPTV and DBS. "We'd have more influence with the FCC and Capitol Hill as one organization than as fragmented groups," said Diane Hinte, NAMSCO conference chmn. and product mgr. at Standard Communications, L.A. Describing common goals — "to get subscribers and fight cable" — Hinte said STVA approached MDS services with idea last fall; NAMSCO voted for it unanimously. LPTV organization had also been approached, couldn't join convention because of prior commitments. STVA's 60 voting members and 40 associate members, include Comsat DBS subsidiary Satellite TV Corp. and Oak Industries. NCTA had no comment.

Accusing FCC of "violating federal law by helping a fundamentalist broadcasting organization avoid public investigation," United Church of Christ asked Commission to reconsider approval of sale of WJAN Canton, O. by PTL TV Network to David Livingstone Missionary Foundation. "By allowing PTL to avoid a hearing and not encouraging it to offer its license to possible minority owners, the FCC has raised doubts as to its loyalty to its minority ownership policy," Church said. PTL and its Pres. Jim Bakker had been under investigation for allegedly misappropriating funds raised through appeals on non-profit station and for obstructing FCC investigation. In approving transfer of WJAN, Commission referred results of its closed investigation to Justice Dept. National Black Media Coalition also asked FCC to reconsider WJAN sale.

Tampa, Fla. cable franchise has gone to Tribune Cable Communications subsidiary Tampa Cable TV. It will build \$53 million system with 1,300 miles of plant. Interactive 440-MHz system will offer 108 channels with 38-channel basic service costing \$2.25 per month. Exclusive franchise for area covering 114,000 homes is for 15 years. Tampa Cable will establish fund to benefit Tampa Bay Performing Arts Center and provide local origination studio there.

Shively Labs and SIRA s.r.l., Italian supplier of broadcast equipment, have reached joint marketing agreement to introduce SIRA products in U.S. Since 1977, SIRA has sold more than 1,000 TV broadcast antennas and more than 300 FM antennas. SIRA products will be sold in U.S. through Shively distributors under Shively-SIRA name. Most parts will be manufactured in Milan but some components will be made in Shively Labs in Bridgton, Me.

NAPTS board approved fiscal 1984 budget based on \$820,000 in dues from member stations, 15% increase over current year. NAPTS Pres. Bruce Christensen called that level "absolutely essential," said it's enough to carry through "a modest effort in this city." NAPTS is seeking new authorizing legislation from Congress which will cover CPB's budget for fiscal 1987-89.

Claiming "extreme urgency," WKAT(AM) Miami Beach asked FCC to authorize temporary nighttime power increase from 1 kw to 2.3 kw to counter interference from Cuban station on 1360 kHz. WKAT said interference, starting "promptly at sunset," from CMHW(AM) Camaquey (a new Cuban outlet not authorized under NARBA) causes WKAT signal to be "so overcome... as to be largely unmarketable." If request isn't granted, CMHW signal "will be easily heard at night throughout southern Florida to promote Cuban propaganda," WKAT said. Station charged U.S. "appears to be willing to engage in this [radio] war under rules limiting its broadcasters to fight hobbled with the restrictions of certain ancient gentlemanly rules... Lack of a positive response to this problem by the federal government, specifically the FCC, leaves to the Cubans the power to punish American broadcasters whose views they find threatening."

FCC took following actions on AM radio last week: (1) Proposed deleting or amending requirement that station cover business district with signal strength of 5 millivolts per meter. FCC says "business district" is hard to define, that few people live in downtown areas. (2) Proposed allowing less restricted use of toroidal transformers in systems for monitoring current delivered to towers used by stations operating with directional antennas. (3) Proposed amending Special Emergency Radio Service (SERS) rules by eliminating requirement that base stations operating on MED-1 through MED-8 channels must use equipment wired and equipped to transmit/receive on at least 4 of those 8 frequency pairs and by designating 2 additional SERS channels MED-9 & MED-10.

CPB Pres. Edward Pfister pronounced public broadcasting healthy & stable, and discounted reports of its death by the new technologies as "a cry in the wind — nothing more," in year-end interview with our sister publication Public Broadcasting Report. However, he said Americans must make "policy decisions... about the value of this institution, the need for this institution and the way in which this institution is going to be sustained and supported" in coming year. Pfister hopes PTV-radio can find a way to encourage "slight but meaningful increases" in federal funds. Given resources necessary to do the job public broadcasters are now doing, Pfister believes, level of program services will continue to attract Americans and will enable institution to take care of itself.

Administration plans to propose cuts in appropriations next month which may include CPB's fiscal 1985 funds. According to officials at NAPTS, White House may ask for \$45 million rescission in Corp.'s appropriation for that year. OMB originally requested \$85 million for CPB's 1985 funds, but Congress restored amount to \$130 million. Corporation's 1984 money appears to be safe, they report.

National spot radio advertising increased \$14.6 million for first 9 months of 1982 and is expected to reach \$1 billion for year for first time, according to SRA.



## Personals

Eric Ober, ex-CBS TV Stations, named vp-station mgr., WCBS-TV N.Y.; Paula McCorkle joins as communications dir... Michael Dubester, ex-Contemporary Communications, named vp-operations, ABC's Home View Network... Barbara Landes advanced to vp-finance & administration, NBC Radio... William Gillen, ex-WLS-TV Chicago, appointed news dir., Me. Bestg. System, succeeding Fred Nutter as WCSH-TV Portland news dir. and assuming additional responsibilities as news dir., WLBZ-TV Bangor; Nutter becomes public affairs & editorial dir. for both stations.

Promotions at Corinthian Bestg.: Joseph Lake to pres., KXTV Sacramento, also to assume corporate responsibilities with Corinthian; Allan Howard succeeds Lake as KXTV vp-gen. mgr.; John Irvin to vp-gen. mgr., KOTV Tulsa, replacing Howard; Ted Kohl, ex-KHOU-TV Houston, succeeds Irvin as vp-gen. mgr., WANE-TV Ft. Wayne.

Edward Fritts, NAB pres., speaks at Feb. 10 luncheon of NATS Washington Chapter, Blackie's House of Beef; Les Brown, Channels of Communications editor-in-chief, addresses Philadelphia Chapter Jan. 27... William Stakelin, NAB chmn., keynotes S.C. Bestrs. Assn. convention Jan. 25-27, Columbia; Joseph Flaherty, vp-engineering & development, CBS Best. Group, receives NAB Engineering Award at April 10-13 convention, Las Vegas.

David Lane, ex-WFAA-TV Dallas, named to new post of TV vp, parent Belo Bestg... John Radeck, ex-KESQ-TV Palm Springs, named vp-gen. mgr., WJKS-TV Jacksonville... Geoffrey Rose, ex-WVIT Hartford, named gen. mgr. WTXN Waterbury, Conn... Gene Collins promoted at WTEN Albany, N.Y. to operations dir... David Cummings promoted to operations dir., WWNY-TV Watertown, N.Y.; Jeff Graham to news dir.; Lois Dempster to public affairs dir... Kathleen Shepherd advanced to community affairs & production vp, WPIX N.Y... John Proffitt promoted to vp, McGraw-Hill Bestg., and gen. mgr., KERO-TV Bakersfield.

Thomas Cookerly, WJLA-TV Washington pres.-gen. mgr., receives Abe Lincoln Award from Southern Baptist Radio & TV Commission, Ft. Worth, Feb. 17... Thomas Hayden named an NAB regional mgr., responsible for Ala., Fla., Ga., P.R., Virgin Islands; he succeeds Dan Valentine, who retires April 30; Alvin Puryear, Baruch College prof., named to boards of Best. Capital Fund and Best. Capital Inc.

Kathleen Baske promoted to division mgr., Arbitron Eastern TV Station Sales, N.Y... Frank Kroneke joins Daniels & Assoc. Mktg. Dept. as national sales mgr., Terri Eurich as national training mgr., Connie Butterworth, ex-Foote, Cone & Belding, as mktg. services mgr... Stephen Graham joins Sytek as finance dir., Jack Moynihan as sales dir., succeeding David Beckett... Janet Dueweke advanced to advertising dir., Television Digest Inc., succeeding Edward Sellers, retired; Steven Tuttle, ex-Birmingham Post-Herald, named assoc. editor.

Alan Wagner, ex-CBS Entertainment, becomes independent producer with exclusive contract with Columbia Pictures TV... Frank Philpot, ex-PBS, named syndication mgr., U.S. Chamber of Commerce Best. Div... Gordon Huffcutt promoted to acting dir. of State Dept.'s Telecommunications Affairs Bureau, International Communications Office, succeeding former Dir. Arthur Freeman, moved to Administrative Affairs' communications office as senior advisor.

Drew Kastner joins NBC Law as asst. gen. attorney... Mark Young promoted to vp-TV station sales-N.Y., Arbitron; Blaine Decker advanced to vp-TV mktg., N.Y... Flora Ling, ex-Money magazine, named asst. managing editor-administration, TV-Cable Week; Stephen Blacker, ex-Next magazine, appointed asst. ad sales dir./special projects.

Alan Raymond resigns as dir., ABC News PR in N.Y... Mel Smith, ex-KWGN-TV Denver, named to new post of program services dir., Tribune Bestg... Anthony Twibell, ex-KREM-TV Spokane, appointed gen. sales mgr., KTSP-TV (formerly KOOL-TV) Phoenix.

At Warner-Amex Satellite Entertainment: Debra Stephens named western region mgr.; Ronald Huttie & William Hart advanced to WASEC sales mgrs., Southwestern region... Charles Hitchins advanced to vp-mgr., Blair TV's ABC sales team in Chicago... Robert Gutkowski resigns as programming vp, ESPN... Promotions at Times Fiber Communications: John Holobinko to product line mgr., fiber optic transport systems, Cable TV Div.; Frank Rybicki to mgr., software development; Michael Rubera to mgr., product engineering, RF Cable Products Div.

Peggy Charren, pres. of ACT, guests on Mutual's Larry King Show Jan. 25... Joanne Brokaw promoted to vp-educational & community services, CBS Best. Group... Mike Meads advanced to dir.-current drama, ABC standards & practices, West Coast; Susan Futterman to dir.-children's & special programs... Ron Pitcock promoted to mgr. of Anixter Communication's sales & distribution facility, Houston... Robert Finnerty promoted to mgr.-sales operations, Magnavox CATV Systems; Richard McKennie, ex-AM Cable TV Industries, & Chris Frederick, ex-Group W Cable, named field engineering reps... Darlene Palmer, ex-NTIA & NAB, appointed telecommunications fellow at Mass. Institute of Technology.

Paula Drillman, ex-Marschalk Co., named exec. vp-research dir., McCann-Erickson/USA... John Blyton, ex-London Weekend TV, named CEO, RKO/Nederlander's new London-based International Div.

## Obituary

Nancy Hanks, 55, died Jan. 7 of cancer at N.Y.'s Columbia Presbyterian Hospital. After her 1969 appointment by President Nixon, Hanks chaired National Endowment for the Arts until 1977. She founded NEA's media arts program and helped push NEA's budget from \$11 million to \$114 million during her tenure.

Entrepreneurs... Regulators... Broadcasters... Cable Programmers...  
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# **SATELLITE SUMMIT/EUROPE TO EXPLORE SPACE BUSINESS OPPORTUNITIES WITH TOP LEADERS FROM EUROPEAN INDUSTRY**

Europe's first Satellite Summit conference will be held in London May 23-24 to explore vital strategic issues presented by onset of European satellite services, it was announced today by Albert Warren, Editor & Publisher of Satellite Week, the pioneering news service for space communication business. He issued the following statement: Satellite broadcasting, business multi-services, space and earth segments, and the future of space business will be covered at two-day session that is a "must attend" event for European, American and all other senior space executives. The Summit is especially convenient to permit onward travel to Paris Air Salon (world's biggest space segment hardware show, May 26-June 5) and Montreux (Switzerland) TV Symposium (biggest European earth station show, May 28-June 2).

The European Summit will be a symposium-style session similar to the U.S. Satellite Summit of Dec. 7. Only top executives will speak. They will be questioned by our panel of experts, and answer questions from delegates. Moderator Jonathan Miller and London Economist Home Editor Brenda Maddox will introduce leaders from Europe and U.S. to cover all aspects of European satellite business.

Opportunities presented by the onset of Eurosatellites are tremendous. To miss this session will be to miss a seminal European communications forum for everyone with a serious stake in satellite business activities. This year, Europe gets its first Eutelsats, to be followed by French Telecoms, British Unisats, Postsats, Tele-X and several DBS systems. Many joint ventures are forming to exploit new world of satellite business opportunities. There's a scramble to understand rapidly changing national & regional regulatory structures in Europe. There's confusion about how many real parallels there are to U.S. experience with the satellite boom. The rapid expansion of European markets raises risk factors and political considerations that require understanding by advanced planners, security analysts, major users and government officials.

Speakers at Satellite Summit/Europe will be of the same caliber as at the Satellite Summit U.S. They include Peter Hickman, managing director of British Aerospace satellite unit, speaking on British space segment programs; Andrea Caruso, secretary general of Eutelsat, describing the operational and future parameters and opportunities of regional European video & data satellites; Olof Lundberg, director general of Inmarsat, reporting on vital link between satellites and mobile radio; Brian Haynes, director of Satellite TV PLC, which has launched Europe's first satellite network for cable, and many other distinguished European and American experts who are leaders in their fields. We will be announcing additional speakers in the next few days.

Space at Satellite Summit/Europe will of necessity be limited. The seminar fee of \$695 (435 sterling) covers both program days of Satellite Summit/Europe. Please return the coupon immediately to guarantee space.

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# Consumer Electronics®

*A Section of Television Digest with Consumer Electronics*

## STATE OF THE INDUSTRY

EIA's final figures on 1982 TV-video sales to dealers are scheduled for release next week. For preview, see below.

**1982 SALES—11,366,000 COLOR, 2,035,000 VCR:** Strong Dec. sales helped push color TV for 1982 to record and VCR past 2-million mark, EIA figures will officially show next week. Color TV sales to dealers for full year exceeded 11,366,000, up 1.9% from previous record of 11,157,334, set in 1981. VCR sales totaled nearly 2,035,000, beating preceding year's 1,360,988 by 49.6%. Color video camera sales also set record, at 296,000, some 56% ahead of 189,770 of 1981.

Total TV sales of about 17,132,000 were 2.6% ahead of 1981's 16,698,283, but trailed all-time record year of 1980 (17,182,596) by a hair. Those figures don't include projection TV — if they did, 1982 would have set record of 17,249,000 TV sets vs. 17,240,000 in 1980. Projection sales for 1982 came to 117,250, down 3.6% from record 121,750 in 1981. Monochrome sales at 5,765,000 bested 1981's 5,540,949 by 4%.

Dec. was all-time record sales month for VCR — 331,700 sold, up 76.1% from Dec. 1981 and first month sales ever exceeded 300,000. Camera sales set new monthly record in Dec., too — 53,000, up 66.9% from year earlier. Color sales at 1,156,000 were record for any Dec. except in 1980, when EIA's adjusted Dec. calendar had 6 weeks (vs. 5 weeks for normal Dec.). Year's final week was particularly good, setting records for 52nd week in color TV (up 18.2% from 1981 week), VCR (up 56.9%), and best week in history for cameras at 15,900 (up 206.5%).

**CES—UPBEAT ALL THE WAY:** Industry put lots of money into circulation in Las Vegas last week at Winter Consumer Electronics Show, exuding confidence that consumers would follow its example in unprecedented wave of buying. "The worst is over" was heard repeatedly in seminars and on floor of the 3 show sites, and if speakers didn't really believe what they were saying it was best snow job we've ever heard.

Attendance & enthusiasm reflected same upbeat atmosphere. The normally unflappable daddy of CES, EIA Senior Vp Jack Wayman, was somewhat flapped by attendance — which he emphasized came to "honest figure" of 78,126, up more than 10,000 from last year's record. More than 104,000 badges were issued (vs. 80,000 last year), show directory went to 3 printings, more shuttle buses had to be summoned to accommodate migrants between hotels and convention center. Fire marshall ordered auditorium doors closed as video seminar began to avoid overcapacity crowd. (Seminar highlights were repeated by videotape in special viewing area.)

As event drew to close, show office was besieged by exhibitors demanding larger space at June Chicago show — principally computer, game & phone companies. There were complaints — but principally the type show managers like to hear — too big, too crowded, too hard to get around.

Huge attendance and requests for more space created embarrassment of riches for sponsor EIA Consumer Electronics Group: How will Chicago be able to accommodate traditionally larger crowds at June's Summer CES? Attendance at last year's summer show totaled 72,492, up 10,000 from 1981. CEG board meeting at show discussed controversial proposal to move 1985 event to N.Y.'s new exhibition hall, will vote on it at mid-March meeting.

Nearly 2,000 media representatives poked & prodded around floor for news, actually

unearthed little new in sensational products, concentrating instead on true story of show, which was more economic than technical. Network newsmen's interviews centered around theme of "why are you people smiling when everybody else is crying?" Plain fact is that very little radically new or unexpected in way of product emerged from show.

Product stars, as expected, were videogames & computers. New game titles were introduced & projected by the hundreds by familiar & unfamiliar names in field, with more & more games being introduced in multi-formats including best-selling computer names. Major-name game consoles fell below \$100-retail mark with sharp reduction of Odyssey 2, and increased numbers of game-computer hybrids showed up.

Computers spread their wings in price categories, power & versatility, with everybody expanding into everybody else's market. Timex Sinclair lost its monopoly on under-\$100 computer field, with TI & Casio, plus smaller companies, invading field. At other end of scale, personal computers (as distinguished from "home" products) seemed poised to enter mass market in \$1,000-\$4,000 range — IBM, Epson & others, along with software firms which have dealt previously only with computer stores, drawing good crowds. Traditional consumer electronics companies all were either entering or considering computer field, and Japanese made start on renewed effort to crash both home & personal areas.

Third big product was telephone, AT&T using CES to launch its consumer operation (Vol. 23:2 p11), and more than 200 other companies displaying literally thousands of models.

There was almost sigh of relief that this CES wasn't a video show -- for first time since introduction of VCR, industry skipped opportunity for semiannual model change. Many VCR marketers -- including North American Philips, RCA, Panasonic, Sanyo -- said worst was over in industrywide inventory liquidation, with most low-end models cleared out. Main VCR excitement was created by demonstrations of new Beta Hi-Fi format and single-piece Betamovie VCR-camera by members of Beta group (Vol. 23:2 p10).

Even discordant notes were positive. Some big name video software exhibitors, their ranks already thinned at this show, were talking of pullout in June despite real sales hype from lower-priced programs, because their customers are buying without CES exhibits — almost direct analogy to long-ago exit by many major TV manufacturers which sell to distributors at their own conventions. (At least one movie company was irked because of feeling that its exhibition dollars were helping subsidize EIA's right-to-tape activities.)

Seminar speakers and TV exhibitors all stressed need to "put profit back in the business" — seemingly in vain, as prices continued to find new cellars and dig sub-basements below those. Sweeping show was news that major Korean manufacturer was offering 19" color set at flat dealer price of \$155, no conditions attached, and there were rumors of reactions with prices as low as \$150. Forecasts of 1983 TV sales were ebullient (ranging as high as 12 million); forecasts of profits weren't.

In audio, CD digital disc launch was only major news — and models were shown by most principal players on sound scene. Prices ranged as high as \$1,000 for deck systems. Prime movers were North American Philips, backed by Polygram Records, and Sony, backed by CBS/Sony, promising debuts in 2nd quarter, accompanied by at least 100 discs each. More detailed reports on CES activities & products will be found elsewhere in this issue.

**NOV. COLOR SET IMPORTS UP, VIDEO DOWN:** While most video product imports went into steep decline in Nov., surge in shipments from Korea & Taiwan produced sharp rise for complete color TVs, Commerce Dept. figures show.

VCRs took nosedive. Month's imports of 199,400 represented drop of 27.9% from same month last year and 34.1% from Oct., though for 11 months shipments were up 24.2% to 2.26 million. Total Nov. TV camera imports were down 36.9% to 28,100, with color off 30% to 25,200, b&w off 66.3% to 2,900. For full period, total camera imports were up 12.2% to 446,600, with color at 367,800, up 11.4%, b&w at 78,900, up 16%.



In other video products, videodisc player imports continued to slide, with month's total off 83.6% to 3,500, 11 months down 41.7% to 46,100. Imports of videotape players were down 35.6% in Nov. to 1,200, but up 48.3% to just under 26,000 for full period. Only major video import bright spot was 66.3% jump in month's shipments of projection TVs to record 5,700, putting 11-month total at 33,800, off just 0.2%.

Nov. imports of complete & incomplete TVs were off 23.3% to 821,900, with color down 12.4% to 372,900, b&w down 30.5% to 449,000. Results put 11-month TV total at 9.26 million, down 13%, with color at 4.07 million, down 15.1%, b&w at 5.19 million, down 11.3%.

Chassis & kits absorbed all color falloff, imports of complete sets jumping 33.6% in Nov. to 201,300, up 11.4% to just over 2 million for 11 months. Incomplete color imports were down 37.6% to 171,700 for month, and off 31% to 2.06 million for full period. In b&w, complete-set imports were down 30.7% in Nov. to 447,800 and 11.2% to 5.19 million for 11 months. Mini-TVs (10"-&-under) were hit by b&w sag in Nov., dropping 44.5% to 98,600, and ending 11-month period at 1.44 million, off .07%, marking first such cumulative decline of year. Biggest impact was in mini-combos, which fell 57.1% in Nov. to 35,200, and were off 0.6% to 733,900 for 11 months. Other small-screen b&w sets were down 33.7% to 63,400 for month, were up by 0.5% to 705,800 for 11 months.

\* \* \* \*

Japanese produced more VCRs than color TVs on full-year basis for first time in 1982, according to preliminary estimates. VCR output there rose 35% to 12.8 million, while color production slipped 3% to just under 11.3 million. VCRs easily retained value leadership mantle acquired in 1981, with 1982 production value placed at \$5.74 billion, up 20%, while value of color production dropped 8% to \$2.83 billion. VCRs, figures indicate, accounted for 27% of value of Japan's total home appliance production last year, up from 22% in 1981, while color's share slipped to 13% from 14%. Figures exclude some 5 million color sets Japanese assembled in overseas plants.

**ELECTROHOME DROPS OUT:** Electrohome, one of Canada's last 2 remaining old-line TV makers, (other is RCA), has quit consumer market, though it will continue making sets, and Electrohome brand goes on. On Jan. 1 sales & marketing of Electrohome consumer electronics was taken over by Mitsubishi under renewable licensing agreement announced last May.

Though not official part of agreement, Electrohome will function as contract assembler for Mitsubishi, produce color sets for sale in Canada under both Electrohome & Mitsubishi brands, according to Electrohome Pres. John Pollock. Mitsubishi, Pollock told us, has right to re-introduce Electrohome line in U.S. In Japan, Mitsubishi said it expects to supply Electrohome with parts for 70,000 sets annually.

New deal won't affect continuation of Electrohome's TV parts & technology agreement signed with JVC in 1979 (Vol. 23:2 p8). Pollock said company will continue working with JVC in commercial-industrial video area. Electrohome, he said, will continue production and worldwide marketing of monitors, monitor-receivers, displays and arcade videogames, pointed out that 41% of firm's sales stem from such exports.

Pollock termed move "evolution in terms of our position in the electronics field." In current electronics world, "internationality is the only basis for survival," and company felt opportunities in consumer market "were strictly limited to our Canadian operation," Pollock said.

New FCC rules will save manufacturers & marketers of video & radio devices time, money & paperwork. Commission proposed to eliminate requirement to file certification that TV & FM receivers meet its standards, establishing new procedure called "verification," under which manufacturers & marketers won't be required to file information with Commission unless requested, and can start marketing without waiting for FCC approval. This will be followed in few weeks by order eliminating type approval for TV interface devices (VCRs, videodisc players, games, computer modulators, etc.) and substituting certification procedure. Under type approval, manufacturers or marketers must submit product sample for testing. With certification, they merely file test data, certify product meets FCC rules.

Intel reported 10% gain in net to \$30 million, but improvement stemmed from tax credits, and operating earnings were down 25%. Sales were up 14% to \$900 million. Company said market for IC memories & MPUs continues to suffer from poor worldwide economic conditions and intense international competition, noted that 1983 starts "without any real sign of an upturn visible."

Beta-to-VHS switch is planned by NEC for one of its 2 plants, according to reports in Japan. It currently makes 20,000 Beta VCRs monthly, about evenly divided between Kawasaki & Odawara plant. Latter would be switched to VHS decks, principally for export, on completion of licensing agreement with JVC.

**NEW RCA DISC PUSH:** RCA Selectavision is launching 2nd videodisc "Showcase Dealer" merchandising program to increase retail availability of discs. Disc sales unit hopes to enlist 1,500-2,000 hardware outlets in next 3 months, twice as many as participated in similar effort last year, according to Mktg. Vp Herbert Mendelsohn. Drive in 1982, which gave participants full year to pay bills, was "not as successful as we had hoped," according to Vp Thomas Kuhn.

New version requires dealers to stock at least 50% of RCA catalog, buy at least 75% of new releases, display mono & stereo players, take part in all RCA-instigated promotions for that market. Dealers will get average of 75 days to pay, vs. 30-45 for non-Showcase outlets, direct shipment of all POP material, credits toward in-store fixtures. New feature is demo disc with previews of current releases. First is due in May, updates every 4 months. Software specialty stores can participate if they purchase & demonstrate player-monitor combination.

Videodisc players, meanwhile, are being advertised well below \$300 by RCA distributors. New factory branch in N.Y. (Vol. 22:49 p13) says players "start as low as \$239" in current dealer-listing ad; similar ad in Indianapolis quotes low of \$249. Ads plug new factory promotion offering any 2 discs in store stock free with purchase of any player except leader. Low-end player actually carries open list price; at time of price reduction, it was said to be designed to sell at \$300 level. RCA says there has been no factory price reduction since that time.

In March, RCA will launch cross-promotion with McDonald's franchises in southern Cal. and Detroit, offer free Big Mac in return for watching dealer demonstration. Similar deal with Omni magazine will give readers free 3-month subscription if they take ad to RCA outlet.

\* \* \* \*

NAP Consumer Electronics plans to play bigger role in Laservision disc distribution, this year, will try to reach all software dealers, not just NAP's hardware (Magnavox, Sylvania & Philco) outlets. Company will be "high on Hollywood" until interactive disc is established in market, and that should take several years, said LV Project Dir. Nick Knoll. Because of quick turnaround at Pioneer's pressing plants, Knoll claims NAP orders only 500-1,000 discs of top titles, same number of interactives, "couple of hundred" of lesser programs. He said NAP is predicting LV player sales of 75,000, CED at 225,000 for 1983.

Memtek Products is new name of Memorex Consumer Products now owned by Tandy, which acquired video & audio tape manufacturing operation from Memorex last year. Memtek will continue to use Memorex brand.

RCA demonstrated European-type CED videodisc player at CES, playing simultaneously through PAL & SECAM TV sets. Sign at exhibit said PAL/SECAM discs will "initially be made by RCA in Indianapolis."

**OUTLOOK 1983:** Healthy sales growth in 1983 is optimistic forecast offered by EIA at recently concluded Winter Consumer Electronics Show in Las Vegas. Figures compiled by Marketing Services Dept. indicate that factory sales value (including imports) of industry's more traditional video & audio products last year was \$11.1 billion, down 2.6% from \$11.4 billion in 1981. But they also show previously unlogged home computers, videogames & phones added \$3.9 billion to pot, raising 1982 total to \$15 billion.

Newer video products will, in general, set pace for higher sales this year, as indicated by EIA's projections for unit sales to dealers in following table:

Product	1983 Units (add 000)	% change
Color TV.....	11,500	+ 0.9
B&w TV.....	5,500	- 3.5
Projection TV.....	145	+ 26.1
VCR.....	2,500	+ 25.0
Color cameras.....	400	+ 33.3
Videodisc players.....	300	+ 33.3
Audio systems.....	2,800	+ 3.7
Audio components.....	1,100	- 1.3
Portable tape equip...	20,000	- 0.5
Home radios.....	25,000	- 16.7
Car radios.....	13,000	+ 5.7
Videogame consoles....	7,200	+ 7.5
Total telephones*.....	26,000	+ 6.3
Cordless phones*.....	875	+ 41.1
Phone answerers*.....	1,000	+ 17.6
Videocassettes, blank.	35,000	+ 25.0
Videocassettes, rec...	7,000	+ 16.7
Videodiscs.....	5,000	+150.0
Videogame cartridges..	70,000	+ 16.7
Audio cassettes, blank	200,000	+ 5.3

\*Estimates from AT&T

**THE BRIGHT SIDE:** At seminars, interviews and news conferences at CES, forecasts for 1983 generally were optimistic. Among highlights:

GE Video Vp-Gen. Mgr. Jacques Robinson said company will spend more than \$50 million in next 2 years on major U.S. plant modernization program. "We have unmatched strengths to become a market leader," he added. He saw improved profitability in 1983, late-1982 pickup continuing through year. By 1984, he said, GE should start realizing return on investment in new products, such as digital TV, Comband cable system, lower-priced Talaria projection system. Other GE officials made these points:

GE sees 1983 color TV sales at slightly more than 12 million units, b&w at same to slightly above 1982 level, VCRs at 2.4 million (30% portables), cameras approaching 500,000, "some recovery" in projection TV sales. Digital TV will be available in 1984, halving parts count and improving reliability at no extra cost. Its computer control will compensate for aging and signal variations as well as providing simple diagnosis for repairs. Additional features which can



be added by software and memory modification: (1) Improved sharpness & resolution. (2) Picture freeze & zoom. (3) Ghost elimination. (4) Picture-in-picture. (5) Low cost videotex. (6) Digital audio, when it's adopted for broadcast.

Good year ahead for manufacturers & dealers was forecast by Magnavox Vp-Gen. Mgr. Ken Thomson. Dealer shakeout is nearly complete, he said, those remaining being on relatively sound footing with inventories reduced 30-40%. In 1982, he noted, there was swing to cash purchases instead of floor planning and other financing -- some 70% of dealers now buying on cash discount plans, vs. 20% before 1982.

Home computer "could be a threat" to some consumer electronic products, prompting major shift in use of spendable income. "It will take away from games, maybe audio, but probably not from TV." In VCR, Magnavox is now Matsushita's biggest outside customer, has very low inventories. "December was hot for everybody, and in many cases leader models have been wiped out." Most manufacturers, he forecast, will follow Magnavox in dropping mid-line VCRs, concentrating on high & low ends -- "the only things that are selling." Portables comprised about 28% of Magnavox's 1982 VCR sales, vs. about 20% industrywide.

As for Laservision, it's "beginning to turn," Thomson told us. "It will continue as a consumer product and have its place." Dutch Philips, he said, regards it as "forefront of a revolution," a technology which has made possible digital Compact Disc and will apply to digital TV. He added that Magnavox still plans to substitute Philips-made disc player some time in 1984 for the one currently supplied by Pioneer.

Magnavox's component TV consoles are selling well, now in 3rd production run, with 40" projection TV component surprisingly strong at \$2,300-\$2,700. Thomson said Magnavox held or slightly improved TV market share in 1982, picked up "couple points" in VCR.

"Most retailers had a good Christmas season and are looking to buy," we were told by Sanyo Senior Vp Art Westburg. "Open-to-buy is as strong as at any time in the last few years." Old low-end VCR has been sold out, new mid-line unit is backordered. "After we repositioned our color line," he added, "November was the best sales month in our history." He said he thought games & computers had "tremendous" positive influence on TV sales. Sanyo will be back in CED videodisc with stereo model, he said, giving no timetable. Sanyo will field consumer computer this year. He saw good year in 1983, definite improvement in economy, with "exciting things coming."

At video seminar, RCA Sales Corp. Pres. Arnold Valencia saw improved inventory situation, with pipeline (factory plus distributor) stocks of color down 6% in year, b&w down 34%, VCR up 10% but down 20% from peak. He noted that consoles actually increased share of color market last year, said "we're losing money" on projection TV liquidation and expressed disappointment in camera sales.

Quasar Pres. Jack Pluckhan questioned whether "retailers made any money on VCR leaders in 1982," forecast "significant growth" in component TV. Zenith Sales Exec. Dir. Gerald McCarthy said stereo sound would have big influence on VCR sales in 1983, reiterated that Zenith is "pleased" with its relationship with Sony.

TV industry has "backed itself into a [price] corner," said Sony Consumer Pres. Joseph Lagore, urging dealers not to ignore it for more splashy products. After all, TV is "the fundamental unit that makes all of them possible."

Valencia may have tipped RCA's hand when he forecast "exciting things to come" and "significant new product introductions" in 1983. Pushed by questioners, he hinted RCA will introduce universal remote control (for TV, disc, VCR), "exciting projection TV products" (presumably including Hitachi-developed liquid-coupled system), "important technical factors, exciting portable & table models," believed to refer to slimmer shapes made possible by 110-degree Coty-29 tube (Vol. 22:23 p8).

**GAMES STILL STRONG AT CES:** Dedicated videogame consoles may or may not be ready to stop growing and give way to home computers, but major producers see rosy future no matter which way ball bounces, and proof that interest extends to dealer level was impassable crowds that packed aisles around WCES exhibits.

Activision Pres. James Levy estimated 15 million game consoles (including home computers) in use at end of 1982, saw it growing to 25 million in year, of which 1/3 will be computers, representing 30% of color homes. Entertainment software increased in 1982 by 75% to 100 million units, or \$2 billion at retail.

Referring to the 5 major game producers (Activision, Atari, Mattel, Parker, Milton Bradley), Levy said "the industry was never healthier." Top 5 now have 90% of market, he said, forecasting that 5 years from now 10 companies will share 90%. "The critical competitive edge goes to the company with the most creative & marketing capability."

Next big target for games is Commodore's Vic-20, Levy said ("we track pipelines very carefully"). Longterm, Atari computer will continue to be "very significant." He doesn't expect Atari VCS to become obsolete -- "it's the Chevy of the market" -- but more sophisticated machines, RAM/ROM systems, will have bigger market shares. Prices of cartridges will spread, going both up & down. He estimated life of videogame at 3 weeks to 5 years -- "we're developing classics like Monopoly & Scrabble." Adults without children comprise 35% of game audience. Activision's 1983 ad budget is \$40 million.

Imagic Pres. William Grubb saw game industry "poised for a new spurt of growth." If 1982 was year of the computer, he added, 1983 will be the year of software. Now in use are 14 million videogame consoles, million home computers. "The industry is no longer software-limited -- the reverse is true."



Odyssey Vp-Gen. Mgr. R.W. Staup forecast videogame console business will go flat in 1983 in dollars if not in units, as field is taken over by home computer. New Odyssey Command Center will sell in same price niche formerly occupied by Odyssey 2 (dealer price is \$20 below Colecovision), while latter has "new low price" permitting sale at under \$100 with full markup.

Command Center isn't promised Odyssey 3, Staup pointed out. "We had in mind a more advanced product, but that's still some way down the road. We felt we had to advance the state of the art [in home computers] and couldn't do it now." Command Center console will carry \$180 suggested list, voice module & computer add-on will go for \$100 each, telephone modem is priced at \$150. All are for delivery this summer.

Industry's walking wounded, game maker Apollo and console marketer Astrocade, were both at show despite being in bankruptcy. Both had new programs to show and promised they would be back to normal before too long. (In N.Y., Astrocade game is now retailing at \$80 and billed as "distributor closeout.")

Atari 2600 may get 2nd market wind thanks to superchargers that boost graphic & action capability. CBS introduced 2 games with proprietary chip that triples capacity, Emerson unveiled memory boosting adaptor, while Starpath cut \$25 from price of its cassette adaptor, now \$45, introduced first multi-load game in which playing field changes as game progresses.

Did \$500 list on game-computer combo housed in console with 10" color monitor (Vol. 22:49 p12) sound too good to be true? It was. As WCES opened, Ultravision doubled price of unit to \$1,000, scrapped scheduled March availability date, said it wasn't sure when it would make delivery.

Move by Paramount's coin-op subsidiary Sega into game software will spell end to much of link with Coleco when current contract runs out in March. Coleco will still get rights to Colecovision versions of Sega games, but Sega will handle rest. Sega said it expects to have \$40-\$50 million in arcade & movie theme game sales this year. Coleco, however, signed joint game-computer software development agreement with Hollywood special effects wizard (Star Wars) John Dykstra, and bought exclusive rights to use Dykstra's name.

Highly controversial X-rated game Custer's Revenge has vanished from scene, as has its marketer, American Multiple Industries. Rights to AMI games have been acquired by GameSource, which will use Playaround logo on its adult games. GS said it was dropping Custer because its rape theme was not in keeping with policy of offering only "good sexual fun between consenting video images." New X-rated game entrant was Select-A-Tape with Universal Gamex line of adult games. First entry is X-Man, featuring "sexual excitement meter," to be followed in March by Rescue of Emmanuelle. Pres. Alan Roberts plans to ship 100,000 units in U.S., 100,000 overseas in next 2-3 months.

Being added to recreational sex this year is recreational violence. Wizard Video demonstrated game versions of movies Texas Chainsaw Massacre and Halloween. Chainsaw player scores points — and gets refill of gas tank — with every murder. Halloween is more benign. Object is to rescue victim from knife-wielding killer. Games, now only 60% complete, are planned for March release, and WV says it expects to deliver 100,000 copies of each.

Atari made unusual move in buying exclusive marketing rights to wireless hand controls offered for its games & computers by Cynex. Under agreement, Cynex will stop selling \$99-per-pair Game Mate controls Feb. 1, but will continue producing for Atari. Deal also prohibits Cynex from introducing any new videogame accessories. Another turnaround was licensing by Data Age of home game Journey Escape, themed to adventures of performing rock music group, to coin-op producer Bally-Midway.

Nameless game was introduced by U.S. Games, which will launch national naming contest, offer \$10,000 grand prize. New wrinkle in game accessories is Videoplexer game cartridge selector from Compro Electronics. Unit, which comes in versions for Atari & Intellivision games and lists for \$60, holds 8 cartridges. It connects to game by cable which plugs into cartridge slot, has 8-button keyboard for game selection.

**COMPUTERS GO HOME:** Just as line between games & computers is blurring, it was evident at WCES that demarcation between home & personal is getting increasingly fuzzy, as pricing in both moved up & down. And it became increasingly clear that under-\$100 is becoming major home computer category, not just single-company phenomenon. WCES's own computer listed 162 computer models on display at show — demonstrating just how fallible computers can be, since there were at least twice that number, possibly 3 times.

In under-\$100 category, 3 new major brands made debuts, with many more undoubtedly to come. TI was alone with new home console at that price, while TI, Sharp & Casio showed handhelds. Timex/Sinclair instituted \$15 rebate on its pioneering model, dropping suggested consumer cost down to actual street price, and introduced color stepups at \$150 (16K) & \$200 (48K), both with raised, rather than membrane keyboard, like TI's under-\$100 unit.

Mattel said new Aquarius computer (4K) will sell for about \$150, and at higher end of scale, Panasonic's 32K unit came in at suggested list of about \$350. NEC made major moves into home computer area there, and almost every consumer electronics firm — including Sanyo, Sony & Zenith — was promising computer falling into "home" category. Atari sat on top of price heap, put official \$899 list on 64K 1200XL, or about \$100 higher than expected.

Leader Commodore once again made splashiest moves in field, reclassifying its 64 computer from "personal" to "home," with suggested retail price to drop to around \$425 from \$595. Replacing it as personal model for computer dealers will be 500



series (128K) at \$795. Commodore previewed prototype of portable computer with built-in color display, features of 64, as well as handheld 4K unit. Noting company sold million computers in 1982, Commodore Pres. Jack Tramiel forecast it would sell more than 2 million this year. "In 1981 we were unknown. Today we are No. 1 in the home computer business. In 1984 we will be No. 1 in the computer business — all 3 sectors" — business, personal, home. "By 1984, we might be a \$1 billion company." Millionth VIC-20 was on display at CES.

Only real surprise was Coleco's failure to display computer add-on for Colecovision videogame console. It had been running teaser ads in computer sections of trade publications, so unveiling was expected. At show, Coleco said it decided to hold up introduction until June, putting first showing closer to first shipments. Reason, Coleco said, was that it didn't want to tip competition to advanced features.

Computer software deluge was nearly equal in size to that of videogame cartridges. One reason, of course, was that virtually every major game software marketer announced entry into computer arena. Another was growing trend by professional software houses to develop functional programming (accounting, word processing, etc.) to run on home models.

Disney Telecommunications is developing 50 titles for new "personal computer software" line, will have first batch out this spring, rest by year's end. Brunt of marketing will be borne by hardware manufacturers — Atari, NEC, Roklin, Panasonic, Texas Instruments, under 2- & 3-year distribution deals. Disney Educational Media will handle sales to schools, expects to set "rather high-ticket price" of \$150-\$175 for package including teaching materials. Second major entry into educational software is Scholastic Inc., which will deliver first 6 Wizware titles this spring for Apple, Atari, Commodore & TI, with Coleco & IBM to be added later. Total of 24 are due by early 1984, with cassettes priced at \$29.95, discs \$39.95. School market will open in fall.

Overlap between home & personal markets was evidenced by sizable roster of exhibitors primarily in personal computers, accessories and software. They used WCES to test mass-market waters, and to deliver message that today's "toy" computer buyer is tomorrow's serious computer customer.

**LOWER SOFTWARE PRICES:** Like it or not — and some don't — recorded videocassette pricing is in midst of irreversible retreat. Signs at WCES were abundant even if studios remained reluctant to spell out details and name titles. Blank tape prices aren't problem. TDK claims there's now less than \$1 difference between 2-hour Beta & VHS, sees recorded volume of 6.5-7 million units if downward trend continues, "flat" 5.5 million if not.

As first step, MCA Videocassette and probably RCA/Columbia will reissue recent hit at magic price of \$39.95 and judge reaction before moving on to new titles. Strategy gives studios standard by which to gauge impact of re-introduction. Thorn EMI Video

Programmes has dropped retail cost of more than 100 titles in catalog of 260 to \$39.95 level. Spokesman said "experiments have shown" that 2-3-fold sales growth "can be easily achieved."

CBS/Fox Video is issuing 2 titles at \$39.95, putting batch of current & old movies at \$44.98, setting top of \$79.95. Embassy Home Entertainment has put \$39.95 tag on Blade Runner and has launched mail order operation, Embassy Video Library, which will run magazine ad offer of 10 titles at \$32.50 each, \$299.50 for all 10. One of smaller participants, Nostalgia Merchant, is releasing 100 new movies of 800-title library at \$34.95 & \$29.95. Part of NM's marketing effort includes strong direct-mail push, which company hopes will account for 20% of 1982 sales, vs. 8% last year.

**SOFTWARE DISENCHANTMENT:** Consumer Electronics Shows are losing luster as venue for recorded cassettes. Software marketers are complaining that shows are too big, too expensive, attract too diverse an audience, and say they're eyeing pullout. Several are indicating preference for more specialized event to be held in Aug. in conjunction with Video Software Dealers Assn. 2nd annual convention, Aug. 28-31, at San Francisco's Fairmont Hotel.

Complaint is familiar one, having been voiced over years by spokesmen for virtually every segment of industry as it finalizes distribution patterns, market matures, and new product areas emerge to steal publicity spotlight. Warner & MGM/UA home video units skipped WCES this year, and now other majors are questioning need for their participation. History indicates some will drop out, others will stay.

MCA appears most committed to making VSDA chief software showcase, and it got plenty of off-record support from other studios we contacted. Al Bergamo, pres. of MCA Distributing, wants "a nice display," told us company probably won't have CES booth "at either show." Nostalgia Merchant Pres. Earl Blair said he was "a little apprehensive" about exhibiting, told us NM is near decision to scrub at least one appearance. Blair, who spends about \$15,000 in Las Vegas, \$22,000 in Chicago, says he considers VSDA "a better alternative."

Paramount Home Video put its WCES cost at \$40,000-\$50,000, got right kind of floor traffic, according to Vp-Gen. Mgr. Richard Childs. But 75% of PHV's exhibit was taken over by videogame affiliate Sega Enterprises, indication to Childs that "once you're established, you may not need the booth as much." PHV will be at June show in Chicago, isn't sure after that. "We haven't made a clear decision about our future involvement," said Paramount Video Pres. Mel Harris.

Foreign investment in Taiwan last year totaled \$380 million, down 4% from 1981. Of 1982 total, \$71 million was earmarked for ventures in electronic & electrical appliance manufacturing.



**VCR AT CES—ALL BETA:** Except for introduction of new Beta concepts (Vol. 23:2 p10), VCR innovations & introductions took breather at CES to permit marketers to unload inventories before they're obsolete.

While Beta group members demonstrated upcoming Beta Hi-Fi models at exhibits & suites, Matsushita was previewing VHS version of similar helically scanned FM stereo sound to VHS licensees in own suite. We didn't see or hear it, so are in no position to judge, but Beta advocates continue to claim that VHS system would have difficulty duplicating effect without picture degradation because smaller headwheel means there's less space between chrominance & luminance signals where sound signal is placed. Those who heard it, however, said it was comparable to Beta Hi-Fi. There's been no decision by VHS group as to whether to introduce system, which has been developed by various group members in 9 different slightly different forms.

Newest Beta group member, Nakamichi, demonstrated prototype of its own-brand Beta Hi-Fi VCR in hotel suite. The one shown was built by Sony, contained audio level LED panel, but Vp-Gen. Mgr. Yasuhiro Yamazaki told us company planned to build own version with dedicated audio features not available on other brands. Deliveries are scheduled by midyear at price "well under \$2,000." He said Nakamichi originated FM recording technique employed by Beta group, had been working on own video recorder using same sound principle.

Nakamichi entered video, Yamazaki said, because its 280 dealers are all capable of giving best demonstration of sound available on Beta Hi-Fi, permitting "dedicated audio professional" dealers to enter video for first time. Demonstration using Nakamichi equipment was indeed impressive, with better audio than that provided by Sony in large hall preceding week. Yamazaki said Nakamichi was considering adding monitor to give its dealers complete video system to sell.

Other major Beta introduction, 5.5-lb. Betamovie combination camera-VCR, is due in fall. Sony had scheduled press demonstration in hotel suite, but only working model developed power supply problem. Product, to be introduced near year's end, is designed as outdoor accessory to Beta deck -- it has no playback capability, rewind or fast forward. Although it can record for up to 3 hours & 20 min. on L-830 cassette, tiny Nicad battery in handle will run only one hour per charge.

Beta Compact system — complete portable unit which weighs just 1.5 lb. more than VHS-C but uses standard cassette (Vol. 22:43 p15) -- may not be introduced here as Beta group project, Sony said. Sanyo was showing its own version, however, giving tentative delivery date of next summer. Weight is less than 6 lb. without battery, 7.5 with.

As we reported earlier, Sharp became 2nd (after JVC) to introduce VHS-C recorder here (Vol. 22:51 p16) in Las Vegas suite (Sharp didn't exhibit at CES). Panasonic again showed own version "to get dealer reaction," but still has no plans to add it to U.S. line.

Among few VCR introductions at CES: Sony's first cable-ready VCR, new version of mid-line SL-5100 with 105-channel capability, at \$670. Panasonic & Quasar, 4-head Dolby stereo portables with programmable tuners, both for future delivery and still unpriced. Canon, 2-head portable with cable-ready tuner-timer. Toshiba, front-loading VCR with wired remote, 8-program 14-day timer, special effects, at about \$499.

There were more new cameras than VCRs. Particularly impressive were CCD cameras from NEC, with 50-lux sensitivity, to be available about March at around \$2,000, with autofocus model unpriced. Toshiba showed its palm-sized CCD camera (Vol. 22:49 p14), due in about year, and Hitachi demonstrated upcoming autofocus MOS camera, without price or delivery date. New Saticon camera with 8:1 zoom from Hitachi is \$795. Sony showed first consumer camera with SMF Trinicon tube which cuts lag by 80% and accepts minimum light of 20 lux; with 8:1 variable speed zoom and 1-1/2" viewfinder, it's priced at \$1,350. Canon added 1.4x telephoto converter.

Hitachi Denshi America, industrial & broadcast div. of Hitachi, added new Everex line of "consumer-type" cameras, highlighted by model with 1/2" Saticon with 8:1 zoom that one spokesman said could be sold as low as \$495. Also in line are 2/3" Saticon & MOS cameras, portable VCRs.

In tape, major development is spreading trend to "Extra High Grade" (as TDK calls it) or "Super High Grade" (Fuji) cassettes. Robert Burnett, 3M consumer business development mgr., told video seminar there are now 31 brands of videocassettes on market. Among new ones unveiled at CES, both previously reported, were Zimag and Swire.

**TV—CES A PRICE SHOW:** Despite peptalks by industry leaders about putting profit back in business, TV prices seemed to be sinking lower than ever at CES. There was relatively little in way of new product, and dealers shopping Taiwan, Korea and the new Hong Kong manufacturers definitely were bargain-hunting.

There were 3 technological highlights -- all of them well-publicized in advance: (1) GE's digital TV chassis, scheduled for spring 1984. (2) Toshiba's FST square-cornered flat-faced tube, to be included in late spring in 3 models -- one 14", two 20", with 26" to come later. (3) Casio's entry into TV with first completely tubeless set. (covered elsewhere in this issue). Here are highlights of more conventional new products introduced:

Panasonic: Projection video monitor on casters, capable of throwing 60" picture on wall, with f1.1 glass lens, pseudo-stereo sound, \$1,995; optional "semi-curved" screen, \$290. Rear-projection 40" with new furniture styling, 134-channel tuning, \$3,300. Table 19" color with pushbutton tuning, \$450. Data grade 13" monitor with RGB & video inputs, \$450. Monochrome line features pop-up 5" AC-DC with FM-AM (\$200); AC-DC 5" sets with phosphors tinted toward green or orange (\$140); 4" AC-DC (\$180); 12"



AC sets (\$100 & \$105). Panasonic also introduced amplifying switcher to connect up to 5 different sources to antenna terminals (\$100).

Contec brand by Cony Electronic, Hong Kong (Vol. 22:51 p12), made debut with electronically tuned 13" at \$360, remote version \$420; 19" at \$520, remote \$580. Monochrome sets are 4-1/2" with FM-AM & cassette (\$200), 12" AC-DC (\$80). Luks, also of Hong Kong, sought private-label accounts for 13", 17" & 19" color sets.

Magnavox: To gauge dealer reaction, showed 3 mini-combos in cabinets to match its bigger component consoles -- 2 ensembles including 9" color set and component boom box, one with 9" color and Odyssey game.

Teknika: High-end 13" color with 105-channel remote (\$469); 19" mechanical (\$369) and single-knob (\$429). Added to Teknika's Citek line: 13" remote (\$469); 19" mechanical (\$369), single-knob (\$429); low-end keypad 25" console (\$799), remote (\$899).

Sampo: First consoles from its U.S. plant are now being delivered. Four models start at \$770, with random-access remote \$900, line to be topped by double-sided unit in 2nd quarter. Its 13" & 19" sequential remotes at \$420 & \$520 have new tuning systems for automatic programming of pushbuttons.

Gold Star: Will have 2nd product from Huntsville, Ala. plant in 2nd quarter -- 19" remote. Company added new 13" mechanical and 13" random remote, says it has shipped more than 25,000 sets from U.S. plant.

NEC introduced new 40" rear-projection set 25% shallower than earlier models, attributed to new picture tubes & screen, claiming 150 ft.-lamberts brightness, 300 lines resolution, 120-degree viewing angle, with 134-channel random remote... Sanyo added first 25" monitor for its Proponent series at \$800, delivery to start in couple of months... Sony dropped in two 107-channel versions of 19" remote sets, at \$770... Quasar showed 5" AC-DC portables with FM-AM at \$135 & \$150... Kloss Video added cable-ready random-access remote (\$220) made by Teknika as accessory to its projection monitors.

At every CES there's at least one TV novelty which leaves everyone asking "why?" At this show it was American Audio's auto hi-fi system with built-in 2" TV at \$1,495.

AM stereo sits at dead center after inconclusive showing at WCES. Although National Semiconductor (NS) had forecast that 13 manufacturers would display sets using its chips for Magnavox system, only about 4 brands showed up, and, so far as we could tell, none was operating. Motorola & Harris demonstrated own systems in booth. NS Product Mktg. Mgr. Dan Shockey said situation was "disappointing," and added company was "analyzing whether to continue to support" Magnavox system. Meanwhile, it has decided to devote no more engineering effort to AM stereo, but is still "willing to talk" to anyone. Following Delco's choice of Motorola system, it's expected that perhaps one or 2 -- not all -- of GM's divs. will field car system with AM stereo late this year.

**DOING THE DISHES:** With predictions that consumer, motel & bar earth station market will double or triple in 1983, dish makers & dealers exuded confidence at CES, which looked from outside more like satellite industry show, with nearly 40 dishes on display in parking lot. Another dozen or so were on display inside exhibit hall.

Most optimistic industry prediction came from Peter Dalton, pres. of 12-year old KLM Electronics. He said 1982 volume was about 60,000 units, or roughly \$180 million based on average \$3,000 price, triple 1981's unit volume, and he forecast installation of nearly 200,000 in 1983.

Dalton and Channel Master Vp Donald Berg agreed that debut of DBS will help big-dish market by making consumers more aware that they can receive wide variety of video channels directly from satellites. "The inevitable result will be the further growth of big-dish systems," said Dalton, who said DBS dishes will cost \$1,500. Both predicted big-dish service will be price competitive with DBS on per-channel basis when DBS annual subscription price is balanced against onetime cost of home dish.

Big story at CES was price & diversity. This year's lowball award went to Galaxy Video Electronics, Glendale, Ariz., with \$995 price for complete system with 7-ft. dish and 5-year warranty when 6 or more were ordered. Other manufacturers' quantity prices: Bowman Industries, Downey, Cal., \$1,697.95 for 12 units or more. Paradigm Mfg. of Redding, Cal., \$1,577 for 10 or more. Continental Satellite Systems, Oregon City, Ore., low-end system at \$1,395 for dealers. Echosphere had system at \$1,445. Most were designed to retail around \$2,000.

One competitive struggle is between solid & wire-mesh dishes. Bowman said its 11-ft. wire dish weighs only about 100 lb., can be shipped via UPS in sections. KLM's Dalton claimed mesh dishes can withstand greater wind stress and can be roof-mounted. But Intersat Vp Guy Davis said solid dishes produce sharper & cleaner signal. Dishes are also getting smaller, with several 8- & 10-ft units on display. Some predicted 6-ft. dishes aren't far away.

Channel Master survey shows dishes have broken out of high-income category. While 41% of customers earn more than \$50,000, about 23% make less than \$30,000. Owners have some things in common, such as home ownership (99%) and living in rural areas, small towns or farms (90%). Blue collar jobs, such as truck drivers and factory workers, headed occupation list (37%), followed by retired (17%), farmers-ranchers (15%), self-employed (6%) and professionals (5%). About 40% of dish owners also own VCRs, nearly half didn't graduate from college and about 42% belong to 2-person households.

3D-ready TVs are planned for introduction in Germany by Nordmende & Saba, both subsidiaries of France's Thomson-Brandt. Sets contain circuit that causes 0.7 microsecond delay in display of red portion of signal, which produces 3D effect when standard broadcast picture is viewed through red & blue glasses. Feature will add \$40 to set price.



## 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>Chris-Craft Industries</b>			
1982-qtr. to Nov. 30	23,045,000	2,596,000	.35
1981-qtr. to Nov. 30	20,689,000	5,165,000	.62
<b>Jones Intercable</b>			
1982-6 mo. to Nov. 30	3,125,000	931,000	.11 <sup>a</sup>
1981-6 mo. to Nov. 30	2,354,000	663,000	.08 <sup>b</sup>
1982-qtr. to Nov. 30	1,630,000	401,000	.05
1981-qtr. to Nov. 30	1,246,000	342,000	.04 <sup>b</sup>
<b>MGM/UA Entertainment</b>			
1982-qtr. to Nov. 30	204,095,000	10,470,000	.21
1981-qtr. to Nov. 30	208,412,000	9,832,000	.20
<b>MGM/UA Home Entertainment</b>			
1982-qtr. to Nov. 30	33,221,035	8,002,138	.32 <sup>c</sup>
<b>A. C. Nielsen</b>			
1982-qtr. to Nov. 30	162,077,000	9,717,000	.87
1981-qtr. to Nov. 30	151,666,000	8,402,000	.75
<b>Orion Pictures</b>			
1982-9 mo. to Nov. 30	98,483,000	5,245,000	.58
1981-9 mo. to Nov. 30	68,265,000	23,377,000	3.60 <sup>d</sup>
1982-qtr. to Nov. 30	40,562,000	4,049,000	.37
1981-qtr. to Nov. 30	31,975,000	127,000	.01 <sup>d</sup>
<b>United Cable TV</b>			
1982-6 mo. to Nov. 30	71,803,000	406,000	.04
1981-6 mo. to Nov. 30	42,985,000	7,661,000	.70
1982-qtr. to Nov. 30	37,765,000	584,000	.05
1981-qtr. to Nov. 30	22,674,000	5,186,000	.47

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Adjusted. <sup>c</sup>No comparable figures available. <sup>d</sup>Restated.

## Consumer Electronics Personals

Bryan Grummon, ex-Zenith, joins Coleco as product operations vp; Ken Kindnes advanced at Zenith to magnetic component operations dir., succeeding Grummon... Richard Larsen, ex-Panasonic, named Sharp Consumer Electronics Div. west region sales mgr... Sharon Barber advanced at Pioneer Electronics to special markets sales vp... Eugene Kern, ex-Yashica, joins Fuji Photo Magnetic Tape Div. as ad mgr.; Jim Auer advanced to consumer products mgr.

Fred Simon named vp-personal computer software, Disney Telecommunications; Robert Jaunich, onetime Memorex consumer products head, resigns as Consolidated Foods pres. to join Osborne Computer as pres.-CEO... Leon Harris resigns as Commodore Personal Computer Div. pres. to become pres. of Olympia U.S.A... Terence O'Kelly advanced at BASF from Audio/Video Group technical mktg. mgr. to product mgr. for computer discs & tapes.

George Jones, former MCA Videodisc vp and pres. of Discovision Assoc., has retired... Gordon Bricker, RCA Videodisc operations vp, named to RIAA board, as one of 3 Video Div. representatives... Risa Solomon resigns as Video Software Dealers Assn. vp... Lee Mendell, ex-WEA Video International Div. vp, forms Lee Mendell & Assoc., 15705 Woodvale Rd., Encino, Cal. 91436 (213-344-2673).

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**CASIO'S LCD TV:** From calculators to watches to office machines to musical instruments to computers — Casio's rags-to-riches story added new chapter at CES last week with its formal entry into TV.

Casiovision, "world's smallest pocket TV," is expected to be first completely tubeless TV marketed in U.S. (Seiko's wristwatch TV is on sale in Japan). LCD TV sets have been demonstrated by many companies, but serious problems have been evident in displays.

Casio's first TV, as demonstrated at CES, is about size of 1" stack of 3x5 filing cards, weighs 12.35 oz., has 2-3/4" LCD display, will sell for about \$250 when available in July. It has continuous tuner, no picture controls except one screw adjustment. For viewing in dark, screen is backlighting by electroluminescence. Showing of motion, heretofore disadvantage of LCD TV displays, was excellent. As we observed it, however, contrast was poor, in both ambient light and backlighting modes.

Set has built-in speaker, can be powered by 3 AA cells (7 hours life), car battery or AC adaptor. Resolution is 20,480 picture elements — 160 horizontal by 128 vertical. Chassis contains 7 LSI chips, including 5 VSLI, all proprietary to Casio, made by Hitachi. Casio (U.S.) Pres. John McDonald said first production will be 20,000 monthly. Same principle will be used for various readout devices — in fact, TV itself can be used as computer readout. He indicated color version would be introduced next year.

Gold Star has set goal of doubling to about 3,000 number of U.S. retail accounts.



WEEKLY

# Television Digest®

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**FINANCIAL INTEREST RULES** of grave concern to independent stations at L.A. INTV convention. Independent program consortium proposed. (P. 2)

**ALL IS SERENE AT NAB** meeting in Mexico. Assn. forms money-making unit. Fritts seeks to build 'coalitions.' (P. 4)

**NEW FCC GEN. COUNSEL TELLS FCBA** he supports repeal of fairness doctrine, praises FCC marketplace approach. (P. 6)

**HBO PICKS M/A-COM** for scrambling hardware, expects to begin by midyear. Cost estimated at \$8-\$10 million. (P. 7)

**FWLER OUTLINES VIEWS** in 80-page report to Dingell, says Congress has "mandated" FCC to look into TV deregulation. (P. 8)

**RURAL ELECTRIC CO-OP** gets into cable business to develop load management, meter reading & system monitoring ability. (P. 9)

**NCTA CRT APPEAL** heats up in court; NCTA claims CRT ignored impact of rate increase. (P. 9)

**NETWORKS DEFEND AFFILIATION:** FCC Comr. Sharp is wrong in predicting that competitive economics of DBS will lure networks onto birds and away from affiliates, according to network executives. Responding to speech Sharp gave last week at INTV convention, networks defended affiliate partnerships, said they will continue for years. ABC and CBS gave us statements disagreeing with Sharp; NBC had no official comment.

Sharp's theory is based on his projection that by 1990 DBS will reach 10% of TV homes, cable 50%. By beaming signals from satellites to those homes and maintaining owned stations in top 10 markets reaching 22% of TV homes, networks could achieve 82% penetration without any affiliates. That would save them average 7% of revenues for compensating affiliates for carriage and 2% of revenues for interconnection costs, Sharp said.

"The bottom line is he has an interesting scenario with which we don't agree," said CBS Best. Group Senior Vp Gene Mater. "We believe the network-affiliate partnership will continue for a long time to come." In statement described as network's official position on issue, ABC

### Consumer Electronics

**RECORD YEAR** in color, inventory reductions at end. VCR prices could firm. 1983 is off to good start. (P. 14)

**SUPREME COURT** hears home taping case as Sony & Universal debate issue under intense questioning. Legislation seeks negotiation on fees. (P. 15)

**CABLE & TV SETS**--industry committees expect results soon on universal plug-in decoders, standard channel numbers. (P. 16)

**TELETEXT INPUTS** to be featured throughout Zenith 1984 line. RCA will wait another year. (P. 17)

**PACKAGED GOODS CONCEPT** seen way to get more computers into homes by CES panelists. (P. 18)  
CD, AM stereo, seen reviving audio. (P. 18)

**RCA & GE POSTED** earnings gains in 1982, but had lower profits from TV operations. Matsushita, Thorn EMI, show higher VCR sales. (P. 19)

**NOV. TV IMPORT** breakout shows rise in complete color from Korea & Taiwan were only significant gains from same 1981 period. (P. 20)

**SPANISH CONSORTIUM** of consumer electronics companies seeks govt. approval for technology link with Japanese company. (P. 20)

said: "We respectfully disagree with Commissioner Sharp's forecast of things to come. We believe networking will remain a strong and viable business for the foreseeable future."

All 3 networks said they analyzed Sharp's economic forecast before deciding how to respond. FCC in Nov. granted CBS conditional permit to launch DBS bird, but Mater said network isn't planning "a network-to-home service like Steve is talking about."

Sharp said he made prediction to provoke discussion on potential of DBS. In interview with us, he said he hoped networks would attempt to discredit his projections with facts & figures. "I just threw it out there trying to draw an attack from those who had the real numbers so I could find out where the weak points are in my argument." Commissioner seemed pleased network executives gave speech serious consideration: "It was fun putting it together. I'm enjoying watching the industry deal with that so I can adjust my position on... deregulation to accommodate them."

Told of networks' responses to his theories, Sharp said he found it interesting that none attacked his basic assumption: That COMSAT, through its STC subsidiary, will prove viability of DBS with 1985 launch. Within 3 years, Sharp forecasts, STC probably will be viewed in 6 million homes and have significant cable penetration. STC also disputed Sharp's theories. "I don't think [DBS will replace affiliates], not for at least 20 years," said Edmund Bartlett, treas. & finance vp.

\* \* \* \* \*

NAB has asked U.S. Appeals Court, D.C., to reverse FCC's decision to okay DBS service and grant Comsat's DBS application. Charging that Commission has "usurped the function of Congress" and effectively circumvented Communications Act, NAB told court that FCC violated Act's requirement on local broadcast licensing "by authorizing what amounts to national broadcast licenses." Both statutory language and legislative history "make clear that Congress intended stations to be licensed to localities, with concomitant local service obligations," Assn. said. NAB's objection to FCC granting DBS license to Comsat's subsidiary Satellite TV Corp. (STC), is that "even if non-local licensing were permissible, STC is ineligible because its parent company is authorized statutorily only to function as a common carrier and is precluded from operating as a broadcaster," according to NAB spokesman.

**INTV MULLS LONG-, NEAR-TERM CONCERNS:** Despite relaxed and unhurried atmosphere for doing business at INTV convention in L.A. last week, one familiar but growing concern and one surprising new one were subjects of panel and hallway discussion. Former is worry that FCC will permit TV networks to obtain financial interests in off-network programming. Latter is thesis of speech by FCC Comr. Stephen Sharp who said DBS may doom network affiliations by 1990.

Whether or not attendees knew what to make of Sharp's prediction, they weren't left guessing about details. Commissioner provided precise scenario for elimination of entire network affiliation system in 8 years. Summary: Combination of 10% penetration by DBS, 50% by cable and 22% by owned stations in top 10 markets would give networks total of 82% of U.S. homes. While that's lower than present 96% penetration, said Sharp, savings on affiliate compensation and interconnection costs could make plan attractive. Arguing that indies would remain stable and attract even greater viewership, he limned quandary for affiliates: "If they prepare for the end of affiliation too early, they may hasten its coming." In any case, advent of DBS "is likely to result in the ranks of INTV suddenly being swelled by ex-affiliates."

Less ambiguous was threat of networks being permitted to have financial interest in off-network programming. At INTV board meeting Jan. 14, directors were unanimous in opposing networks' attempts to get back into syndication, expressed fears — later voiced in hallways and on panels at convention — that popular off-network shows would be "warehoused" and kept away from independents. Even though network syndication didn't become subject of panel until Jan. 19 — when former FCC Chmn. Wiley % Burch faced off on opposite sides — problem surfaced again and again.

Jan. 16 panel on "the future of network programming" was moderated by Anthony Cassara, TV pres. Golden West Bestg., who said that if networks get into domestic syndication "then the



growth of the indies will be reversed and that is not in the public interest." Panel proceeded without network spokesman because, Cassara said, all 3 networks declined invitation to participate. Panelists agreed that off-network programs will remain staple of independents for years to come: "The networks will continue to turn out our most popular shows," according to Gary Nardion of Paramount TV. Key for networks is to continue with series, which are popular and aren't available from cable, he said.

Group W Productions' Ed Vane said that syndication market is shrinking because of expansion of network programming and longer local news shows, that independents "will undeniably play a greater role" in producers' plans in future. Saying "I need your help financially," Showtime's Greg Nathanson asked that independents form consortium to help finance original programming — to be aired first on pay cable, by independents shortly thereafter — but audience gave no response when Paramount TV's Richard Frank called for show of hands on how many stations would be willing to participate.

At Jan. 17 panel on advertising, Gene DeWitt of McCann-Erickson said his advertisers would be willing to pay up front if independents and programmers would get together on new products, suggested "a fixed, promotable weekly time slot. We'll put dollars up front. We'll pay for it... You invest the time."

INTV should reconsider its relationship with program producers because working with copyright owners "hasn't gotten you anything... nor is it likely to get you much in the foreseeable future," NCTA Exec. Vp James Mooney told convention Jan 18. He said recent rate increase by Copyright Royalty Tribunal, which helped copyright owners, hurt independents because cable systems, unwilling to pay higher rates, dropped many regional distant signals. He said CRT decision dooms future congressional action on cable copyright bill. When copyright owners, through MPAA, "pulled the plug" on last year's bill (HR-5949) "rather than agree to roll back the CRT action, they also pulled the plug on your chances for getting syndicated exclusivity and must-carry protection," he said. Copyright owners' support of HR-5949, which left compulsory license intact, signaled "they were willing to settle for money. Now the ( has given them that... and absent a monetary rationale for a change in the law it's difficult to imagine Congress" again tackling issue, he said.

Former FCC Chmn. Dean Burch (for Committee for Prudent Deregulation, made up of program producers and syndicators) & Richard Wiley (for CBS) finally isolated financial interest subject for discussion when they squared off Jan. 19 in debate on financial interest and syndication rule. Burch declared that rule "must remain" and that it "is being criticized for doing exactly what it was intended to do." Wiley said that FCC's "very impressive" 2-year staff study supports elimination of rule, that new technology and changed marketplace had rendered financial interest rule obsolete.

Some on floor disagreed vigorously with Wiley, citing cases of alleged network abuses before financial interest rule. Several said they had once worked for networks and had pressured producers as charged. "If we repeal the rule and it turns out to be wrong, we can always change it back," replied Wiley. Rep. Wirth (D-Colo.) said of Wiley that "he's one of the few people I know who will travel 3,000 miles to argue the wrong side of an issue." Wirth told independents not to worry about losing "your license to a challenger" or about fairness doctrine, "because as a practical matter first rate shows are not being kept off the air because of it."

TV station executives, as well as syndicators trying to sell them programs, tell us that conditions are much better for talking business — although few sales actually were made — at INTV than at pressure-packed conference of National Assn. of TV Program Executives, which follows in less than 2 months. "There's no competition here from the affiliates and there's not the pressure to 'buy right now' that you get at NATPE," executive of major independent group said.

INTV also liked fact that many of 43 syndicators (compared with more than 200 that will be in Las Vegas for NATPE in March) were showing new programming rather than holding it for NATPE and network affiliates. However, syndicator told us: "The indies are buying mostly old programming because they feel safer with that... A lot of the new product here is hurting."

**NAB FORMS MONEY-MAKING UNIT AT MEXICO MEETING:** "Everything went exceptionally well," NAB Chmn. William Stakelin said at conclusion of 5 days of NAB committee and board meetings last week in Puerto Vallarta, Mex. Any major controversies that may have been lurking below surface never erupted. These included possible fights over continuing NAB support for TV Information Office and abolition of Code structure.

Joint board established new division under Senior Vp James Hulbert designed to operate at profit, sell goods and services. These will include insurance plan administered by NAB, group buying for members, travel and accommodations, consulting services for stations, group merchandising and probably advertising in NAB publications. "We're going to get started on it right away, especially the insurance program," Hulbert said. NAB is investigating need to form separate corporation for profit-making arm so association can stay tax exempt.

Board approved budget of \$9.3 million for fiscal year starting April 1 with just 2 changes — \$50,000 to be allocated for use of state associations and 10% increase in payment to TIO. After extended discussion day before, TV Board had voted "full support, including financial" for TIO, raising annual contribution from \$144,100 to \$158,000, starting April 1. Each TV network will give similar amount. NAB now projects surplus of \$220,000, all of it from money saved from dropping Code, which had been budgeted at \$250,000. Jerome Lansner, who has headed Code authority, will transfer to TIO, will be available to NAB as consultant. Lansner lives in N.Y., where TIO is based, is 2 years from retirement, makes \$61,600.

After 4-1/2 months on job, NAB Pres. Edward Fritts was given informal vote of confidence by TV Board. Evaluation of Fritts' performance was sought by TV Dirs. James Dowdle and Crawford Rice at executive board session without presence of Fritts of other NAB staffers. Radio Board joined next day in giving Fritts vote of confidence.

Pres. was given high marks by Stakelin, with other directors generally concurring. "He has really taken hold and understands the issues," Stakelin told us. "He has made Washington lobbying the major priority, as he promised he would." Questions also were raised about quality & quantity of NAB staff, particularly in govt. relations. Stakelin responded there are enough people on staff or authorized and that performance on new people in govt. relations will have to be evaluated later.

TV Board spent 2 hours discussing cable copyright, adopted resolution specifying must-carry, localism & exclusivity as top matters to push at FCC and in Congress. Board also reached consensus that broadcasters aren't working hard enough to influence their home state members of Congress. Allocation of \$150,000 for engineering studies over next 2 years on interference to TV stations on Ch. 6 was approved (\$25,000 already has been spent) and issue was made "a big ticket item" by TV Board.

Joint board put freeze on TV dues for 1983 (under bylaws, there had been automatic increases built in), directed staff to come up with formula within 45 days for how \$50,000 to be allocated to state associations is to be spent. Formula will specify funds are to be used for NAB legislative needs and goals. Resolution from international committee was adopted pledging full NAB support in all efforts to insure a free flow of information throughout world.

Ad-hoc committee was authorized to study impact of new technology on over-air broadcasting. Both groups are to report back at June board meeting. Board also agreed to sponsor joint meeting with Japanese broadcasters to which State Dept. and public broadcasting stations will be invited. Meeting probably will be in N.Y. this fall.

Staff was instructed by TV Board to try again to get TV stations voluntarily to supply annual financial information to an outside accountant to be used in compiling industrywide report. NAB joined several other associations in seeking such information after FCC dropped its mandatory financial report last year; only about 2/3 of TV stations responded, less than 40% of radio stations.

As expected, both TV & Radio Boards formally dissolved their respective code structures and directed that "a special high-level committee" be formed to examine and make recommendations regarding future of self-regulation. Boards said steps were taken because of "the uncertainty cast over broadcast self-regulation" by consent decree in antitrust lawsuit.



Radio Board authorized ad-hoc committee to lobby FCC on allocations matters, will stress financial impact on existing stations when new stations are added in small markets. "We are preparing some real horror stories for the FCC," spokesman said. After concern was expressed by Glenn Mahone, Sheridan Bestg., that board could lose minority representation under new network election procedures, Radio Board directed Bylaws & Exec. Committees to ensure that minorities continue to be represented.

In other action, Radio Board: (1) Elected Lum & Abner and Benny Goodman into Radio Hall of Fame. (2) Will seek exemption for broadcasters from federal excise tax for long-distance phone calls made in conducting business. (3) Told staff to investigate reports that U.S. radio station in Del Rio, Tex. is microwaving its signal to Mexico, then rebroadcasting to U.S. with 250 kw.

In state-of-association address, Fritts said that of 20 points recommended last Aug. by Futures Committee (at same meeting during which Fritts was narrowly elected pres. over ex-NAB Chmn. Donald Thurston), "we are moving on all 20." "Those that haven't been completed are well under way," he told Board. As result of Futures' recommendations, NAB has added 8 staff positions, 2 consultants.

Stressing need for strong govt. relations and desire to build for future, Fritts said key NAB staffers now hold monthly meetings outside office for planning and coordination. He said NAB must build "coalitions and develop common ground" with other trade associations and put new emphasis on international level.

There still is some resentment on Board over Fritts's election as pres. and way it came about. (He resigned as chmn. of both NAB and Presidential Selection Committee, same day first interview of candidates was held, to seek post himself.) Stakelin said Bylaws Committee is looking at selection process, will report in June.

TARPAC Chmn. William Turner, KCAU-TV Sioux City, said that professional fund-raiser will be brought in as full-time head of TARPAC to succeed retiring Spencer Denison. NAB expects to more than double its PAC contributions in 1984 elections. In housekeeping matters, Board: (1) Shifted April 12-16, 1987 convention dates in Dallas because of conflict with Passover. New dates will be either April 5-8 (which would necessitate shift of 2 smaller conventions) or April 26-29 (for which NAB has firm dates.) (2) By vote of about 2-1, Board defeated motion to raise per diem expenses of board members from \$75 to \$100.

Supreme Court's dim view of prior restraint of news was reinforced in ruling by Chief Justice Burger & Assoc. Justice White allowing broadcast in Dallas of "60 Minutes" segment. Feature dealt with 1980 slaying of New Orleans white policeman and subsequent slaying by police of 4 blacks, including 2 suspects in case. In flurry of legal action over 2 days, New Orleans federal district judge twice ordered ban on broadcast of segment — first applying nationwide, 2nd only to Dallas where trial of 7 New Orleans policemen is scheduled Feb. 7 on civil rights charges. After bans were reversed by 3-judge panel, lawyers for policemen made emergency appeal to White, who has jurisdiction over lower federal courts in Tex. About 6 hours before broadcast of "60 Minutes," White refused ban on prior restraint grounds; 2 hours later, Burger concurred.

Major sidebar to convention of INTV in L.A. was appearance of ex-Secys. of State Henry Kissinger and Alexander Haig on behalf of Independent Network News. They appeared for 90 min. at by-invitation-only private briefing on foreign affairs, received no questions about media. Pres. John Corporon said that INN, affiliate of WPIX N.Y., is now in black, offers 4 news shows to 125 station affiliates, has \$20 million budget, staff of 200.

Rep. Wirth (D-Colo.) received 28% of his campaign funds from political action committees, ranks 22nd among House recipients of PAC funds, according to N.Y. Times study. Wirth, chmn. of House Telecommunications Subcommittee, received total of \$221,907 in PAC money during 1982 campaign. Rep. Dingell (D-Mich.), chmn. of parent Commerce Committee, received 60% of his campaign funds from PACs although \$178,940 dollar amount is lower, placing him in 48th spot. Also in Times top 50 list were Rep. Frank (D-Mass.), member of Copyright Subcommittee, who was 27th; ex-Rep. Gramm (D-Tex.), 13th; Rep. Dowdy (D-Miss.), recently added to Commerce Committee, 24th; Rep. Sharp (D-Ind.), 40th. (Top recipient was Rep. Michel [R-Ill.], minority leader, with \$469,561 [68% of his campaign funds].)

BBC's "Breakfast Time" program seems popular among British TV viewers unaccustomed to turning on set before noon. BBC said 1,500 callers jammed switchboards after first airing of show Jan. 17, saying they would watch regularly. In public opinion poll, 86% had favorable comments. ITV also begins morning program called TV-AM soon, with show hosted by David Frost set to air Feb. 1. "Breakfast Time" airs 6:30-9 a.m.



**CELLULAR FIRM KILLS APPLICATIONS:** First fatality in battle for cellular radio licenses in markets 31-60 came when American Cellular Systems withdrew all 30 of its applications. ACS attorneys wouldn't give reason for withdrawal, but FCC had already rejected 12 applications as "unacceptable for filing" and competitors were charging that ACS's applications were "blatantly falsified" and copied from others.

ACS was formed solely to apply for cellular licenses by Henry McCall, chmn. of Financial Institution Services, reportedly largest bank marketing firm in U.S. McCall had financing from Tenn. banks and hired Edward M. Johnson & Assoc., communications consulting firm, to prepare and file cellular applications in each of 30 cities (markets 31-60). Those applications were filed Nov. 8, along with nearly 400 others.

But FCC found several problems with applications during pre-screening process and started sending letters to Johnson rejecting applications because they were "deficient in numerous material requests [and] unacceptable for filing." FCC, citing problems with contour maps and engineering specifications, rejected ACS applications for Akron, Syracuse, Richmond, Sacramento, Memphis, northeast Pa., Toledo, Oklahoma City, Hartford, Albany, Birmingham and Bridgeport-Stamford.

At same time, Cellular Systems Inc. of Stamford, joint venture of Metromedia and 11 radio common carriers, conducted detailed investigation of ACS applications and filed petition asking FCC to reject them as "a patent sham and totally unacceptable." CSI accused ACS of filing "blatantly falsified" applications which contained "identical omissions, falsifications, deficiencies and rule violations." CSI said ACS applications had no legitimate engineering data, no frequency plan, no legitimate service area maps, no legitimate transmitter site or tower information, no evidence of site availability and failed to comply with environmental rules.

CSI also checked into ACS claims that transmitter antennas would be mounted on existing towers. CSI said research by consulting firm it hired "failed to reveal an existing tower at any of the 51 locations" checked.

We were unable to reach McCall or Johnson officials for comment by phone. Johnson, in recent memo to clients, billed itself as "the nation's largest communications consulting firm" and asserted: "We are very successful. No application from our firm has ever been denied or rejected by the FCC."

UPI has awarded contract for up to 1,400 satellite receiving terminals to Harris Satellite Communications Div. SAT terminals include Harris's new 10-ft. "Delta Gain" dish and Model 6550 single channel per carrier receiver unit. Equipment will be used for slow and high speed distribution via satellite of UPI news, stock market & audio services. UPI Managing Dir. Douglas Ruhe said he expects satellite network to be largest single contribution toward "profitable future" for news service.

**FEIN AIRS VIEWS AT FCBA:** In introductory speech to FCBA last week, new FCC Gen. Counsel Bruce Fein made it clear that he's full-fledged advocate of Chmn. Fowler's "unregulation" views. Fein said FCC has "enlisted... competition to bestow incalculable economic and political benefits on the nation and to make customers and listeners the stewards of ideas, products and services generated by the telecommunications industry... This type of regulation through consumer choice epitomizes traditional American norms of freedom and respect for diversity."

Fein said historic AT&T monopoly "profoundly stunted" industry development: "Without a need to innovate in order to maintain its dominance of the market, AT&T introduced new products and services at a leisurely pace... In contrast, the 1968 Carterphone decision and sequel rulings installing a regime of competition... precipitated a wondrous proliferation of new products by AT&T and others."

Fein's views on broadcast deregulation: "I believe that Red Lion [decision] should be overruled, that Congress should repeal the fairness doctrine as expressly embodied in Sec. 315... and that the Commission should discard its personal attack and political editorializing rules. Policies championed by the First Amendment also compel the view that the Commission should not examine proposed program content in choosing among broadcast license applicants... The fact that the troublesome... questions raised by the fairness doctrine have been received with general taciturnity by the broadcast industry is indicative of the intimidating effects of government regulation."

In questioning period, Fein added that "as a matter of policy it makes sense to permit" editorializing by non-commercial broadcasters. Fein also told questioner that he doesn't support Constitutional amendment to extend First Amendment to electronic media because "the Supreme Court is the appropriate remedy."

NBC showed "significantly higher earnings" in 1982, RCA Chmn. Thornton Bradshaw said in announcing RCA earnings (see story in Consumer Electronics section). Bradshaw said NBC's 1982 earnings "ended a 4-year decline... Each of the broadcasting subsidiary's divisions achieved record sales, reflecting a continuing strong advertiser demand for time on the TV network and favorable market conditions for NBC's owned-&-operated TV stations." RCA Americom also posted "sharply higher revenues and earnings," he said, "in large part the result of the sale of tax benefits, the sale of 5 transponders on the Satcom IV satellite and the sale of Satcom V to Alascom."

Videographic Systems of America (VSA), consortium of French telecommunications companies for teletext & videotex efforts in U.S., will supply origination hardware & software for NBC's planned national magazine on teletext, scheduled for mid-1983 start. VSA announced in N.Y. it has signed contract with NBC, also will supply equipment for CBS's national teletext effort, due to start this year.



**HBO CHOOSES M/A-COM SCRAMBLER:** Year after publicizing plans, HBO has picked M/A-Com Linkabit to manufacture system that will enable pay-TV service to scramble signal throughout U.S. Installation will cost HBO \$8-\$10 million by early 1984, with about 4,400 cable affiliates getting descrambler unit free. In addition, HBO will spend at least \$500,000 for encoding equipment at transmission center in Hauppauge, L.I., must repeat whole procedure for Cinemax channel. Date for that conversion hasn't been decided.

First of M/A-Com units will be placed at cable headends receiving western satellite feed during June-Aug., eastern half of country to follow later in year. Decision to scramble leaves opening for rival pay services. According to Edward Horowitz, studio & network operations vp, cable operators who want to add back-up decoder will be able to lease what he calls "universal spare" from M/A-Com for \$55-\$85 per month. Black box can be assigned code which allows it to receive & translate other signals. Horowitz claims addition of separate descrambler at headend is straightforward, "just like another receiver" for new satellite-delivered service.

Interest clearly is there. Showtime told us it has issued request for proposal to about 12 hardware manufacturers for scrambling system, expects choice to be made year from now. Unit will include at least half-dozen features for variety of ancillary subscriber services, said executive, who didn't discount pay-per-view option. Meanwhile, Oak Media Corp. announced that satellite delivery of ON-TV subscription TV service will begin Feb. 28, with signal protected by Oak Communications' Orion scrambler.

Orion had been HBO candidate, apparently lost out to what HBO considered superior Linkabit capabilities -- encryption technique and customized integrated circuits, which allow HBO to signal affiliates individually. Digital technique also allows pay service to be transmitted in stereo. "They came out number one" in bidding process, said Horowitz. Oak project is part of Telstar joint venture to sell movie- sports- entertainment package to SMATV and MDS operators. Oak has responsibility for STV, low-power & cable markets, Telstar hotels, motels & resorts.

NCTA considers HBO-Linkabit deal manna from heaven, giving industry opportunity to avoid exhaustive & complicated legislative process to get congressional anti-piracy bill. Assn. said it won't stop trying, but at same time believes scrambling "seems like... the fail-safe method." It estimates signal stealing losses at \$155-\$165 million annually.

Attitude is bad news to Warner Amex Satellite Entertainment Technology Vp Andrew Setos, who sticks by earlier position that Congress will assume HBO has found ultimate answer when in fact code can be broken. "The civilian sector is not above bribes," he said, and without national law, theft-of-signal problem would worsen. Setos claims HBO has dragged its feet on legislative effort, still thinks there's hope for law. Rep. Waxman (D-Cal.), who sponsored anti-piracy amendment in last Congress, hasn't decided whether to reintroduce bill.

**FNN SPLIT WITH WOLD STIRS WOE:** Bout of mudslinging has followed Financial News Network's decision to "sever its relationship" with Wold Communications and move from Westar IV to Satcom IV in deal with Rainbow Programming Services. Robert Wold, head of Wold Communications' parent company, said FNN broke contract and "unfortunately, [FNN's] move will lead to extensive litigation."

Differences between FNN and Wold came to head Jan. 14 when Wold says it ceased providing transponder services to financial network on Westar IV because FNN didn't pay Jan. bill. Tersely worded release from Wold this week said FNN was notified Jan. 3 that service would end on 14th if Jan. payment wasn't made. Robert Wold said FNN didn't notify Wold of its intention to switch until after fact, despite company's efforts to accommodate FNN's needs.

"We'd carried them before" financially, Wold said, when FNN was in tight money straits. He cited spring and summer quarters and Dec. 1982 as times when Wold continued service without interruption to FNN, although payments were late. Wold said it was willing to give network service on transponder other than Westar IV-5D, which would have given "more access to cable systems — I assume that's what they were after." It was within Wold's power to have subleased Satcom IV transponder from CBS, "if we had known that's what they wanted," Wold claimed. Repeated efforts by Wold to arrange meeting to discuss adapting service were ignored, he said.

FNN Pres. Norm Potter said: "We were just displeased with the service. Whether or not it ends in court remains to be seen." Agreement with Rainbow, partnership of Cablevision, Cox Cable & Bill Daniels Co., "offers expanded program capabilities," Potter said, adding that FNN would expand from 7- to 10-hour format by July 1. Deal struck was to be funded by \$3.6 million in stock warrant recalls, Potter said, but he declined to release actual time-buy figure.

**FCC Chmn. Fowler aims to get teletext decision out in Feb., hopes to eliminate FM application backlog by June-July,** he told National Communications Club luncheon. He termed ceiling on station ownership ("7-7-7 rule") arbitrary, said "Congress may look at it." "When the big get bigger," he said, "it means they're giving the public what it wants." He gave as example Gannett's USA Today newspaper, saying "it's a new source of print diversity." On other hand, he said, "a local guy can beat a chain operator" by offering superior service. He repeated his objective of helping broadcasting become as free as print media.

AM Cable TV Industries has won \$5 million contract for turnkey construction of Rogers U/A Cablesystems' cable franchise in Ft. Smith, Ark. Construction of 500-mile system will begin by Feb. 1.

Disney Channel received boost with announcement TCI will offer channel in all 175 systems beginning with April 11 launch.



**FOWLER REPORTS TO DINGELL:** FCC is "mandated" by Congress to look into TV deregulation, FCC Chmn. Fowler asserted in 80-page response to questions posed late last month by Rep. Dingell (D-Mich.), House Commerce Committee Chmn. Dingell submitted 33 questions as follow-up to Telecommunications Subcommittee's Dec. 1 FCC oversight hearing. Excerpts from Fowler's comprehensive report to Dingell:

On TV deregulation: "Most commercial TV stations provide more nonentertainment programming and less commercial time than provided for in our guidelines. This raises a basic question as to whether it is the Commission guidelines or other factors which affect the provision of nonentertainment programming or commercial advertising. Thus... it would be appropriate for the Commission to inquire into the continued need for some of our [TV] regulations. Moreover, such inquiry has been mandated by Congress. The Regulatory Flexibility Act of 1980 requires periodic review of our regulations, particularly those that affect small businesses. Many TV stations are considered small businesses. Further, the Paperwork Reduction Act of 1981 requires review of the paperwork burdens imposed by the Commission on 175 licensees..."

Dingell asked if basing renewals on public interest standard, rather than comparative hearings, wouldn't "constitute a blank check to [FCC] to continue to apply an ephemeral and nebulous standard of performance review unchecked by the competitive spur" of comparative renewals. Fowler said such a change would have little effect on renewals because: "Of the approximately 20 TV license renewals the Commission has denied, only one has been based in any way upon the incumbent's comparative qualifications. Where [competing applicants] have prevailed, it has been due to the incumbent's failure to meet basic licensee qualifications. These renewal applications would have been denied even in the absence of a competing applicant." He said FCC probably will act this summer on comparative renewal rulemaking (BC Doc. 81-742).

Asked how FCC will resolve comparative challenges for radio stations since stations won't have to keep logs under postcard renewal process, Fowler said: "Program logs, as they had been required by the Commission, would be of little evidentiary value. Those logs contained nothing more than a program title, time, duration and classification. Program content, and its responsiveness to community issues, would be established by other licensee-maintained records [such as] annual issues/programs lists, voluntarily kept logs, program summaries... A licensee that did not keep records of the content of programs... would be hard pressed to make a case... in a challenge situation."

How is FCC reviewing radio stations to make sure they continue serving public interest? "The Commission did not establish any specific method for measuring the effects of [deregulation, but] there has been no increase in program-related complaints... We may therefore assume that commercial radio is continuing to provide the types of program responses

to issues that are desired by the public."

On lotteries for low-power TV applicants: Fowler said Commission plans to take final action by early March although new problem -- many of the 8,000 applicants haven't provided minority & diversity information required by Congress -- will slow process. FCC plans to hold 35 lotteries, each with 10 applicants, per month. However, required challenge process will delay final selection for about 45 days. He said that process eventually will be speeded up and about 110 grants will be made each month.

Fairness doctrine and equal time complaints: Total of 1,278 complaints were filed in 1982, 31 were referred to licensees, 18 rulings were made adverse to licensees.

Effect reallocating ITFS frequencies would have on development of new ITFS services and networks: "The dilemma which is being carefully studied is that the very areas where MDS operators desire more spectrum are those [urban] areas where ITFS is the most heavily utilized and where we expect it to increase."

"The Reagan Administration is committed to seeking cooperative agreements that lend themselves to a stable order among nations," Scott Thompson, assoc. USIA dir., told conferees at Pacific Telecommunications Conference in Hawaii last week. Thompson, Administration's chief spokesman at PTC, added: "We do not intend to be rigid at the negotiation table, nor do we intend to be unrealistic. As the world moves into this new age of information, governments... must operate in an environment characterized by abundant communications channels." Another Reagan official at conference, Michael Gardner, said administration has organized communications training program for developing country nationals with funds from major private carriers and suppliers. Gardner, chmn. of U.S. Telecommunications Training Institute, said courses are on spectrum management, digital services and other technologies which developing countries hope to acquire.

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**RURAL ELECTRIC CO-OP GOES CABLE:** Adams Electric Cooperative, Gettysburg, Pa., is providing seed financing and management for separate company constructing 2-way cable system in nearby rural area. Adams is heavily supporting first phase of build in order to test interactive services connecting co-op with customers for meter reading, electrical load management and power system monitoring. First construction calls for 110 miles passing 1,800 homes with 1,000 projected subscribers by end of year. Some limited headend & cabling work began last week; stringing of 300-MHz cable on large scale will begin this week.

System will offer 35 channels with co-op leasing 3 upstream, 3 downstream channels for customer services. Adams Electric Gen. Mgr. Charles Overman, who also is pres. of separate company SCATCOM (South Central Area Telecommunications) that will own and operate cable system, said utility-cable venture is first of its kind in U.S.

Long-range plans call for 2,000 miles of plant with estimated 30,000 subscribers spread over 4 counties, about half of whom will be Adams customers. "Load management is the primary justification for [co-op] to get into this," Overman said. "System automation — reading meters — also is important, but we found we had to have some reliable way of determining peak loads as they occur so we can shift [delivery of power] to deal with it" and prevent brownouts. Taking load management one step further than present time-of-day pricing many utilities now use, SCATCOM subscribers who are Adams customers will be able to contract in advance for how much power they anticipate using, allowing co-op to plan power purchases.

ESPN hiked fee to cable operators 150%, raising per-subscriber charge to 10¢ monthly from 4¢, effective Jan. 14. Boost, which ESPN said was needed to cover lower-than-expected ad revenues for 1982, had been expected. Rate affects new affiliates and existing ones with contracts which allow rate escalations or which expire this year. This excludes many of largest systems, most of which have non-escalation contracts written in mid-70's that won't expire until 1984 or 1985. In Sept. 1982, ESPN stopped operator compensation program of 10¢ per subscriber per year.

Spectrum Planning, frequency coordination and communications systems engineering firm based in Richardson, Tex., is opening Washington office Feb. 1. Major services include planning site and route selection, frequency coordination & FCC filing activities for large corporate communications systems. Address: 1111 19th St. NW, 202-293-9151.

Warner Amex laid 10,800 miles of cable during 1982, claimed a record for any company in one year. Company also reported Qube systems in Pittsburgh & Houston were "substantially" completed by end of 1982, well ahead of schedule, and cable construction in Dallas, Cincinnati, St. Louis and other cities is running ahead of schedule or on time.

**NCTA CRT APPEAL HEATS UP IN COURT:** Pushed out of spotlight for last several weeks by cable copyright battles in Congress, NCTA's court challenge of CRT decision boosting distant signal rates to 3.75% regained center stage late last week with filing of briefs by Assn. and intervenors supporting appeal in U.S. Court of Appeals, D.C.

Filings attacked CRT decision mainly by alleging there's no evidence in record of Tribunal's proceeding supporting its determination distant signals are worth 3.75% of gross cable revenue. Furthermore, filings allege, Tribunal depended on marketplace models proposed by copyright owners, who wanted 5%, to determine value of distant signals despite fact record reflected those models aren't correct. NCTA also claims CRT refused to consider economic impact that rate increase would have on cable operators & subscribers.

Southern Satellite Systems filed brief in support of NCTA appeal. Other cable industry companies were expected to file. Next step is March 4, deadline for CRT and its supporters to reply.

MPAA complaint that Ted Turner violated his WTBS Atlanta license by broadcasting anti-CRT spots apparently isn't making much headway at FCC. MPAA filed complaint Jan. 13 asking for declaratory ruling Turner was promoting his private interests. Mass Media Bureau Chief Laurence Harris, asked status of complaint, said last week: "It will be months [before it reaches my desk]. It's not what I call a pressing item." FCC procedure is for such complaints to go first to Complaints & Compliance Control Section, which acts as clearinghouse to determine which branch has jurisdiction. Staffer at Complaints & Compliance — described as "first base for those kinds of things" — said he hadn't yet seen MPAA complaint.

AT&T doesn't like proposal for terrestrial TV transmission services filed by user group of stations and networks, but said it was willing to go along with "underlying precepts" of fulltime-parttime rate structure. AT&T said in comments that rates proposed by users group would only maintain revenues at status quo, not at earnings ratio of 12.75%, and that proposal used overstated demand figures. AT&T also said it needed to change existing cancellation charge regulations to prevent speculative ordering, and that users should be required to agree not to seek damages for overcharges based on alleged unjust or unreasonable rates while interim rates are in effect.

Reader's Digest adds TV production subsidiary, Reader's Digest Entertainment, with Pres. Jeffrey Grant, former exec. vp of Disney Channel. Company will be complete production house, buy & develop original work to sell to networks, cable and for syndication. Company won't be limited to Reader's Digest stories, is seeking material at outset mainly for network use — mini-series, docudramas, made-for-TV movies. One made-for-TV docudrama is under way, 2 more films will be signed soon, according to spokesman.



**ABC SEES VIEWING DROP:** Growth of cable and independent stations will continue eating into Big 3 prime-time viewing shares through this decade, with single network averaging only 20% share of viewing by 1990, study commissioned by ABC found. Browne, Bortz & Coddington study acknowledges that networks' share of viewer time is steadily decreasing, that non-network viewing will grow 4-fold by end of decade.

Networks' prime-time share has declined from 90.7% in 1977-78 to 79.6% in 1981-82, BB&C study said. Correspondingly, non-network share has doubled in same 4-year period. That gave typical network average share of 26.5% in 1981-82.

In pay cable homes, network decline is even greater, study said. BB&C projections indicate networks' share of viewing in pay cable homes will drop from 59.3% in 1981-82 to 46% by 1989-90. Shift of viewers from networks will produce rapidly growing program marketplace for cable and independent stations. Study indicates that by 1990 non-broadcast program marketplace will exceed broadcast network market. By then, pay cable will yield annual revenues of \$2.3-\$3.8 billion; pay-per-view, \$1.1 billion; \$1.3 billion for ad-supported non-network program services.

Independent station revenues grew 60% during 1977-80, compared with network revenue growth of 50%, study said. In 1978, 15% of independents used earth stations to receive programming. That grew to 40% last year, BB&C said.

Study supports ABC position that network program procurement is competitive business, that program diversity has been achieved. Study was attached to ABC filing at FCC supporting repeal of network syndication & financial interest rules.

Group W Cable's Skokie, Ill. system has made 2-way cable basic. Vp Kazie Metzger said company priced interactive services at low end because affluent Chicago suburb has large number of computers & videogames in homes and can be proving ground for more advanced programs. Pay-per-view, home polling & impulse-buying are included at present. Customers can have 52-channel interactive service for \$5.85 monthly, 104-channel for \$7.99. Company believes move makes Skokie, using Zenith Z-TAC equipment, one of first "completely interactive" operations in U.S.

Spectradyn, hotel pay-per-view provider, has announced it will enter free-to-guest market with new SpectraMax satellite service. Self-described "state-of-the-art" service will offer 24-hour programming and teleconferencing to guests on non-pay basis.

Weather Channel announced first Nielsen results, said 39% of audience tunes in at least once in day, with average viewing 15 min. Results are from early Dec. test in 4 cities. WC said they confirm own research done earlier last year.

FCC "missed a golden opportunity" to increase competition and consumer choice by refusing to reduce AM spacing, according to report by House Republican study group. House Republican Research Committee's Task Force on Congressional & Regulatory Reform also criticized FCC for undermining competition in cellular radio field by "reserving half the frequency in each major metropolitan area for the local wireline telephone company." Conclusion of report's analysis of Reagan Administration's deregulatory progress: Administration has gone as far as it can under existing laws.

FTC voted to exempt temporarily portions of its games-of-chance rule and issued advanced notice of rulemaking on making exemption permanent. Exemption permits supermarkets and gas stations to advertise games on TV & radio without disclosing all information on prizes and odds. Such disclosure still would be required in ads appearing in print media and retail outlets. Comment will be sought on making exemption permanent as well as on any other suggested changes to rules. NAB, AAF & Telecom Productions petitioned for exemption, noting difficulty of giving all required information in 30- or 60-sec. ad.

William Paley names ex-Nixon aide Raymond Price as personal consultant. Former White House special asst. 1969-1974 and co-author of book, "With Nixon," Price will work with CBS chmn. on "broad range of business and philanthropic duties." Price most recently worked with Nixon on his books "The Real War" and "Leaders." Paley is due to step down as CBS chmn. in April, though he will continue as exec. committee chmn., serve as consultant and retain offices at CBS hq. Paley has indicated he will broaden outside activities, become partner in Whitcom Investment.

In FCC reply brief, NAB attacked Telelocator arguments opposing FM broadcasters' use of subsidiary communications authorization (SCA) for paging services (Docket 82-536). Telelocator "has opposed the use of SCAs for paging purposes on every ground imaginable, regardless of the substantiality of its underlying arguments," NAB reply said. Assn. concludes: (1) Using FM SCAs for paging is consistent with applicable law and FCC policy. (2) It increases spectrum efficiency. (3) Broadcasters offering paging services over SCAs wouldn't have unfair advantage over RCCs.

Black Entertainment TV announced plan to increase per-subscriber charge from 1¢ to 3¢ monthly effective with contracts signed after Aug. 31. Cable systems signing contracts before Aug. 31 and adding carriage by Dec. 31 will still qualify for 1¢ rate, said BET Pres. Robert Johnson.

United Satellite TV (USTV), direct-to-home satellite broadcasting service, has awarded its advertising contract to SSC&B Lintas. USTV's services are expected to include up to 6 channels of movies, sports, news & pay-per-view events.



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Europe's first Satellite Summit conference is being expanded and advanced one week. It will be held at Intercontinental Hotel in London May 17-19 to explore vital strategic issues presented by onset of European satellite services and the parallel development of a newly vigorous Atlantic basin satellite service area. With skies opening for European satellites, London is the appropriate site for the first European conference sponsored by Satellite Week.

The expanded Satellite Summit Europe is directed at questions that challenge space business wherever it is based, and is of particular and vital interest to strategic planners representing programming organizations, financiers, government officials, insurers, entrepreneurs, earth and space segment hardware manufacturers, distributors and consultants.

Only top experts will speak on topics including satellite broadcasting, business multi-services, space and earth segments, space defense, mobile and personal communication, earth information systems and the business opportunities of space generally. The Summit opens with a cocktail reception May 17, followed by program days May 18-19. The Summit is convenient to permit onward travel to Paris Air Salon (May 26-June 5) and Montreux TV Symposium (May 28-June 2).

Expected as speakers at our London Summit are: Andrea Caruso, Secy. General, European Telecommunication Satellite Organization; Olof Lundberg, Dir. General, International Maritime Satellite Organization; Peter Hickman, Managing Dir., British Aerospace Dynamics Group, Space & Communication Group; Rolf Arnim, Managing Dir., Eurosatellite; Sidney Topol, Chmn. & Pres., Scientific-Atlanta; Alan Parker, Pres., Ford Aerospace Satellite Services Corp.; Sir Peter Anson, Div. Mgr., Marconi Space & Defense Systems; Brian Haynes, Development Dir., Satellite TV PLC, and others to be announced soon.

Space at the Satellite Summit/Europe will of necessity be limited. The seminar fee of \$695 (435 sterling) covers both program days of Satellite Summit/Europe. Please return the coupon immediately for more information and to guarantee space.

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## Personals

James Tietjens, ex-RCA Labs, named pres., RCA American Communications, succeeding Andrew Inglis, who becomes vice chmn. until June 1 retirement... Larry Patrick, ex-NAB senior vp-research & planning, joins research firm Hiber, Hart & Patrick, Pebble Beach, Cal... Charles Franzetta joins C-COR as international sales mgr... Douglas Holladay promoted to vp-cable mktg., Weather Channel; Dawn McCall to cable mktg. regional sales mgr.

Vincent Wasilewski, ex-NAB pres., receives NAB's Distinguished Service Award at Las Vegas convention April 10... Douglas Spiker advanced to gen. mgr., Storer Dallas-Ft. Worth cable systems; William Langendorf to vp-gen. mgr., Minn. area; James Behling to vp-gen. mgr., Minneapolis cable system; John Eddy to manage Minneapolis suburban systems... Franco Garcia advanced to gen. attorney, Corporate Legal Affairs Div., ABC... Sofia Mannos advanced to station services dir., AP Radio Network.

Charles Koch promoted to eastern regional sales mgr., Entertainment Channel; Judy Browning, ex-TV Watch D.I.P., southern region... Mario Magistris named mktg. mgr., Thorn EMI Video Programmes Switzerland... Duncan Harvey, ex-American Cable TV, appointed western regional sales mgr., HTN Plus, will head new Phoenix office... Ed Kroninger and David Pleger advanced to vps, TeleRep... Leslie Prager, ex-WNEW-TV N.Y., forms Prager Assoc. ad agency (265 E. 66th St., N.Y. 10021, 212-772-8866)... Rod Sterling advanced to vp-national sales mgr., Gold Key Entertainment... Mel Maron, ex-Almi Cinema 5 Films, forms JGM Enterprises, producers' rep firm (98 Cutter Mill Rd., Suite 366 South, Great Neck, N.Y. 11021, 516-487-4515).

Howard Smiley resigns as pres., Cal. Bestrs. Assn., will continue as lobbyist... Andrew Suser advanced to gen. attorney & assoc. dir.-business affairs, ABC Video Enterprises; Susan Futterman to dir.-children's programs and special programs, ABC Best. Standards & Practices, West Coast; Michael Meads to dir.-current drama; Philippe Perebinosoff joins as mgr.-motion pictures for TV; Midge Murphy to contracts dir., ABC Motion Pictures.

Frederick Barber, vp-gen. mgr., WSB-TV Atlanta, named Cox Communications vp... Charlotte Koppe advanced to asst. program dir., WLS-TV Chicago... William Wills resigns as PR mgr., WGN Continental Bestg. to form William H. Wills & Assoc. PR consulting firm... William Kusack retires as Field Communications' engineering products mgr... David Wilson, ex-Frank N. Magid Assoc., named program mgr., KRON-TV San Francisco... James Byrne, ex-WNEV-TV, joins WCVB-TV Boston as PR representative... Ron Bilek, ex-Jefferson-Pilot Bestg., named news dir., WCMH-TV Columbus... William Bolster named exec. vp, Black Hawk Bestg., will serve as gen. mgr., KWWL-TV Waterloo, Ia., and Carnaby Sq. TV.

Walter Alliss named vp-engineering, KCRG-TV Cedar Rapids... Sheldon Siegel, WLVT-TV Allentown,

re-elected chmn., Network Operations Committee, Pa. Public TV Network Commission... Ann Kirschner promoted to new services dir., Group W Cable... Lori Adelsberg, ex-Major Market Radio, joins Blair Radio, N.Y., as research mgr., spot sales, succeeding Debi Elefante, who moves to Fla.

Among speakers at Feb. 15 Public Affairs Seminar sponsored by AWRP: Anne Jones, FCC member; Elizabeth Dole, Transportation secy.-designate; Sen. Packwood (R-Ore.); Rep. Swift (D-Wash.); Thomas Railsback, Motion Picture Assn. of America... In reorganization at Thorn EMI Films Ltd.: Norma Jackson appointed exec. vp; Michael Bromhead deputy managing dir; Nat Cohen exec. consultant; Verity Lambert, ex-Euston Films, production dir.; Robert Mercer creative development dir.; Michael Buist head of advertising & publicity, succeeding David Jones, retired; Richard Milnes vp-mktg. acquisitions... Thomas Hohman, ex-Motorola, named national affiliate relations mgr., CBN Cable Network; Kim Cooper, ex-WRKO(AM) Boston, publicity dir... Waring Partridge becomes counsel to Pepper & Corazzini, Washington law firm.

Richard Feldman advanced at NTIA to special asst. to Administrator Bernard Wunder... David Wyler, ex-ON-TV, appointed vp-programming, Home View Network, ABC Video Enterprises... Jonathan Moore, Harvard U., named editorial board chmn., WCVB-TV Boston, succeeding Oscar Handlin... Maria LaPalermo advanced at Blair TV to mgr., ABC Sales Team, Chicago; Dennis Boyle to asst. sales mgr.; Thomas MacArthur to head Independent sale team there; Jacqui Wank asst. mgr., ABC/Green team, N.Y.; James Bocock, ex-WSIX-AM-FM Nashville, pres., Blair Bestg. of Fla., and gen. mgr., WFLA(AM)-WFLA-FM Tampa... Susan Kasprzak promoted at NBC to affiliate research dir.

Comr. Fogarty will address Organization for Protection and Advancement of Small Telephone Companies Jan. 25 in San Antonio; Comr. Jones will deliver breakfast speech before Federal Bar Assn. in Washington Jan. 28... Arthur Temple retires from 2 positions -- vice chmn. of Time Inc. and chmn. of Time subsidiary Temple-Eastex Inc.; he'll remain on Time board; Joe Denman, pres. of Temple-Eastex, named chmn.

Joe Cooper, ex-KFDM-TV Beaumont, joins KHOU-TV Houston as national sales mgr... Peggy Milner, ex-Reliable Life Insurance, appointed finance mgr., KMOX-TV St. Louis... Mike Clark named to new position of vp-current programming, Showtime... Molly Seagrave promoted to dir.-corporate PR, HBO... Dave Culver, ex-KYW-TV Philadelphia, appointed media production mgr., Group W Satellite Communications; Bill Butler moves up to national accounts dir., Eastern Div... James Moran named publisher/ad dir. for Southern Conn. Cablevision's TV channel selections guide... Adriana Perovich, ex-Warner Bros., appointed vp-sales, Film Gallery... James Konduros elected vice chmn., ACSN-The Learning Channel board; James Jones named to 3-year term on ACSN board... Phillip Clement, pres. of Bell & Howell Video Group, elected corporate vp.



Syndication & financial interest rules "are unwarranted regulation that not only distort the marketplace but foster conditions inimical to the public interest," ABC said in comments filed at FCC. ABC said they produce "unnecessary and adverse influence on the program supply and distribution process." CBS attacked rules as limiting networks' ability to share risk in program production by denying them syndication revenue. Rules "create public harms which hurt consumers, depriving them of programming options," CBS said. ABC argued principal result of rules had been to shift money from networks and affiliates to program suppliers, pointing out that while majority of prime-time programming is supplied by independent producers, networks provide almost all financing. FCC's staff felt rules, adopted in 1970, were misdirected and should be replaced, ABC said, because network and syndicated program supply marketplace was structurally competitive and remains so.

Times Fiber Communications reported 1982 sales up 15% from year ago but decrease in net income of 6%. It reported sales at \$137.7 million, net income \$6.6 million. Earnings per share were 78¢ compared to 85¢ in 1981. CEO Lawrence DeGeorge said, though, that 4th quarter sales were encouraging, with commitments received for more than \$11 million in Mini-Hub fiber optic distribution systems, which he called "a major milestone in the cable TV industry's acceptance of this new technology."

Hobbs, Straus, Dean & Wilder is new law firm including, among others, former members of Wilkinson, Cragun & Barker. Partners: Charles Hobbs, Jerry Straus, Bobo Dean, LeRoy Wilder, Frances Horn, Joseph Ryan. Associates: Carol Barbero, Randy Harrison. Of counsel: Jerry Goldstein, Kenneth Tworoger. Address: 1735 New York Ave. NW, Washington, D.C. 20006, 202-783-5100, and Suite 200, 820 SW Second Ave., Portland, Ore. 97204, 503-295-2051.

International prize in communications — McLuhan Award — has been established by Canadian Commission for UNESCO and Teleglobe Canada. Award, with \$50,000 cash prize, will be offered every 2 years to individuals or groups who "contributed to a better understanding of the influence of communications media and technology on society." Competition is open to persons of all nationalities.

Metromedia forms Telecommunications Div. (paging & cellular radio) to consolidate cellular radio telephone and radio paging services in Boston, Chicago, L.A., N.J., N.Y. Pres. is Robert Edwards, founder of Radiofone, now largest single-system paging network in U.S. Metromedia has 9 first tier, 8 second tier applications, on file for cellular radio.

Intelsat may have competition in Pacific by end of this decade if proposed Japanese satellite system is launched. Tokyo-based Research Institute of Telecommunications and Economics unveiled plan for 2-beam C-band system at 1983 Telecommunications Conference in Honolulu.

WEEKLY

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Subscription TV Assn. is angered at FCC decision to allow licensed STV operators to sell decoder boxes. Operators in past were restricted to leasing boxes. Assn. believes decision is "adverse to legitimate business interests [and] is supportive of piracy" and may cause public to believe it's legal to buy decoder box and pirate STV signal.

NPR has received \$137,500 from General Foods for half-share in its news & information fund. In addition, Joyce Foundation renewed grant of \$75,000 for midwestern coverage on NPR programs. According to Development Vp Jane Couch, NPR has collected \$2.1 million in new grants and contributions since mid-Aug.

House Speaker O'Neill (D-Mass.) will make TV acting debut on NBC's Cheers series. He plays himself in 5-min. appearance; previous role was as butler in high school play.

### Obituary

Thomas Tilson, 60, pres. of Metromedia TV, died of cancer Jan. 20 at Pascack Valley Hospital in Westwood, N.J. He joined Metromedia in 1962, became pres. of TV Div. in 1979. He also served on INTV board. Wife, 4 children survive.

Henry Slavick, 80, died Jan. 1 from complications resulting from stroke at St. Francis Hospital, Memphis. Slavick started career at WMC-TV-AM-FM Memphis in 1925, retiring in 1968 from general mgr. position. Wife, 2 sons, daughter survive.

# Consumer Electronics®

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## OFFICIAL 1982 SALES FIGURES

Final & official EIA statistics on consumer video sales to dealers for 1982, with 1981 & 1980 comparisons, and for year's final week:

	FULL YEAR 1982	FULL YEAR 1981	% CHANGE	FULL YEAR 1980**	DEC. 25-31	1981 WEEK	% CHANGE
TOTAL TV#.....	17,131,568	16,698,283	+ 2.6	17,182,596*	366,498*	295,280	+24.1
COLOR#.....	11,366,334*	11,157,334	+ 1.9	10,897,080	215,455	182,239	+18.2
MONOCHROME....	5,765,234	5,540,949	+ 4.0	6,285,516	151,043	113,041	+33.6
PROJECTION TV...	117,253	121,650*	- 3.6	57,132	2,251	n.a.	--
HOME VCR.....	2,034,797*	1,360,988	+49.5	804,663	51,641*	32,913	+56.9
COLOR CAMERAS...	295,947*	189,770	+56.0	114,465	5,643*	5,193	+ 8.7

Color TV 5-week moving average: 1982--231,221\*; 1981--203,982 (up 13.4%).

Home VCR 5-week moving average: 1982--66,335\*; 1981--37,675 (up 76.1%).

# Excludes projection TV. \* Record. \*\* 1980 had 53 weeks; 1981 & 1982 had 52.

**RECORD YEAR ENDS WITH INVENTORY DROP:** Good 4th-quarter sales combined with restraint in production & imports to trim color & VCR inventories closer to manageable level as record 1982 ended. Retail reports indicate good sales in Dec., well above pace of Christmas 1981. And 1983 started off with record sales of color TV in first 2 weeks of Jan., up more than 20% from last year's same period, while VCR sales more than doubled in same period, preliminary reports indicate.

EIA data show sales to dealers set records last year in color TV, home VCR and color cameras, with monochrome TV showing increase over 1981 (see State of the Industry, above). Color enjoyed record months in April, June, July & Oct., and closed with best 5-week Dec. in history. In monochrome, 7 months were above comparable 1981 months.

Home VCR soared & zoomed in final quarter to pass 2-million level for year; records were set in 50 weeks of year. Projection TV, which lagged behind 1981 by 3.6%, had partial recovery in Nov. & Dec. Cameras set records every week of year.

In terms of quarterly performance, color did best in 2nd quarter when seasonally adjusted annual sales rate came to 11,920,000, followed by 4th quarter at 11,270,000, first at 11,250,000 and 3rd at 11 million. VCR's best period, by a hair, was 3rd quarter at 2,094,000 rate, with 4th at 2,084,000, while first & 2nd were slower at 1,953,000 & 1,942,000 respectively. Dec. was by far hottest month in history for VCR, with sales at phenomenal 2,425,000 rate, boding well for 1983. In color, Dec. sales rate was slightly better than year as whole, at 11,260,000.

Probably best year-end news of all is that inventories have started to fall, showing declines for year in both VCR & color TV. Color pipeline (factory plus distributor) inventories, which reached all-time high of 3,239,000 at end of July, had dropped to less than 2,661,000 by end of Dec., 8.7% below 1981's year-end inventories. Factory inventories ended year at 1,642,000, down 10.3% in year, and distributor stocks were down 5.8% in year to 1,019,000 sets. Month of Dec. saw biggest drop, color inventories falling 9.7% at pipeline level, 6.8% at factory, 14% at distributors in that month alone.

Big VCR selloff could be nearing end, judging from inventories, which fell from high of more than 600,000 at end of May to just over 463,000 at year's end. At end of Dec., for first time this year, inventories were below year-earlier level — down just 0.2%, but a start. At factory/import level, inventories of 320,000 were up 4.4% from end of 1981, but well below their April peak of more than 432,000. Distributor stocks showed year's first decline, at just over 143,000 being 9.5% below year-end 1981. During big Dec. alone, pipeline VCR inventories fell big 19.4%, factory 19.7%, distributor 18.5%.



Projection TV inventories were trimmed sharply in 2nd half, ending at 47,200, well down from peak 70,400 at end of Aug., but up 17.2% from end of 1981.

VCR, color cameras and projection TV all had best month ever in Dec., VCR surpassing previous record month (243,000 in Sept. 1982) by 34%, exceeding 300,000 for first time in any month. Here are EIA's figures on sales to dealers for Dec.:

Product	Dec. 1982 (5 weeks)	Dec. 1981 (5 weeks)	% change	Dec. 1980 (6 weeks)
Total TV.....	1,836,369	1,547,045	+18.7	2,058,706*
color.....	1,156,107	1,019,912	+13.4	1,217,156*
monochrome..	680,262	527,133	+29.0	841,550
Projection TV..	15,625*	12,274	+27.3	9,576
Home VCR.....	331,673*	188,374	+76.1	122,980
Color cameras..	43,191*	32,042	+34.8	16,525

\*Record for any Dec.

Retail business was good in Dec., according to Early Warning Report (EWR), a special monthly research service of Television Digest. EWR panel of representative dealers enjoyed median 10% increase in color TV sales over Dec. 1981, with VCR sales up 30%, stereo up more than 6%. Monochrome sales held even with year earlier. Projection TV sales were up 21.5% in Dec. over Nov. Retail inventories of all products dropped sharply in Dec., indicating virtual sellout in many stores.

SONY & UNIVERSAL DEBATE AT SUPREME COURT: Before packed audience, Betamax home taping case got its day in Supreme Court last week as justices, expected to make decision by June, pounded both sides with questions. Congress is keeping one eye on outcome, other on legislative solutions. Latest should surface this week when Rep. Edwards (D-Cal.) introduces bill to establish private negotiations, rather than Copyright Royalty Tribunal, as means to determine division of fees. We're told Edwards will seek binding arbitration as last resort, also plans to promote separate bill on revision of first-sale doctrine (Vol. 23:1 p15).

As usual, Supreme Court questions revealed little about justices' opinions, ranged from "what is the harm" of time shifting to whether home taping is any different from photocopying books in bookstores. Considered most important copyright case in recent history, issue started with 1976 suit against Sony by Disney and MCA's Universal. District Court in 1979 found in favor of Sony; Appeals Court reversed decision in 1981, said home taping violates copyright laws.

Among arguments by Sony's Dean Dunlavey: (1) VCR is "staple item of commerce" which has legitimate uses, and manufacturers can't be held accountable for misuse of such products. "Lots of things in society could be used for a wrongful purpose," he told court. (2) Many program owners don't object to video recording which allows people to view at home what they otherwise would have missed. (3) "The ultimate issue is whether all Americans are to be denied the benefit of time-shift home viewing because a few program owners object."

He said issue in case was time-shifting -- "watching and then later erasing the tapes" -- not keeping libraries. Justices, however, asked whether there's any way of knowing if "time-shifting today could not be librarying tomorrow." Dunlavey's response: "Many program owners would rather be seen as a 2nd choice later." Sony argument wouldn't have much weight, he conceded, if program owners came out strongly against off-air copies -- but he said that's not the case.

Universal's Stephen Kroft emphasized copying of movies, which he said represents large portion of home taping and is most injurious because producers make such movies available for rent & purchase: "Unauthorized taping of motion pictures at home -- that's what this is all about." He reminded court that producers were willing to accept "alternative remedy" -- payment of royalties, rather than outright ban. Asked if he thought time-shifters were "unscrupulous," Kroft responded "not unscrupulous... I think they were duped."



Other points: (1) Lower court decision about "staple item of commerce" was incomplete, didn't go far enough, isn't defined anywhere in law. Justice White noted that Appeals Court did disagree on this issue. (2) When Chief Justice Burger asked "Where's the injury?" in off-air taping of movie, Kroft said it hurts cassette rental market. (3) He thought Sony "could have worked with us on jamming," said "burden should be on the party causing this problem." Issues of particular interest to justices:

(1) How Sony advertised Betamax — whether it encouraged copying broadcast programs. Dunlavey said ads were "toned down," agreed with Justice Rehnquist's observation that warnings about copyright violations were inside package and "the consumer doesn't see it until he gets the package home." Another question concerned propriety of "knowing something is going to be used for infringing use and still selling it." Kroft said it doesn't matter that Sony changed ads: "It's too late; they've infected this country with knowledge" of ability to copy programs.

(2) Whether copyright infringement is inherent even when program producers don't complain about it. Dunlavey argued that copying is okay when not challenged, said producer puts program on TV with intent that "anyone with the means of doing it can receive it." Rehnquist responded: "That's like saying a publisher who puts a book in a bookstore consents to letting anyone come and Xerox it." In answer to justice's question about why home taping, including audio, hadn't been challenged until Betamax case, Kroft said "just because others have sat on their rights is no reason we should."

\* \* \* \*

In another key copyright case, 7 movie producers have moved against Erie, Pa. retailer Maxwell's Video Showcase, accused of promoting unauthorized public performances of recorded cassettes. Maxwell's, according to suit, has been showing movie cassettes in each of its 44 "showcase" rooms equipped with 19" sets and seating up to 4 people, at \$5-\$8 a head, including popcorn. Maxwell's plans to start franchises in 35-40 locations, but not until legal situation clears.

Maxwell's Pres. Robert Zeny told us he's been expecting studio action for months, after company failed to negotiate licenses from all but MGM/UA Home Entertainment. Opening offer was 10-15% of rental fees. Agreement with MGM/UA was "seconds away from signing," said Zeny, when his lawyers decided to hold off (Vol. 4:2 p3). MGM/UA is conspicuous in its absence from complaint, which lists Columbia, Embassy, Paramount, 20th Century-Fox, Universal, Disney and Warner. Zeny thinks "tremendous publicity" of case will win lots of converts, with as many as 40% of video retailers eventually installing public performance rooms. He said it's already happened at 10-15 stores, including 3 in Buffalo, one in State College, Pa.

CABLE & TV SETS—MAKING THEM COMPATIBLE: In relatively near future, consumer buying high-end TV set will do so with assurance it will automatically interface with any modern cable system as well as other auxiliary services & devices such as VCR, videodisc player or computer, and that remote controls will work with all of them. And cable companies can get out of converter/decoder hardware business.

That's scenario behind several hard-working engineering committees, now completing efforts, with first recommendations due in next few months. Most important -- and most difficult -- problem is making "cable-ready" sets really cable ready without any add-ons. And making sure any such set will work with any CATV system, including various pay-cable tiers.

EIA engineering group, working with NCTA, has decided on "pluggable port" approach. Sets designed for cable or video devices would be equipped with standard port, or receptacle containing proper connectors to introduce signals to RF, video and/or RGB circuits. It would be designed flexibly enough to accommodate any of wide variety of plug-in boards which could include cable converters, pay descramblers and connections for video devices. Remote controls would work for all channels and presumably for video gadgets as well.

Distribution of plug-in boards for port presumably could involve either sale by TV dealer as accessory, or rental by cable company. When consumer buys cable TV set, cable system would tell him model number of plug-in interface board required for reception of basic cable as well as the various pay-TV tiers & services he has ordered (or supply it on rental basis). System would relieve cable companies of necessity to inventory & maintain converter & decoder boxes; for



viewer, it would provide better reception, eliminate black-box clutter & wires and provide remote access to all channels.

EIA is giving high priority to this project — not only because of compelling need for standards before all major cities are wired with non-standard systems, but because of lurking fear that if nothing is done, American cable TV could end up as "Rediffusion-type" system, with all distribution on video frequencies and "gutless wonder" sets supplied by cable companies. Committee hopes to make recommendations by June. Economic as well as technical questions are involved: Manufacturers want to make sure cost of adding port doesn't go so high it can't be recovered from consumers.

Prerequisite to establishing interface standards is problem of universal channel compatibility -- and work on this by another committee, of NCTA with EIA participation, should be finished in next few months. This is standardizing channel frequencies and nomenclature.

Consumer now is confronted with confusing welter of letters & numbers — 2 through 13, plus A through X, as well as such quaint nomenclature as A-1, A-2, A-3, W-1, W-2 and 4+. On current cable-ready sets, lettered channels are received by tuning completely unrelated UHF channel numbers. There's essential agreement on committee that channels should be numbered from 1 through 99. A 3rd committee is dealing with standardization of technical interface between cable & TV sets.

Two longer-term projects affecting future of TV-video are getting under way. EIA Consumer Electronics Group is investigating potential specs for "automatic control bus" within TV sets to make remote controls of any manufacturer operate with all brands & types of equipment, including VCRs, disc players, computers, audio equipment, games, etc. — which could include allocation of infrared remote-control frequencies. Definitive recommendations from this group aren't expected for 5-10 years.

Possibly most significant effort in long run will be Advanced TV Systems Committee to be formed within 2 months by Joint Committee for Intersociety Cooperation (JCIC) which comprises representatives of NAB, EIA, IEEE, NCTA & SMPTE (Vol. 22:44 p6). Committee will investigate completely new TV systems, such as high definition, and improvements in current system, and, if advisable, develop standards.

**TELETEXT PLANS:** With both CBS & NBC planning to start commercial teletext broadcasting this year and major cable groups preparing to begin text transmissions (see report in Broadcast section), Zenith's entire 1984 model color TV line will be designed to accept adaptors it expects to have on market later this year. Adaptors also will fit some of its current models, but must be installed by technician.

NBC parent RCA is understood to have no plans to make adaptor this year, but probably will do so in 1984 through its Consumer Electronics Div. It's expected that adaptors will retail at around \$250 at start.

Following FCC go-ahead for teletext broadcasting, expected this year, Zenith plans to make adaptors available through its regular distribution channels in appropriate markets. Zenith has signed 5-year agreement to provide decoders to Taft Bestg., which plans to launch ad-supported service using British system in Cincinnati, also has contract with Time Inc. to supply decoders for EIA-approved NABTS standard, based on French Antiope system. CBS & NBC will use NABTS. Zenith says it's prepared to build adaptors for any standard.

Hitachi has licensed France's Thomson-CSF to produce Saticon pickup tubes for portable color cameras.

Sony denied last week that it had any specific plans to enter consumer market for videodiscs & players. Reports were based on comments of Pres. Norio Ohga at Japan press reception that Laservision system was technically superior to others and will be "the system to survive the videodisc competition." He added that 1983 "might prove to be a good year for the videodisc business." Sony said it stands by statement of Chmn. Akio Morita that when & if consumer market develops Sony will be in it with technically superior product. However, Japanese press continued to publish reports quoting Ohga as saying Sony would be in consumer Laservision market next fall or later.

Hitachi introduces 3 new cameras: High end with 2/3" Saticon lists at \$1,295; unit with 1/2" saticon, 8:1 zoom, can be sold for \$795; low-end with 2/3" tri-electrode vidicon can be sold for under \$500. Hitachi Denshi's new Everex line also features 3 new cameras. Its camera which can sell at \$495 has 2/3" tri-electrode vidicon, not 1/2" Saticon, as reported last week.

Tatung plans to triple color TV sales in U.S. this year, has 120,000 target, according to National Sales Dir. Larry Scott. Total includes own and private brand imports from parent in Taiwan, as well as 25" consoles being assembled in Cal.



**SELLING COMPUTERS:** "Guilt is what sells [home] computers." Those words from retailer Adam Levine of Mace Electronics, Erie, Pa., wrapped up general view of panelists discussing buying motivations at computer & game seminar at WCES in Las Vegas.

Consumers, panel contended, feel lack of computer at home will leave their children disadvantaged. While games make up bulk of software sales, educational and home management programs — latter sometimes of little real value — are frequently bought to support non-entertainment concept consumer has used to justify original computer purchase.

Mass merchandisers will move quickly into personal & home computer market this year, according to Commodore's Mike Tomeczyk. He said number of outlets handling Commodore home unit was less than 1,000 in 1981, jumped to 12,000 last year, should grow to 20,000 by June. He said audio, music & toy stores have good chance of entering or expanding their computer sales in 1983.

Key to that kind of expansion is applying packaged goods selling, and that's approach Panasonic is taking, Mike Aquillar said. Complexity of computer "scares clerks & customers." Industry has "to sell it as a normal consumer electronic product" so customer can "take it home, plug it in, put in a program and it runs." Panel agreed Atari was today's packaging leader.

Right software is what will sell computer hardware, according to Coleco's Al Kahn, who said there's general lack of understanding of how consumers use computers. "Don't tell me they use it to balance their checkbooks. What's selling, and what you've always sold, is entertainment," he said.

Long-term future lies in more sophisticated personal computers, and Tomeczyk predicted emergence of trade-up market as consumers find more practical uses for computers and more "business software migrates down to become home software." Epson's Jack Whalen saw computer as "a personal productivity tool. In our opinion, it doesn't fall into the category of games." But he acknowledged it will be "long term process" of consumer education before packaging idea can be applied to higher-priced personal computers because of general lack of computer literacy.

Kahn predicted tough going ahead for many now trying to enter home computer market. He estimated that \$400-\$500 million "will be spent on promotion by major computer companies" this year, with Coleco's outlay tripling to \$90 million. "Smaller ones will have trouble getting the message to the customer." View was echoed by Imagic's William Grubb. Referring to game-computer software field, Grubb said shift to higher technology and cost of promotion is making it hard for new companies to start up. "There will probably be \$200 million spent on game & computer [program ads] this year, and for a manufacturer to achieve distribution, he must develop awareness." He pointed out that \$2 million budget buys only 3 weeks of network TV exposure. But market is there, he said, predicting 110 million game cartridges would be sold this year.

Along with Grubb, other members of software panel (Richard Hoag, Mattel; Keith Schaefer, Atari), decried emergence of X-rated video & computer games, said their companies won't touch that area. As for rental, panel indicated that it may become problem with magnetic discs & tapes because they can be duplicated, but experience to date is that cartridge rental tends to stimulate sales.

**AUDIO REVIVAL SEEN:** Digital Compact Disc (CD) and AM stereo could lead to revitalization of audio business, according to speakers at CES audio seminar.

Pioneer Pres. Jack Doyle, Chmn. of EIA Audio Div., hailed CD, exulting: "It's here today. It's out on the floor. For once the entire industry is behind one system & standard." He forecast coming of stereo sound to TV & AM "may be the single most important event for the audio industry." He forecast audio industry sales will total about \$6 billion in 1983.

CD is "most revolutionary thing" to hit audio, said JBL's James Twerdahl, and it will serve as catalyst for redesign of all other audio products. Hitachi's James Maynard and Yamaha's Don Palmquist both reassured audience that \$1,000 price of CD players is just starting point and that it would come down to point low enough to eliminate customer resistance.

Phoenix retailer Jerry Kowitz (Jerry's Audio Exchange) predicted digital products would excite retail sales staffs to sell large amount of equipment. Most panel members thought EIA's "consensus" forecasts of audio sales for 1983 (Vol. 23:3 p16) were too low.

AM stereo could appear in some GM cars late this year, said Delco's John Crawford. However, he pointed out that each auto division must decide whether or when it wants to offer stereo option, and Delco so far has received no response from these "customers." He said introduction possibly could be delayed until middle or late 1984 model year, which starts in Sept. 1983. "I would look for one or 2 [car] models at the start" to offer AM stereo, rather than full lines, he added.

Jensen's Pete Fredriksen said stand-alone auto tape deck sales are slow, with big growth in complete mid-to-high-end systems and speakers. He added that 8-track is finally on way out. Kraco's Larry Krains noted that 70-80% of all car tape decks are of brands other than auto OEMs.

Talking and voice-activated products will be \$4 billion market by 1992, according to Norwalk, Conn. research firm International Resource Development. Toys, computers & typewriters will be prime development areas, accounting for about \$2.3 billion in sales, or 60% of volume.

**Ad notes:** Alpine appoints Kresser, Robbins & Assoc. for \$2 million car stereo account, replacing Medlin & Assoc... N.V. Philips names McCormick Intermarco-Farner of U.K. for \$6 million in consumer electronics ads it runs in countries without local Philips companies.



**RCA, GE REPORT:** Both RCA & GE reported higher earnings in 1982 though each suffered from depressed results in TV business (see financial table).

On pre-tax operating basis, RCA earnings were down 43.4% in 4th quarter to \$58.5 million, and off 2.2% to \$321.1 million, excluding special charge of \$230 million taken in 1981. Sales were record for both periods. RCA noted that results include \$40.3 million net profit from Hertz, up from \$19.2 million in 1981, said that planned sale of auto rental subsidiary is not now imminent.

RCA said operating earnings from electronics activities were down for year, and profits from Consumer Products & Services segment "were adversely affected by an ailing economy and severe price competition." RCA reported it shipped 3.6 million videodisc albums last year, said best selling title, at more than 50,000 copies, was *On Golden Pond*.

Commenting on results, Chmn. Thornton Bradshaw said lower 4th quarter results "reflect a continuation of the weak economy which may carry over in the first quarter of this year."

GE showed record quarterly earnings in 4th period, record net for full year, on lower sales for both periods. Profit improvement came in commercial-industrial area, earnings for consumer products segment declining significantly. GE said "severe cost-price squeeze" resulted in loss from TV manufacturing operation, though it had improved earnings from Housewares & Audio Dept.

Chmn. John Welch said 4th quarter pickup in order rates for consumer and some other products made him "relatively optimistic" about 1983. But, he stated, actions by govt. will largely determine full-year results. Uncertainty over govt. economic policies might cause interest rate boosts "that could stop the recovery in its early stages," he added.

Matsushita posted record results on parent-only basis in year to Nov. 30 as net rose 14.4% to \$415.9 million on 5.4% sales rise to \$10.8 billion. Company said sales of VCR products "continued to increase strongly" in year, "but not at the twofold pace seen in the past few years." Overall video equipment volume was up 15.7% to \$3.35 billion, which would indicate lower sales of traditional TV products. In other segments, Matsushita said audio equipment sales dropped 8.6% to \$1.29 billion, components were down 4.3% to \$1.23 billion, communication & industrial equipment sales were up 16.7% to \$1.62 billion.

Thorn EMI consolidated net dropped 49.6% to \$22.3 million in fiscal half to Sept. 30, with higher interest & depreciation costs, poor performance by entertainment units, cited among major causes. Revenue was up 4.1% to \$1.16 billion. While hardware business was helped by rising demand for VCRs, Thorn said increased investment in rental equipment was primarily responsible for 26% jump to \$34.4 million in interest costs, 24.1% rise to \$174.3 million in depreciation charges. It noted that depreciation expense for rental equipment, primarily VCRs & TVs, was up \$28.9 million to \$130.5 million. Thorn said adverse impact of piracy on videocassette distribution was contributor to loss posted by Films,

Video Software and Leisure Group. Not reflected in results is any portion of \$31.6 million reserve Thorn established to cover loss on discontinuation of VHD videodisc operations in U.K. & Germany. Thorn said it plans to write off investments and associated costs at end of fiscal year.

MGM/UA Home Entertainment reported \$8 million net on \$33.2 million sales in opening quarter to Nov. 30, its first such financial release since going public. Firm said it sold 3-year home video rights to 150 features in Scandinavia & France for minimum royalty guarantee of \$48.6 million, and has sold home videogame theme rights to Rocky, Pink Panther & James Bond.

With reluctance, FCC last week issued rulemaking proposal for GE-sponsored Private Radio Communications Service (PRCS), set deadlines of April 29 for comments, May 31 for replies. Service, to operate in 898-902 MHz & 937-941 MHz bands, would provide direct link to base telephone from car for making & receiving calls. GE says packaged system will sell for \$300-\$400, cover 3-5 miles, expandable to 15 miles with repeater service company estimates could be made available for \$10 monthly. FCC apparently doesn't share GE view that PRCS has potential market of 12 million homes. Comr. Sharp termed it "junior radio service," for which there may be no real need. Commission expressed concern over increased demand for frequencies by PRCS and other new questionable services, said it would study upcoming staff report on spectrum conservation before clearing them for approval.

U.S. R&D funding is leaving country because of poor tax laws here, incentives offered overseas, according to Arthur Andersen study being released this week. Report shows that tax rules which require corporate R&D outlays be allocated among various nations where U.S. company does business mean that not all such expenditures made here can be deducted. This, plus tax breaks provided by foreign countries, has helped lead to sharp rise in overseas R&D spending by U.S. firms, report states. Study was sponsored by EIA, NAM, Pharmaceutical Mfrs. Assn. and Emergency Committee for American Trade.

Xerox estimates electronic typewriters will account for 50% of office typewriter market in 1983, up from 26% to 36% last year, said it expects to capture 20% share. Company said office market is relatively level at million units per year. Company introduced \$4,200 model equipped with 20-character LCD display, disc drive for document storage. Also unveiled was \$450 modem that allows electronic typewriters to communicate with each other and with computers over phone lines.

Ban on sale of ionization type smoke detectors, or as alternative, prominent label disclosing product contains radioactive material, are proposed in separate bills proposed by Rep. Weiss (D-N.Y.). Estimated 75% of detectors now on market are ionization, others use photo detection.

**NOV. TV IMPORTS:** Significantly higher shipments of complete color TVs from Korea & Taiwan were only notable exceptions to otherwise lackluster TV import totals in Nov. (Vol. 23:3 p14), Commerce figures show.

Commerce indicates Hong Kong was source of 4,800 color, 8,000 b&w TVs in Nov., largest such monthly shipment on record from there. Those totals may mark start of expected push for U.S. sales by Hong Kong TV assemblers (Vol. 22:51 p12).

Following are by-country TV import totals for Nov. and 11 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

	Total TV			
	Month	% chge.	11 mo.	% chge.
<b>Japan</b>				
total...	130,200	-17.3	1,772,500	- 7.3
color...	79,300	-25.7	1,180,200	- 5.5
b&w.....	50,900	+ 0.5	592,300	-10.6
<b>Taiwan</b>				
total...	161,800	-54.8	2,939,900	-18.1
color...	57,300	+63.5	444,500	- 7.9
b&w.....	104,400	-67.7	2,495,300	-19.7
<b>Korea</b>				
total...	330,500	+14.7	2,522,300	+ 9.6
color...	65,200	+108.3	577,700	+50.4
b&w.....	265,300	+ 3.2	1,944,600	+ 1.4
<b>Singapore</b>				
total...	43,800	-25.7	464,100	-28.5
color...	39,100	-16.7	399,700	-30.9
b&w.....	4,700	-60.8	64,400	- 9.0
<b>Malaysia</b>				
total...	16,900	--	67,600	--
color...	7,300	--	38,500	--
b&w.....	9,600	--	29,100	--
<b>Canada</b>				
color...	7,900	- 9.4	71,100	-57.4

#### Complete Color

Japan....	44,100	-28.7	763,000	+16.5
Taiwan...	56,300	+60.7	403,900	-14.9
Singapore	15,100	+ 6.7	137,000	+17.3

#### Color Chassis & Kits

Japan...	35,200	-21.6	417,300	-29.5
Taiwan...	1,000	--	40,600	+416.6
Singapore	24,000	-26.8	262,700	-43.1
Mexico...	111,400	-43.5	1,331,300	-29.5

**SPAIN'S JAPAN WELCOME:** While most other European manufacturers are looking for ways to shut Japanese out, those in Spain are doing their best to invite one in. Aim is acquisition of manufacturing & marketing technology domestic companies need to compete in market for video equipment and microwave ovens.

Local manufacturers fear such European giants as Grundig, Philips and Thomson-Brandt will sweep them away after 1985, when Spain is expected to be member of Common Market. Group of 4 domestically owned consumer electronics producers is asking govt. for permission to form consortium and invite Japanese company to become 5th member. Hitachi reportedly is first choice. Companies say arrangement is necessary to insure survival and give Spanish industry chance at export sales.

Spanish market absorbed estimated million color TVs last year, up about 12% from 1981, and some 175,000 VCRs, up from only 75,000 in 1980. Outlook is for sales of about 1.2 million color TVs and 200,000 VCRs in 1983.

Timex is threatening to shut down Dundee, Scotland plant complex where it currently assembles own and Sinclair brand computers as well as Timex watches. Company warned employees that repetition of plant's 1982 history of work stoppages could lead to closing. At same time, Timex announced it was trimming 1,900 from workforce there, reducing employment to about 2,300. Most job losses are result of decision to sharply reduce output of mechanical watches, but about 500 stem from plant's loss of contract to produce Nimslo 3D camera. Contract was terminated Dec. 31 because Timex couldn't meet production goal.

Crimp in sales of home satellite antenna systems is expected to be result of HBO's decision to start scrambling feed to its customers. Other suppliers of premium programming are expected to follow suit (see details in Broadcast section). But impact may not be too severe, according to Channel Master National Sales Mgr. Clarence Goebel. His field studies indicate other premium channels have more appeal than HBO, and sports & news also are important, he said. Goebel said he expects buying interest to stay "just about as high as it is now."

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**EUROPE VCR EXPORT CEILING:** Europeans are asking Japanese to hold rise in 1983 VCR exports to about 25%, restrict shipments to 4 million from estimated total of just over 3 million sent in 1982. Japanese counteroffer, made during trade talks in Tokyo last week, was for 40% increase to 4.5 million.

Voluntary quota presumably would be alternative to plan for minimum export price enforcement now being considered by Japan's Ministry of International Trade & Industry. Japanese feel some form of restriction is necessary response to charges of excessive & unfair competition from European marketers of Philips-developed V2000 format VCRs. At end of 1982, group of 11 such companies, led by Philips and Grundig, filed VCR antidumping complaint with EEC (Vol. 22:52 p9).

Neither quota nor price floor would, however, affect flow of Beta & VHS VCRs into European market from Japanese-run plants there. Sanyo last week announced finalization of plans for expansion of U.K. color TV plant for VCR assembly — presumably VHS. Sanyo said it expects to start output there at 5,000 monthly rate in Sept., eventually expand to 11,000 monthly. At start, production will be marketed in Britain.

Existing & announced European VCR production plans of JVC (in partnership with Telefunken and Thorn EMI), Sony and Matsushita indicate Japanese will turn out 450,000-500,000 there this year. Matsushita's production will be through MB Video, 65% owned venture being set up in Germany with Blaupunkt parent Robert Bosch. Hitachi has plan for wholly owned German plant, but it isn't expected to be in operation before year's end.

Hitachi Maxell has eye on European software market. It announced plan to construct \$42 million videocassette plant in Telford, England with start-up capacity for 9 million cassettes annually, room for expansion to 12 million. It will be Europe's 2nd such Japanese-owned facility — Sony is producing videocassettes in France.

Europeans seemingly are as interested in blocking Japanese inroads into new market areas there as they are in eroding Japan's position in established ones. EEC is considering imposition of 19% duty rate on imports of laser-optical audio compact disc (CD) players. Rate on most audio equipment is 9.5%. Proposed doubled duty, adding estimated \$30-\$50 to landed cost of average CD player, would stand for 5 years.

Casualty of European TV wars is bankrupt manufacturer Koerting, old-line consumer electronics maker which has been recently concentrating on color TV, with some audio equipment. Koerting will be liquidated by March after \$62 million in losses in last 4 years. Founded in 1923, Koerting recently has been fully owned by Yugoslavian state-owned conglomerate Gorenje, which paid about \$8.3 million for company, including \$5 million contributed by Bavarian govt. to save plant which employed 1,400 in 1978 (currently 670). Koerting's sales totaled \$63 million last year.

National Semiconductor is pulling out of Eurotechnique, French semiconductor venture it formed with Saint Gobain in 1979, selling its 49% interest to Thomson-CSF. NS said it will transfer interest "for virtually no consideration" if Thomson agrees to retain technology ties and to buy parts and other products. Eurotechnique is considered surplus by French govt., which is restricting its support for IC technology development to Thomson and Matra. Separately, Matra is seeking expansion of agreement under which it obtains watch parts and technology from Japan's Seiko to include knowhow for production of LCD TV watch Seiko now sells in Japan.

Korea is looking for 17% increase in color TV production this year, all gain to come in exports as domestic market demand declines. Output target for 1983 is 2.76 million, up from 2.36 million last year, according to Commerce Ministry. Exports are seen jumping 43.7% to 1.66 million from 1.16 million, leaving 1.1 million for sale at home, down 8.3% from 1.2 million. Govt. plans to lower excise taxes on color sets to promote use of advanced technology. Move is expected to result in lower prices, making sets more attractive to consumers at home and more competitive in foreign markets.

Stereo TV issue is expected to come before FCC next month. Commission probably will propose "marketplace" decision, permitting use of any qualifying system. Key issue may well be how much time FCC allows for comments. Tests of 4 systems by EIA Multichannel TV Sound subcommittee are expected to be completed in May, and group hopes to file its report as a comment in rulemaking proceeding, recommend a specific system in countercomments.

Taiwan's exports of electronic products dropped 9% last year, or nearly \$300 million, to about \$8 billion, according to preliminary govt. figures. Island's overall 2-way trade was off 6.2% to \$41.1 billion, as exports slipped 1.8% to \$22.2 billion, imports dropped 10.9% to \$18.9 billion. U.S. continued as biggest trade partner, provided Taiwan with favorable trade surplus of \$4.2 billion. Without U.S., Taiwan would have shown \$882 million trade deficit.

Japan's new trade liberalization package includes review of "standards & certification systems" that will lead to acceptance of outside certification that imported electronic & electrical appliances meet Japanese standards. Any actual change in import procedures will require legislative approval. Multipoint overhaul of Japan's trade policies was cleared by group of cabinet ministers in preparation for last week's U.S. visit by Prime Minister Yasuhiro Nakasone.

One videogame price that isn't tumbling is that of Ultravision portable combination 64K computer and color TV (Vol. 22:49 p12). Originally announced at \$500, it escalated at opening of recent Winter Consumer Electronics Show to \$596, then moved up to \$995 with previously outboard keyboard included. Ultravision has reorganized, says it plans to introduce product in March.



## Consumer Electronics Personals

Ken Kai, Pioneer Video pres., adds duties as CEO, succeeding Hobart Kreidler, who resigned as chmn... Garrett Sullivan advanced at NAP Commercial Electronics from exec. vp to pres., succeeding Thomas Shepherd, resigned for personal reasons... Jeffrey Heimbuck, ex-Seagram, joins Atari Home Computer Div. as mktg. senior vp, succeeding Thomas McDonough, resigned... Hope Neiman advanced at General Consumer Electronics from mktg. mgr. to mktg. dir., Vetrex Products... Randy Patton promoted at JBL from International Div. sales mgr. to worldwide consumer products mktg. dir.

James Laflin appointed national sales mgr., Home Video Products (Rentabeta Movie Hut)... Vincent Holman named vp-finance, Portavideo; Robert Matthews, ex-Video Gems, joins as software coordinator... Earl Blair named Nostalgia Merchant pres, succeeding Nick Draklich, resigned... James Caradine, WEA International vp, appointed head of new Video Div.

Margaretha Bystrom, ex-Fuji Photo Magnetic Tape Div., joins CBS/Fox as ad mgr... Donald Gould named Disney Home Video west regional mgr.; Dennis Maguire appointed for east, David Young for midwest... Cheryl Benton, ex-Video Station, appointed sales administration mgr., Embassy Home Entertainment... David Wyler joins ABC Home View Network as scheduling, acquisitions & special projects dir.; Andrew Suser promoted to gen. attorney-assoc. dir. of business affairs... Jo-Anne Carpanzano promoted to national sales coordinator, Vestron Video... Len Levy, ex-video mktg. vp of Integrity Entertainment, joins Family Home Entertainment as vp-mktg... George Weiss resigns as exec. vp, Win Records & Video... Meril Fine, ex-Video Corp. of America, joins Best Film & Video Corp. as home video operations dir.

Don Hicks, Ball Technical Products Group vp, adds duties as acting pres. of new Electronics Systems Div., formed through merger of Computer Products, Electronic Display & Contract Mfg. Divs... Lloyd Taylor, ex-Northern Telecom Semiconductor Components Group vp, joins Commodore as technology vp and pres. of Semiconductor Div.

First 3D videogame, space adventure called Vortex, is due in Feb. from Spectravideo. Company says it will have cartridges for Atari 2600 and for Atari, Commodore & Texas Instruments computers at \$40, including glasses. Player guides space ship through meteor showers, battles alien attackers. Also coming from SV is Compumate, \$100 computer add-on for Atari 2600. Unit has 16K ROM, 2K RAM keypad, ports for cassette data recorder.

Kloss Video products will be represented in N.Y. area by Component Marketers, headed by Fred Goldstein, 20-year associate of Pres. Henry Kloss as national sales mgr. of KLH and as mktg. vp. of Advent. Last projection TV line handled by Component Marketers was Advent.

## 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>Andrea Radio</b>			
1982-year to Dec. 31	4,781,861	437,111	.86
1981-year to Dec. 31	3,961,723	389,646	.77
1982-qtr. to Dec. 31	1,030,204	75,225	.15
1981-qtr. to Dec. 31	1,039,505	60,852	.12
<b>C-COR</b>			
1982-6 mo. to Dec. 31	14,762,000	1,917,000	.61
1981-6 mo. to Dec. 31	10,246,000	1,355,000	.45
1982-qtr. to Dec. 31	6,887,000	852,000	.26
1981-qtr. to Dec. 31	5,830,000	800,000	.26
<b>Craig</b>			
1982-6 mo. to Dec. 31	34,794,000	(1,620,000)	--
1981-6 mo. to Dec. 31	50,954,000	1,200,000	.40
1982-qtr. to Dec. 31	16,672,000	(1,526,000)	--
1981-qtr. to Dec. 31	20,674,000	174,000	.06
<b>GE<sup>a</sup></b>			
1982-year to Dec. 31	26,500,000,000	1,817,000,000	8.00
1981-year to Dec. 31	27,240,000,000	1,652,000,000	7.26
1982-qtr. to Dec. 31	7,460,000,000	524,000,000	2.30
1981-qtr. to Dec. 31	7,560,000,000	452,000,000	1.99
<b>Meredith</b>			
1982-6 mo. to Dec. 31	232,155,000	16,124,000	5.18
1981-6 mo. to Dec. 31	228,402,000	14,960,000	4.71
1982-qtr. to Dec. 31	117,094,000	9,077,000	2.91
1981-qtr. to Dec. 31	118,170,000	8,116,000	2.55
<b>Microdyne</b>			
1982-year to Oct. 31	24,911,000	2,093,000	.45
1981-year to Nov. 1	29,019,000	4,085,000	.93
1982-13 wk. to Oct. 31	6,900,000	461,000	.10
1981-13 wk. to Nov. 1	7,593,000	956,000	.21
<b>Raytheon</b>			
1982-year to Dec. 31	5,513,000,000	318,800,000	3.78
1981-year to Dec. 31	5,636,000,000	324,000,000	3.86
1982-qtr. to Dec. 31	1,366,000,000	70,700,000	.84
1981-qtr. to Dec. 31	1,525,000,000	79,300,000	.94
<b>Regency Electronics</b>			
1982-6 mo. to Dec. 31	36,887,000	2,730,000	.51
1981-6 mo. to Dec. 31	33,515,000	3,148,000	.58
1982-qtr. to Dec. 31	19,659,000	1,493,000	.28
1981-qtr. to Dec. 31	15,644,000	1,098,000	.20
<b>Rogers Cablesystems<sup>b</sup></b>			
1982-year to Aug. 31	244,396,000	(10,538,000)	--
1981-year to Aug. 31	109,625,000	2,228,000	.06 <sup>c</sup>
<b>Scientific-Atlanta</b>			
1982-6 mo. to Dec. 31	148,682,000	(5,834,000)	--
1981-6 mo. to Dec. 31	171,617,000	10,808,000	.51
1982-qtr. to Dec. 31	73,429,000	280,000	.01
1981-qtr. to Dec. 31	90,190,000	5,992,000	.28
<b>Tandy</b>			
1982-6 mo. to Dec. 31	1,295,266,000	146,676,000	1.41
1981-6 mo. to Dec. 31	1,063,290,000	116,706,000	1.13 <sup>c</sup>
1982-qtr. to Dec. 31	778,155,000	92,982,000	.89
1981-qtr. to Dec. 31	638,269,000	73,834,000	.71 <sup>c</sup>
<b>United Artists Communications</b>			
1982-14 wk. to Dec. 2	70,091,000	1,787,000	.33
1981-14 wk. to Dec. 3	65,329,000	4,460,000	.83
<b>Walt Disney Productions</b>			
1982-qtr. to Dec. 31	270,142,000	17,214,000	.51
1981-qtr. to Dec. 31	211,780,000	17,409,000	.53
<b>Westinghouse<sup>a</sup></b>			
1982-year to Dec. 31	9,745,400,000	449,300,000	5.16
1981-year to Dec. 31	9,367,500,000	438,000,000	5.10
1982-qtr. to Dec. 31	2,611,200,000	100,800,000	1.13
1981-qtr. to Dec. 31	2,527,100,000	103,100,000	1.20

Notes: <sup>a</sup>Preliminary. <sup>b</sup>In Canadian dollars. <sup>c</sup>Restated.



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**BBC CHIEF ATTACKS U.S. TV:** Terms cable 'divisive,' ads 'insistent and crude.' (P. 3)

**ANTI-CRT CAMPAIGN LAUNCHED** by United Video, but other common carriers aren't going along. (P. 4)

**SENATE MOVES ON DEREGULATION:** Goldwater introduces cable & broadcast bills. League of Cities opposes cable bill. Swift plans. (P. 5)

**APPEALS COURT UPHOLDS FCC RIGHT** to grant preference to minority applicants in case brought by Utica AM. (P. 5)

**OWNERSHIP ATTRIBUTION RULE** changes proposed by FCC after heated debate; 1% ownership standard could be boosted to 20%. (P. 6)

**SEARCH FOR SCRAMBLERS** joined by networks, team with cable for look at satellite scrambling methods developed for DBS. (P. 6)

**KCST-TV SAN DIEGO WINS BATTLE WITH FCC** over whether station warrants non-duplication protection from NBC signal. (P. 7)

**POLITICKING FIERCE ON FINANCIAL INTEREST:** Heavy political guns were being pulled out by both sides last week as Jan. 26 deadline came & went for comments on FCC rulemaking to permit TV networks once again to have financial interests in off-network programming and to re-enter domestic syndication. Predictions were freely made — and denied by commissioners — that FCC decision will be a political one, and both TV networks and opposition Committee for Prudent Deregulation (CPD) freely admitted seeking White House support.

"There's nothing unusual about it; we do it, they do it," CPD official told us. Both sides have hired ex-FCC Republican chairmen: CPD, representing producers, unions, et al., has Dean Burch, plus Mickey Gardner, head of Reagan's FCC transition team; CBS has Richard Wiley and 3 outside law firms (ABC & NBC also have been active, latter using PR firm Gray & Co.) — and both sides have been to FCC & Hill repeatedly.

Washington Post report that "White House officials have intervened on the side of Hollywood film producers" was denied by all sides, including Administration. Article said that

### Consumer Electronics

**VHD LAUNCH** scheduled for April 21 in Japan by JVC, with 5,000 players at \$625, 200 disc titles. U.S. introduction may hinge on Japan success. (P. 10)

**GRUNDIG & TELEFUNKEN** call off merger talks, leaving future alignment of European industry uncertain. Thomson's buy of Grundig pends. (P. 10)

**NEW LOOK AT PROJECTION** in U.S. Precision Lens forecast: Flat in '83, takeoff next year, with sharply improved quality. (P. 11)

**U.S. IC R&D VENTURE MCT** gets off ground, with 10 members, former Navy Admiral Bobby Inman as pres. with \$50 million to spend. (P. 13)

**VCR VS. COLOR** growth analogy shows wider spread between the 2 products in 1982. (P. 13)

**JAPAN PAGER DUMPING** ruled in preliminary determination by ITA. Finding triggers domestic injury probe by ITC. (P. 13)

**HOME TAPING BILLS** introduced in Senate & House in 3 separate installments -- video, audio and amendment of first-sale doctrine. (P. 14)

**CBS SELLING PACIFIC STEREO** chain to Burke Mathes, former Mathes Co. pres. Retailing and TV interests won't be mixed, Mathes says. (P. 14)



White House told OMB not to file comments at Jan. 26 deadline in support of networks -- as was done by Depts. of Justice and Commerce and FTC (latter on 3-2 vote).

Burch told us he and others (including former Reagan aide Nancy Reynolds, now a Washington lobbyist) from CPD were at White House Jan. 24 asking officials there to look at CPD comments and economic study, added: "I've met with a number of people at the White House over a period of time... as you have reported... We did try to interest the White House and found that we were a long ways behind CBS." (Note: Last fall, we had reported that USIA Dir. Charles Wick had called FCC Chmn. Fowler on issue; both said it was only an "informational request" as to where proceeding stood. This was before formal rulemaking was issued.)

Commenting on visit to White House, another official of CPD told us: "There's no conspiracy involved... It was not an attempt at a political fix... The networks have been there too several times, and there's nothing wrong with that."

Here's expected scenario, according to knowledgeable Washingtonian working on CPD's side: "It's impossible to have an apolitical decision from the Commission. We'll lose at the FCC and the only way to turn it around is politically -- through the White House and/or congressional hearings. The White House is the best hope because they really are pissed at the networks, particularly CBS. And, we could really slow things down with hearings. Also, we can hope for a carelessly written order that won't stand up in court."

This kind of talk infuriated FCC Chmn. Fowler and other commissioners. Said Fowler: "We will consider all comments fully and objectively and anyone thinking otherwise is deluding themselves... We are not subject to political fixes from one side or the other and both sides had better recognize that early on." Comr. Dawson told us that FCC decision "certainly is not preordained. I certainly haven't made my decision, nor have most of the other commissioners." She said she would prefer that Commission decided other ownership issues, such as attribution (see p. 6) and 7-7-7 rule, first.

One attorney prominent in case wouldn't buy any of this, said: "I think the whole rulemaking is a charade... Based on speeches made by the chairman, the result is preordained... The networks know they've got it won at the FCC." Nearly all others we questioned said they were convinced networks would win "if the vote were taken tomorrow."

Both sides -- along with commissioners -- stressed importance of DoJ position. "It's a very significant filing," Burch said, because Justice says some rule, or existing network consent decrees, is necessary because competitive problems can't be solved by normal antitrust means -- opposite position taken by NTIA head Bernard Wunder. Burch predicted FCC will propose some form of DoJ position (see below) in further notice of rulemaking, seek comments again.

Meanwhile, proposal from Comr. Quello that networks be permitted limited ownership of off-network programming -- "say 10 to 20%" -- is gaining, including qualified support of Justice. Same plan would permit full network ownership of off-network documentaries, public affairs programming, etc. Quello said his preliminary feeling is that "the networks deserve something, but not all their asking for right now." At same time, he said his mind still is open and that he'll carefully study comments & replies before deciding.

FCC was flooded with comments at deadline, had counted 40 for networks, 57 against, at press time. CPD, loosely knit group of 42 organizations -- held 90-min. news conference (attended by about 3 dozen reporters) on morning of deadline, briefing for FCC staffers in afternoon, with less than 2 dozen present.

Justice said that FCC should repeal financial interest and syndication rules, "consider adopting, in their place, a narrowly focused rule designed to eliminate the competitive risk that the networks would withhold [warehouse] syndicated programming." DoJ said "the original justifications for the rules are unfounded. The Department's analysis indicated that the rules do not promote competition in the program production market and may, to some degree, impede the efficient operation of that market."

However, DoJ concluded, if there were no restrictions on networks they "would have the incentive and might have the ability to restrict anticompetitively the availability of syndicated programming." Therefore, DoJ said, any new FCC network restrictions should be designed to



prevent "a network monopolist" from influencing fees for syndicated programs, affecting advertising rates, collusion "to reduce the supply of off-network programming." Also, rule should "ensure that the optimum level of syndicated programming becomes available while minimizing possible inefficiencies."

Deputy Asst. Attorney Gen. for Antitrust Ronald Carr said DoJ is reevaluating consent decrees with 3 networks "independent of its filing before the Commission." Those decrees include same provisions as FCC rules on program financial interest and syndication by networks.

Both sides wheeled out numerous economic studies to support positions: CPD by ICF Inc.; CBS by Shooshan & Jackson. CBS also filed massive comments in 2 volumes, 20 appendices, including input from 3 outside law firms. Metromedia's 43-page comment began with cartoon showing 3 wolves (labeled ABC, CBS, NBC) guarding chickens (independent stations) and saying to FCC: "Give us control of the syndication business and we'll take care of everything."

Very little in new arguments or positions not taken before by parties was contained in comments available to us at presstime. Networks repeated that intense competition with new technologies invalidates central premise of rules, that congressional & FCC policy has shifted since rules were adopted to rely on marketplace competition. INTV argued that networks' audience loss should be attributed to competition from independent stations — not new technology. CPD and its allies argued that many producers would go out of business without network ban, that networks would gain control of syndication and warehouse off-network programs to keep them away from independents.

Alan Horn, chmn. of Embassy Communications and co-chmn. of CPD, told news conference that "repeal would not only restore unfettered network control of all programming, but would send a loud, clear message to the networks that they can feel free to exercise their power more completely than ever before." Also speaking and answering questions at conference were Peggy Charren, pres. of Action for Children's TV; John Rose, vp-gen. mgr., WDCA-TV Washington; James Edwards, ICF Inc.; Andrew Schwartzman, Media Access Project.

Finding unintended results of network syndication ban, Shooshan & Jackson concluded that rules "skew the program distribution market so that non-broadcast technologies are favored and the broadcast industry is handicapped. Viewers who rely on broadcast TV for program service lose options... To the extent that the rules harm the public and produce no corresponding public benefit, there is little justification for their retention." Also, under FCC definition of networks, restriction could be applied to new technologies, study said.

ICF Inc. reaches opposite findings, stating that "repeal of the rule would create substantial risks of harm to the public interest without providing any significant offsetting benefits."

**BBC CHIEF ATTACKS U.S. TV:** BBC Dir. Gen. Alasdair Milne used London forum of cable TV & satellite broadcasting conference to attack American TV, asserting that "as far as broadcasting is concerned, we should as a nation not look westward." He said interruption of U.S. programs by ads "has been so insistent and crude... that being cabled up or connected to a satellite facility is itself a deliverance."

Milne then widened attack to warn that promised broadening of consumer choice by introduction of cable in Britain wouldn't necessarily result in improvement. Insisting that he isn't against cable per se, he noted that if cable expansion is to be led by entertainment, "it is in the interests of every British TV viewer that we all have a close look at precisely what the extra entertainment will be that he or she will be asked to pay for."

Milne attacked Lord Hunt cable report for lacking any recommendation for quota system for foreign material. He said he wasn't urging protection of British jobs, but of program standards. Milne was more enthusiastic about DBS, saying it "fulfills one of the fundamental requirements of public service broadcasting: That the place where you happen to live should make no difference as to whether you can receive all the radio and TV programs on offer."

Another speaker at conference sponsored by Financial Times, British Industry Secy. Patrick Jenkin, said govt. planned to publish its white paper on cable policy within 2 months. He



promised there would be no obstacle to early introduction of cable. Jenkin said he believes fiber optics will eventually dominate broadband networks, but optic technology is still "infant." He said more important issue for U.K. was whether to adopt U.S.-style tree & branch facilities instead of star network suitable for switched services.

Lord Hunt said his committee report urging liberal regulatory scheme for cable, in retrospect, hadn't specifically emphasized penalties to be applied to cable operators who failed to meet standards. He said Britain's cable regulators should have ability to apply wide variety of sanctions if necessary.

**ANTI-CRT CAMPAIGN LAUNCHED:** Cable operators are being urged to use their systems and other media in "Black Tuesday" campaign against higher copyright rates for distant signals set to take effect March 15. Campaign, begun by United Video, follows and builds upon NCTA protest of CRT decision in spots run on WTBS Atlanta.

United Video, common carrier of WGN-TV Chicago signals, kicked off movement last week with mailings to dozens of operators, who were given press kits to localize & distribute to area media. Kits contain 3 newspaper ads, radio spot. Basic theme, according to United Video Exec. Vp Roy Bliss: "If [subscribers] want to continue receiving independent channels, they should call their senator or representative in Washington to voice their displeasure about the new rates."

Other cable common carriers apparently aren't enthusiastic about plan. Eastern Microwave, carrier of WOR-TV N.Y., definitely won't take part. Pres. Robert Miron said: "As much as the copyright decision disturbs me, we won't be encouraging our customers to participate." SSS spokesman said WTBS carrier won't actively participate in campaign. "We had our shot at that," spokesman said, referring to NCTA spots run on WTBS.

Conservative religious coalition has launched national crusade aimed at making cable follow same anti-porn guidelines that keep X-rated material off commercial TV. Morality in Media and The Roundtable held joint rally in Memphis last week to kick off drive. Other rallies are planned in cities around nation in next few months. Meanwhile, Wometco Home Theatre said it will begin airing new weekly adult entertainment show Feb. 4, hosted by sex celebrity Gloria Leonard. "The Leonard Report: For Adults Only" features interviews with porno stars and clips of new X-rated movies. Show will air on both WHT STV systems in N.Y. & Philadelphia.

UPI made "substantial business gains" in last half of 1982, added 100 stations to news service, according to Pres. William Small. At meeting with UPI Best. Advisory Board, he said UPI has opened 20 new bureaus since he became pres. in Sept., will add 30 reporters to staff in 1983.

Warner Amex Cable said it constructed 10,800 miles of single & dual cable plant in 1982, most ever for company.

WFLA-TV Tampa became WXFL to reflect acquisition by Media General.

Baltimore cable applications will soon undergo final review by Board of Estimates, which will recommend one for City Council ratification. Bidders are Caltec Cablevision, firm operating CATV system in Baltimore suburbs, and Cox Cable PortVision, partnership between MSO Cox and PortVision Communications, minority-owned company comprised of 38 local investors. Franchise area includes about 300,000 homes, will require 1,435 miles of plant. In RFP issued last year, city stipulated at least 100 channels with extensive institutional loop, addressability & interactivity from the start, franchise fee of 5% of gross or \$250,000 per year, whichever is greater. At expiration of 15-year non-exclusive franchise city can buy system at fair market value. Cox PortVision would offer INDAX system with bank-at-home, shop-at-home, utility meter reading and 3 types of home security. Caltec includes security system enabling subscriber to contact fire, medical & police. Cox PortVision system would require \$112 million capital investment for first 5 years of operation in 4-year build, company executive said. During 4 years of build, Caltec would spend roughly \$100 million.

Network evening news should have "upbeat" segment reporting on "good news" as regular feature, White House News Secy. Larry Speakes said last week in speech to National Assn. of Govt. Communicators. "Let's have Dan [Rather] and Frank [Reynolds] and Roger [Mudd] turn around in their chair and look dead into the camera and say, 'Now folks, for some good news on the bright side,'" Speakes said. He took media to task for concentrating on defeats of Reagan Administration, not reporting enough about drop in inflation.

Year-end results at TCA Cable TV, MSO with 215,000 subscribers in Tex., La. & Ark., show net income up 32% over 1981 to 47¢ per share with revenues for year increasing to about \$17 million. TCA bought 5 cable systems during year, which contributed 1/3 of revenue growth.

FCC has adopted new Form 346 for use by all applicants for LPTV and translators. Revised form is available from Services & Supply Branch, Room B-10, 1919 M St. NW, Washington 20554.

C-COR Electronics is seeking applications for new post of pres.-chief operating officer. Pres.-Chmn. James Palmer will become chmn.-CEO.

TV affiliation switches: WDAY-TV Fargo and satellite WDAZ-TV Devil's Lake, N.D., to ABC from NBC.



**SENATE GETS GOING ON DEREGULATION:** Sen. Goldwater (R-Ariz.) reintroduced cable and broadcast deregulation bills last week with almost no changes to broadcast measure but with revisions to cable legislation which drew immediate opposition from National League of Cities. New broadcast bill (former S-1629) is now S-55. New cable bill (former S-2172) is S-66.

Objecting not only to revisions but also to bill's similarity to S-2172, which League opposed last session, NCL spokesman called cable measure "unjustified usurpation of state and local powers and an abrogation of [franchises] which were freely negotiated." Hearings on cable bill will be held Feb. 16-17. Among revisions: (1) FCC would be permitted, when there are "reasonably available alternatives to basic service," to eliminate local authority to regulate basic service. However, definition of basic service is limited to broadcast signals, no longer includes public, educational and governmental programming.

(2) Set-aside for "other channel programmers" has been eliminated. Original bill required cable systems with 20 or more channels to set aside 10% of channels for access by public, educational and governmental programmers and 2nd 10% for access by other channel programmers. (3) Foreign ownership section gives ultimate authority on issue to U.S. Trade Representative, not FCC.

NCTA and NLC have been meeting in hopes of reaching compromise on issues raised by bill. However, Senate leadership has made no promises that it will revise bill further in event of industry agreement.

No hearings are planned on broadcast deregulation bill (S-55) which will be acted upon by Committee "as soon as possible," according to staff members who said there were only minor revisions, such as some changes in fees. Application fees for commercial TV stations, for example, would be set at \$1,200, instead of \$1,000, with hearing charge of \$6,000 instead of \$5,000. Bill would eliminate comparative renewal process and radio programming guidelines, let FCC charge cost-of-regulation fees.

Other news on Capitol Hill: (1) Senate Committee's FCC oversight hearing, in preparation for authorization action, will be mid-March. (2) Rep. Swift (D-Wash.) is readying revised version of last session's "quantitative renewal" broadcast bill for introduction in late Feb., early March. Bill is expected to be much simpler than earlier measure which replaced comparative renewals with complex point system. Instead, FCC would be given FCC flexibility to set renewal standards. Swift aide said concept of bill will remain same: That some means of measuring station's service to public must be implemented if comparative renewals are eliminated.

**Rep appointments:** Avery-Knodel for KCRB-TV Des Moines and WQRF-TV Rockford, Ill.; Blair TV for WCOV-TV Montgomery, replacing Adam Young; KTSP-TV (formerly KOOL-TV) switches from Seltel to Harrington, Righter & Parsons; Seltel picks up WEHT Evansville, Ind.

**MINORITY PREFERENCE DOCTRINE UPHOLD:** In little noticed action, U.S. Appeals Court, D.C., Jan. 6 upheld FCC doctrine which grants preference to minority applicants. Case involves WUTQ(AM) Utica, N.Y. -- daytimer on 1550 kHz which wanted to shift to fulltime on 1200 kHz, broken down clear channel. Commission refused to grant waiver or accept application; WUTQ went to court and challenged Commission's minority preference policy.

Court upheld FCC policy without issuing statement because "the issues presented occasion no need for an opinion," Court said. In its brief, Commission had argued minority preference "was adopted by the Commission in light of its public interest determination that severe underrepresentation still existed with regard to minority ownership in the broadcast industry... Encouraging minority applications for clear channels is a reasonable means of meeting the need recognized by this Court and the Commission for more minority participation in broadcasting...

"Without this [minority preference] provision, realization of the Commission's goal of promoting diversity in broadcasting through increased minority ownership and providing local outlets of self expression addressed to the needs and interests of the minority community could have been impeded." In affirming FCC, Court didn't comment on arguments.

CBS will deliver regular national teletext service free to TV affiliates starting April 4 -- subject to FCC approval, expected in couple weeks. Called EXTRAVISION, service will use North American standard, will be based in L.A., provide 24-hour, 100-pages of electronically generated information which viewers will receive free. Information base will include airline schedules, theater and restaurant offerings, local & national weather & news, business reports, advertising. "While it will take some months before local stations can install appropriate equipment and before consumers can purchase decoders," CBS said that it expects by end of year "some CBS TV Network affiliates will be providing local EXTRAVISION service and some viewers will be able to receive the service." Service will be updated "constantly," provide closed captioning of selected CBS programs.

Kirkland & Ellis law firm is planning to split up to avoid potential conflict of interest. Elmer Johnson, senior partner in K&E's Chicago hq, recently was hired as special counsel to chmn. of new midwest regional holding company which will end up owning 5 Bell Operating Cos. Problem arose because Washington K&E office, led by partner and former FCC Chmn. Richard Wiley, represents many AT&T critics & competitors. Since BOCs will remain part of AT&T for rest of 1983, firm could end up representing both sides of dispute. Firm said it will consider exact nature of split during next 2 weeks, said one option is to set up new Washington law firm with majority of lawyers now in K&E's Washington office. K&E would continue to maintain offices in Denver & Washington.



**FCC EYES OWNERSHIP RELAXATION:** After much debate, FCC last week went forward with rulemaking considering major relaxation in Commission media facilities ownership attribution rules. Proposal — which could increase allowable ownership up to 20% before it would count in 7-7-7 rule — was attacked strongly by Comr. Rivera, who gained backing of Comrs. Fogarty & Jones. But, 3 critics reluctantly concurred with rulemaking after some changes were made in proposed order.

Under present attribution rules, anyone owning more than 1% of voting stock in company controlling a media facility is considered an "owner" under FCC rules, except in rare cases where FCC has allowed "passive ownership" of up to 5% by banks, pension funds, similar institutions. Owning just one share in closely held corporation (less than 50 owners) means person is considered an "owner" under 7-7-7 restriction.

Rulemaking contains 5 recommended changes: (1) Raise 1% ownership benchmark to somewhere between 5% & 20%. (2) Make rules apply uniformly to closely-held and widely-held corporations. (3) Use "multiplier" formula to limit reach of ownership rules to those in position to influence license. (4) Allow investors, partners or directors to insulate themselves from rules by writing letter saying they won't vote stock or influence decisions. (5) Revise ownership reporting requirements to reflect any changes made. Gen. Counsel's Office said FCC rules are now more restrictive than Justice Dept. antitrust guidelines, said changes could bring more equity capital into broadcast industry.

Rivera launched broadside attack on proposal. "I disagree with so much in this item that I don't know where to begin," he said, charging it would change FCC's policy of encouraging ownership diversity to one of promoting efficiency. Fogarty & Rivera attacked paragraph of staff order which Fogarty said "trashed our policy of diversity. The whole thrust of this item is the destruction of the basic thrust of our policies of diversification of ownership." Offending paragraph was removed.

Jones objected to making tentative recommendations, moved that Commission delete them; only Rivera & Fogarty supported her. Chmn. Fowler defended rulemaking, called it "mechanical item" which only deals with levels of ownership. He said other ownership questions — such as 7-7-7 — will come before Commission soon.

FTC voted to exempt temporarily portions of its games-of-chance rule and issued rulemaking on making exemption permanent. Exemption permits supermarkets and gas stations to advertise games on TV & radio without disclosing all information on prizes and odds. Such disclosure still would be required in ads appearing in print media and at participating retail outlets. Public comment will be sought on making exemption permanent as well as on any other suggested changes to rules. NAB, AAF & Telecom Productions petitioned for exemption, noting difficulty of giving all required information in 30- or 60-sec. spot.

**SCRAMBLING—DBS REHEARSAL?** Scrambling system chosen by HBO to encode its satellite feeds is same kind that eventually will be needed for pay DBS systems and was developed with DBS in mind, according to developer M/A-Com Linkabit (MCL). HBO says DBS had nothing to do with its choice, but all pay DBS proponents are said to be studying same system. Also looking at Linkabit and other scrambling systems are TV networks, anxious to safeguard their property when they switch from landlines to satellite.

Scrambled satellite signals will be linchpin of pay DBS, with customer paying monthly fee to descramble at receiving end. Since dishes are on individual homes, same technology can be used for pay-per-view. System chosen by HBO also has capability of being addressable to individual homes, capacity which HBO Vp Edward Horowitz said HBO had no immediate plans for exploiting. Was DBS implication discussed in choice of this technology? "It certainly was on everybody's mind," said Steve Hutchinson, mktg. coordinator for Linkabit Div.

TV networks also have begun hunt for scrambling system, say officials of all 3. "It's a logical part of the thinking that goes with transmitting all your signals by satellite," said Michael Fisher, ABC TV Network equipment planning dir.

PBS plans to beat commercial networks by offering hour-long evening news this summer. Final go-ahead came last week when 162 public TV stations committed money to buy PBS's proposed national program package including expanded MacNeil/Lehrer Report. Hour show is being billed as alternative to commercial networks' offerings. Co-producers still are looking at July 1 as target date; that could slip to Aug. 1 or Sept. 1. Although details haven't been worked out, WETA-TV & WNET N.Y. plan to feed program at 6 & 7 p.m. EST. As proposed, it will be one-hour nightly news magazine of "hard" news coverage averaging 3 major stories each evening, with updates for West Coast. Whether show provides window for local news hasn't been decided. Program will feature greater use of interconnections outside Washington & N.Y., more location stories for relief from "talking heads," special events coverage, still photo essays, weekly 20-30 min. documentaries.

Goal of those "directing and supporting" \$120-million libel suit lodged by Gen. Westmoreland against CBS is "to curtail the freedom of press in this society," according to CBS News Pres. Van Gordon Sauter. Speaking to Philadelphia Chapter of Society of Professional Journalists, he said Westmoreland "is merely the pointman in their search and destroy mission against the news media. [Many] will have achieved their goals regardless of how the general fares... Thus, we should not consider this as just a legal matter between a citizen and a news organization."

Videotape magazine for advertising industry, Advideo, is scheduled to start in April, produced by Charles Mandel, ex-print publisher, with funding from Reeves Corporate Services.



**KCST-TV WINS IN COURT:** NBC affiliate KCST-TV San Diego won court battle with FCC for right to protect its network programming from duplication by distant NBC affiliate on area cable systems that carry both. Complex case in U.S. Court of Appeals, D.C., hinged on FCC's application of 1978 exception to network program non-duplication rules that cable systems aren't required to delete programming from distant signal significantly viewed in community that duplicates local station.

When FCC compiled nationwide list in 1972 of significantly viewed TV stations, KNBC L.A. met the test in San Diego. Therefore, when FCC in 1978 adopted exception to network non-duplication rule, KCST-TV lost its right to protection from program duplication by the L.A. NBC affiliate. It then applied to FCC for waiver of exception on grounds KNBC was no longer significantly viewed in San Diego County, as shown in Arbitron reports. FCC refused waiver because it said KCST-TV didn't demonstrate rule's economic impact on the UHF station.

Though KCST-TV didn't seek KNBC's deletion from significantly viewed list in San Diego, Court held "that [rule] has no logical application in the face of a showing that a distant station is not significantly viewed..." KCST-TV's case was structured only on network non-duplication issues, argued that FCC not apply exception to non-duplication rules to situation because KNBC was no longer significantly viewed in San Diego. In 2-1 opinion, with Judge Scalia dissenting, Appeals Court agreed. It found FCC acted arbitrarily in not granting KCST-TV's waiver application. It set aside Commission's order and remanded case for new proceedings. FCC said it may appeal.

Commission has rules allowing stations not deemed significantly viewed in 1972 (when list was compiled) to be recognized as having become significantly viewed since then. FCC, however, has never adopted procedures for deleting station from 1972 list. That may have to end, FCC official said. "As I read this, the Court is saying we no longer can have hard & fast rules in this area."

**New Democratic lineup on House Telecommunications Subcommittee** includes 2 freshmen, addition of 2 veterans, Reps. Leland (Tex.) & Gore (Tenn.), who was on Subcommittee in 96th Congress. Total of 10 were named, one more than last session. Chmn. again is Rep. Wirth (Colo.). Freshmen are Reps. Bryant (Tex.) & Bates (Cal.). Other members: Reps. Scheuer (N.Y.), Waxman (Cal.), Markey (Mass.), Swift (Wash.), Collins (Ill.). No longer on Subcommittee: Reps. Luken (O.), Tauzin (La.). Republican members will be selected early next week.

**RTNDA plans study** "to learn more about the future of communications and broadcast and cable employment in the coming decade." Study will be headed by ex-RTNDA Pres. Paul Davis, WGN-TV-AM Chicago, is due for completion by Sept. 22-24 convention in Las Vegas. In separate move, RTNDA formed committee to improve services to radio members, headed by Lou Adler, WOR(AM) N.Y.

Senate will change procedures this year by tackling controversial measures first, trying to complete most work early in year and holding committee hearings throughout country during summer, Republican Whip Stevens (Alaska) told U.S. Chamber of Commerce last week. Speaking at Chamber breakfast in Washington, he said leadership sees "no reason" for delaying action on controversial issues until budget is approved. Stevens said he and Majority Leader Baker (R-Tenn.) have talked to committee chairmen about plan and as result some controversial bills may be ready for action in a few weeks. Leadership will encourage more field hearings "so we can get some message from the American people as to what they think the problems are," he said.

New owner Darrell Peters has been granted permission by FCC Mass Media Bureau to change call letters of WTCO(FM) Arlington Heights, Ill. to WSEX. Earlier request had been turned down on lower level on grounds WSEX isn't in "good taste." In reversing decision, Bureau Chief Laurence Harris said Commission has never tried to define "good taste" and that program decisions should be left up to licensee. Peters said call letters have attracted lots of publicity, bringing new listeners.

Warner Communications said there's no connection between its agreement to buy 48% interest in Pittsburgh Pirates and plan for creation of national cable sports network. Warner already owns N.Y. Cosmos soccer club, has started regional cable sports channel in Houston, where it has cable franchise, plans to start at least 2 more, one in time for baseball season in Pittsburgh, another by end of summer in Dallas. It's also considering sports channel for Cincinnati.

With 32 exhibitors signed, American Market for International Programs said first AMIP '83 is definite go Nov. 7-10 in Miami Beach. AMIP is joint production of MIDEAM (host of annual MIP in Cannes), National Video Clearinghouse and Perard Assoc., bills itself as "the only international program market and trade show designed exclusively to enable non-U.S. producers, distributors and TV organizations to reach and sell to American program buyers."

Senate Majority Leader Baker (R-Tenn.) is more optimistic than ever on prospects for electronic coverage of Senate floor action, his aides said at meeting with RTNDA board. Baker's Press Secy. Thomas Griscom said there's indication for first time that "those who most strongly oppose cameras and microphones in the Senate might be ready to talk compromise." However, he said threatened filibuster by Sen. Long (D-La.) still remains "difficult problem."

National TV spot advertising will increase 11% in 1983, 9% for first quarter, according to projections by Blair TV. "We feel the economy will turn around but there seems to be no timetable among the experts as to when or how forcefully," according to Blair's Jim Kelly. He predicted increased TV spending by foreign autos, new products & services (telephone & financial). Except for prime time, network buying in first quarter has been "somewhat soft," Blair said.



**FCC CABLE PREEMPTION UPHELD:** Ohio judge has thrown out suit by Amberley Village, Cincinnati suburb, seeking to enjoin franchisee Warner-Amex Cable from implementing price increase for HBO & The Movie Channel without its permission. W-A executives are hailing ruling as important reinforcement of FCC policy preventing local govts. from regulating cable pay services.

W-A argued in court it had discretion under franchise to raise rates, that FCC policy preempted local rate control of those services. In order from bench last week, Judge Gilbert Bettman of Hamilton County Court of Common Pleas agreed, threw out suit. Crucial in ruling was fact that judge relied on FCC policy, W-A executive said. W-A had raised rates for HBO & TMC to \$9 each monthly to bring price in line with newly-added Showtime.

Meanwhile, Times Mirror won important court ruling last week in Hartford allowing it to retain ownership of Hartford Courant, state's largest newspaper, and cable franchises in Hartford and Meriden areas. State Dept. of Public Utility Control had ordered TM to divest itself of either newspaper or cable companies. Ruling is viewed as strengthening FCC policy allowing cross-ownership of newspapers & cable.

In overturning state's order, Superior Court Judge David Borden noted FCC allows such cross-ownership and said Commission had prohibited state & local govts. from getting involved in issue. Attorney for state said he will appeal ruling to Conn. Supreme Court.

**Strong year for network TV** is forecast by ABC-TV Network Pres. James Duffy. Predicting continued sales growth for all 3 networks in address to Sales & Mktg. Executives of Milwaukee, he said ABC is 96% sold out in prime time for first quarter, is selling now at 20% higher prices than during "up-front" season. Advertisers are exercising 2nd-quarter options at "better than a 90% rate," he added.

**New minority staff members** on Senate Commerce Committee, brought from Budget Committee by Sen. Hollings (D-S.C.) when he moved to ranking minority post on Commerce: Liz Tankersley (new senior counsel), Steve Palmer, Martin Kress and Robert Sneed. As reported, Holling's legislative asst. Ralph Everett is Committee's new minority staff director, as reported here earlier.

**Appeal challenging merger** of Teleprompter into Westinghouse has been dismissed by U.S. Court of Appeals, D.C. National Black Media Coalition and National Citizens Committee for Bestg. had challenged FCC's approval of merger in July 1981. In one-paragraph finding last week, Court affirmed FCC action.

**Latest Nielsen figures** place cable penetration at 35% of U.S. households. Nov. figures indicate 29,340,570 households receive basic cable, up 1% from July. Using different survey methods, Arbitron placed penetration at 30% or 24,756,000 households.

**Pay cable debuts** in Canada this week, but not without controversy. Protests by feminists erupted across country when they found out that First Choice, only national 24-hour service, would be televising Playboy Channel. Remaining 5 pay services — one national, 4 regional — expect more placid beginning Feb 1. With 5 million basic subscribers, cable in Canada has twice as much penetration as in U.S., but federal regulatory involvement has slowed entry of pay services into market. First Choice will have 24-hour national service with movies, entertainment & musical specials, sports. Other services are opening with less furor. Lively Arts Market Builders' C-Channel will carry foreign films and cultural programming 56 hours a week. Provinces of Ontario & Alberta just signed 5-year contracts with Telesat Canada for 24-hour service of movies & sports called Superchannels, one in each province. Maritime provinces will have regional channel from Star Channel Services. Western Canada will be served by Vancouver-based Worldview, multilingual channel.

**Electronic ticket pay-per-view** system is being promoted as cheaper and more flexible than current methods by sponsor Richard Kulis, pres., Pay Per View Assoc. It uses programmable decoder called "media box" that is set up for descrambling specific event by insertion of encoded ticket. Kulis said box should sell for about \$6, while tickets should cost operators about \$2.50 each in quantity. Kulis said cost of system & ticket mean realistic per-event price for customer, higher profit for cable operator.

**Davis Cable Co-op** will begin stringing cable in Davis, Cal. Feb. 1 for what's described as nation's first cooperatively run urban cable system. Some small cable systems have been built by residents in rural areas that couldn't attract capital investors, but Davis is city of 38,000 with 14,000 homes, boasts U. of Cal.-Davis campus. Some major cable firms were interested in Davis, but city council, after reviewing feasibility study citizen's group commissioned with grant money, decided to try co-op approach.

**TV viewing** is at all time high, according to year-end compilation of Nielsen ratings by TvB. During last year, 8 of last 12 months have set or tied previous records for viewing. Jan. had highest average for year with 7 hours & 47 min. watched daily. Daily average for 1982 was 6 hours & 48 min., gain of 3 min. over 1981. Of that amount, 92% was over-the-air TV, 8% cable, with no increase in cable's share during year's last 8 months.

**New cable piracy law** has been added to books in N.J. Measure outlaws manufacture, installation, sale and possession of equipment designed to intercept cable signal. Until now "converters, descramblers and other devices for intercepting cable signals have been openly advertised and widely sold," said N.J. Cable TV Assn. estimates 15-25% of all receivers of cable TV in N.J. are pirates.

**Direct response TV & radio commercials** promoting bulletproof clothes from Israeli mail order catalog prompted more than 10,000 inquiries in 4 weeks. Many stations turned spots down as too controversial.



## Personals

Sen. Robert Packwood (R-Ore.) will address Feb. 25 luncheon of National Conference of Black Lawyers, Washington... Speakers at Feb. 25-27 Okla. Bestrs. Assn., Lincoln Plaza Forum, Oklahoma City, include William Stakelin, NAB chmn.; Sen. Larry Pressler (R-N.D.); Elmer Lower, U. of Mo. School of Bestg. dean... Judith Merians advanced to business affairs dir., ABC Motion Pictures.

Linda Brook advanced at KENS-TV San Antonio to gen. mgr... Ray Heacox promoted at KGW-TV Portland, Ore. to local sales mgr... John Figueroa advanced to vp-western regional mgr., GalaVision... Schiff-Jones Ltd. (1775 Broadway, N.Y. 10019, 212-247-7470) is formed to provide programming and marketing services; Charlotte Schiff-Jones, ex-CBS Cable, is pres.; Michelle Kimmelman, vp... Charles Furlong advanced to new post of dir.-editorial services, corporate communications, Group W.

Gene Jankowski, CBS Best. Group pres., receives Distinguished Communications Medal from Southern Baptist Radio & TV Commission at Abe Lincoln awards dinner Feb. 17, Ft. Worth... Ex-Sen. Abraham Ribicoff (D-Conn.) elected to new 7th seat on United TV board... Peter Pitsch, chief of FCC Office of Plans & Policy, speaks at Feb. 18 FCBA luncheon, Touchdown Club, Washington... John Peditto promoted to news dir., WNEW-TV N.Y... Fred Steurer advanced to engineering dir., Pulitzer Best. Stations, succeeding J.E. Risk, retired; Steurer also remains chief engineer, KSDK St. Louis... Wendal Attig, ex-KTUL-TV Tulsa, named mgr., Commercial Production Dept., WKBW-TV Buffalo... Art Reynolds, ex-Oak Media Development, named vp-sales & mktg., Disney Channel; Judy Rothman, program development dir.; Robert Williams, ex-CBS Cable, operations dir.

John Cowles Jr. has resigned as pres. of Cowles Media and publisher of Minn. Star & Tribune, will remain a dir., in action forced by Cowles board; Vice Chmn. David Kruidenier was promoted to pres.-CEO... In realignment at USA Cable Network: Jon Leland advanced to creative services dir.; Jane Blaney, coordinator-affiliate & program services; Mary Silverman, program acquisitions mgr... Rosita Peru advanced to asst. to SIN TV Network Pres. Rene Anselmo... Berry Johnson advanced to eastern regional sales mgr.-technical products, TV Products Div., Owens-Illinois.

Richard Smith named vp-information services, Warner Amex Cable Communications... Walter Threadgill, ex-Minority Best. Investment Corp., appointed vp-govt. affairs, Storer Communications... James Smith advanced to midwest ad sales mgr., Group W Satellite Communications; Walter Adler, ex-KBAK-TV Bakersfield, western... Stephen Wishner advanced to asst. treas., Viacom International... Timothy Greenier promoted at MMT Sales to Team B sales mgr., L.A. office; James Ross, ex-KDKA-TV Pittsburgh, named Philadelphia office mgr.

Jack Petrik, ex-KDNL-TV St. Louis, named programming dir., WTBS Atlanta... Larry Young promoted to national sales mgr., WNEW-TV N.Y...

WEEKLY

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Dan DuVall advanced to national sales mgr., WBTV Charlotte, replacing Dan Kirk, who joins WXIA-TV Atlanta... Maureen Corray promoted to creative services dir., WRAU-TV Peoria... Ray Clemons advanced to head Storer Cable's western Fla. operations... Jeffrey Snetiker promoted to controller, Group W Productions... Jeffrey Weiss advanced at Barry & Enright Productions to vp-business affairs... Regina Dantas, ex-CBS Cable, named program acquisitions vp, Metromedia Producers.

Robert Niles, promoted from dir., network pricing, to mktg. vp., NBC; Steve McKeown advanced to technical mgr., West Coast... Barry Elson, ex-United Cable corporate development vp, appointed Cox Cable Communications vp... Jeanne O'Grady named vp-film acquisitions dir., Playboy Cable Network, Michael Klein film acquisitions mgr.; both were with Rainbow Productions... Nick Pond promoted to corporate dir., special projects, Capitol Bestg.

Frank Mancuso advanced to pres., Motion Picture Div., Gulf & Western Industries... Frank Gardner moves to news dir., WCBS-TV N.Y., replacing William Lawlor, who will be reassigned; Greg Caputo promoted to news dir., WBBM-TV Chicago, succeeding Gardner... Guy Hempel promoted to gen. mgr., WTOL-TV Toledo... Robert Woodsum advanced to vp-stock market & financial services, UPI.

Miami adopted ordinance banning indecency on cable. City official said measure isn't aimed at prior restraint but establishes complaint board where viewers can raise objections.

# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 1983's first 2 weeks, through Jan. 14:

	JAN. 1-14	1982 (2 WEEKS)	% CHANGE	DEC. 25-31	FULL YEAR 1982	FULL YEAR 1981	% CHANGE
TOTAL TV#.....	467,678	390,746	+19.7	366,498	17,131,568	16,698,283	+ 2.6
COLOR#.....	348,718	286,199	+21.8	215,455*	11,366,334*	11,157,334	+ 1.9
MONOCHROME....	118,960	104,457	+13.8	151,043	5,765,234	5,540,949	+ 4.0
PROJECTION TV...	4,453*	2,936	+51.7	2,251	117,253	121,650*	- 3.6
HOME VCR.....	90,051*	40,877	+120.3	51,641*	2,034,797*	1,360,988	+49.5
COLOR CAMERAS...	10,100*	6,486	+55.7	5,643*	295,947*	189,770	+56.0

Color TV 5-week moving average: 1982-83--198,794\*; 1981-82--172,102 (up 15.5%).

Home VCR 5-week moving average: 1982-83--56,206\*; 1981-82--29,584 (up 90.0%).

# Excludes projection TV. \* Record for period.

**JVC TO LAUNCH VHD APRIL 21 IN JAPAN:** VHD videodisc system is finally coming to market -- in Japan -- April 21, accompanied by 200-album selection of discs. Debut was announced last week at Tokyo news conference by JVC Pres. Ichiro Shinji. At start, it appears JVC may go it alone -- none of the 12 other members of VHD hardware family has announced plans. JVC is sole producer of VHD discs in Japan.

Player with random access will sell for \$625 (150,000 yen), same price as stripped-down Pioneer Laservision leader and considerably below the \$950 (227,000 yen) of Pioneer's random-access player. Discs will start at \$16, with "midrange" product at \$20-\$24, through 1,000 retailers specializing in video software. Shinji said more than 30,000 electrical & electronics stores in Japan will handle player, although only 5,000 units will be available at launch, and monthly production will be 5,000.

Some 200,000 discs will be available at start to support VHD launch. Biggest category will be movies, with U.S. films coming from CIC (Universal & Paramount) and Thorn EMI. Catalog initially will include 56 movies, 49 cultural programs, 27 music programs, 24 how-to, 14 educational, 13 animation programs, plus video art, artistic, one interactive game. In answer to question, Shinji said JVC should go well beyond the 278 titles Pioneer plans to have by year's end.

Pioneer, which has been producing 4,000 LV players monthly for all markets, recently announced it would step up to 7,000 in Feb., 10,000 by end of Sept. JVC's Yamato plant has 300,000-disc monthly capacity, same as Pioneer's Kofu facility.

As for other Japanese manufacturers, including JVC parent Matsushita, Shinji said he "believes" they'll join in, but that he couldn't be specific. AHD digital audio adaptor will be available within one year with accompanying record library. JVC has 2 player plants with monthly capacity of 20,000, presumably plenty to support other Japanese manufacturers when they choose to come aboard.

Asked when system would be marketed in other countries, Shinji responded that plans had been slowed by weak performance of CED & LV systems. "Therefore, we will first take a look at how well it is doing in Japan, and consider the economy, and then decide when to go into foreign markets."

**GRUNDIG-TELEFUNKEN TALKS OFF:** Grundig-Telefunken link-up that could have formed cornerstone for totally restructured, and perhaps united, Continental European consumer electronics industry has been called off for time being at least. Companies didn't comment on reasons for breakup of acquisition talks, saying only there were no major differences, and



indicated negotiations may be resumed later this year. Word comes as relief to Japanese, since realignment is considered key to any effort to reverse their inroads into Europe's TV & video markets.

Buy-in plan announced in July called for Grundig to acquire 26% of Telefunken's consumer electronics operation from financially strapped AEG-Telefunken, and to take over management. AEG was to retain 25%, turn rest over to creditor banks (Vol. 22:31 p12). Proposal hit immediate snag in Germany's Cartel Office, which expressed concern that Grundig would end up with too large a share of nation's TV & VCR market.

There was also worry about need to unravel complex international knot that deal would create. Grundig is 24.5% owned by N.V. Philips, and markets Philips-developed V2000 VCR and Laservision optical videodisc player formats. Telefunken is partner, with JVC & Thorn EMI, in J2T Holdings, which produces VHS VCRs in Germany & U.K., and has commitment to VHD videodisc system. It seemed unreasonable to expect that Grundig-Philips would be willing to leave Telefunken's Japan-connection intact, but it's understood there was concern by bankers over Telefunken's video future if it left VHS camp. Indication is that compromise solution would have been for Grundig to take 51% of Telefunken, but Grundig either didn't want to or couldn't afford it.

Need for cash to improve position in Telefunken may have been behind surprise Nov. announcement that Grundig family & foundation had agreed to sell 75.5% interest in Grundig to France's Thomson-Brandt (Vol. 22:47 p10). While enthusiastically supported by Max Grundig, who has issued call for creation of Europe-wide consumer electronics R&D and manufacturing consortium, idea of having French govt.-owned T-B running so much of industry hasn't had much appeal in Germany, and there's understandable fear deal would lead to transfer of German jobs to French factories. T-B already owns Germany's Nordmende & Saba. Philips gave tie tentative blessing, but is understood to have conditioned that on its retaining Grundig as color picture tube customer. T-B, owner of Videocolor, is Philip's biggest European color tube competitor, and Grundig uses million per year.

Though next step in Telefunken's future is uncertain, there's sure to be one. Break with Grundig may have been for purpose of convincing Cartel Office that there's no other solution to Telefunken's problems. There are other possible white knights in Germany, including Blaupunkt parent Robert Bosch (now in German VHS VCR venture with Matsushita) and Siemens. T-B made an offer last year, but was turned down. As for T-B's plan to gain control of Grundig, Cartel Office is expected to have something to say on that late this month or in early April.

T-B and Philips, meanwhile, have opened own talks on possible consumer electronics cooperation, with another round due this month. Firms are known to be discussing agreement to agree on single standard for next VCR generation, and how to keep Japanese from dominating that market. T-B now markets VHS VCRs made by JVC. Philips, of course, also would like to see T-B support Laservision, and possibly drop VHS in favor of V2000 on interim basis.

**A NEW LOOK AT PROJECTION TV:** U.S. Precision Lens, which supplies optical systems to majority of projection TV manufacturers, takes hard look at projection TV's past & future in report being circulated privately to its customers. Among major points: (1) Sales to dealers this year will be relatively flat at about 120,000 units. (2) Rear-projection systems will dominate market for first time in 1983. (3) One-piece front-projection will "fade out" as rear systems become more compact, but substantial market will continue for large-screen 2-piece systems. (4) Projection TV will get "much better," and 1984 could be significant year in sales. (5) EIA figures overstated 1981 sales -- 1982 sales actually were up 35%.

Last point is most controversial, and most manufacturers seem to disagree. USPL, on basis of own study, believes sales to dealers of quality projection systems in 1981 totaled only 87,000 units, so EIA's 1982 figure of 117,200 sold (with which it agrees) represented 35% increase. Here are USPL's estimates of sales to dealers (with EIA data, where available, in parentheses): 1977--13,000; 1978--28,000; 1979--30,000 (vs. EIA's 26,000); 1980--38,000 (57,000); 1981--87,000 (122,000); 1982--117,200 (117,200).

USPL thus estimates cumulative sales of projection systems at 243,000, rising to 363,000 by end of this year, and suggests it will become "important product" when unit sales represent 3-5% of total color TV market (perhaps 360,000-600,000 in year when color sales total 12 million). "If it is to achieve this goal," says report, "the cost of manufacture must come down... All component & set manufacturers are working in that direction [and] without exception there is genuine long-term optimism that costs will come down somewhat, the product will get better and projection will attain its earlier promise."

Report notes that inventories (factory & distributor) have dropped from peak of 70,400 sets to 55,300 at end of 1982, thinks 5,000-6,250 dealers carried projection in 1981, each with inventory of 2-4 sets. Last year was disappointing, report says, because of economic factors, lack of advertising, dealer financial problems, high interest rates and football strike.

This year will be first in which rear-projection systems dominate, USPL forecasting 78,500 such units will be sold (or 65% of total) vs. 42,000 front-projection (35%), compared with 49,000 rear (42%) and 69,000 front (58%) last year, and 25,000 rear (29%) and 62,000 front (71%) in 1981. Two-piece market, currently served only by Sony & Kloss, will continue to be important for larger screens, report predicts, while compact rear-projection systems push one-piece front units out of market.

Price will be big problem in 1983, report suggests. "We are concerned that the consumer received some false signals on future product pricing" because of below-cost sales of "excessive inventories of current & obsolete products" in 1982, while production of "virtually all" new compact rear-projection systems was "reduced or delayed." USPL thinks most old product will be cleared out early this year, "but some consumers will still have expectations, based on 1982 clearances, that are unrealistic."

This year will be flat in projection sales because of continued sluggish economy, consumer caution, incentives to save, along with minimal new product introductions and final clearance of remaining old-style products, USPL believes. Positive factors are greater availability of compact designs, some quality improvements, full pro football season, lower interest rates.

Continuing product improvements will come from "evolutionary" changes, and report says engineers in at least 5 companies are convinced projection "will not only match but surpass conventional direct-view picture quality soon." Making this possible will be: (1) Better lenses through improved design, manufacture & coatings. (2) Better tubes, with developments in phosphors, spot size and trend to liquid cooling. (3) Better translucent rear-projection screens -- black matrix stripes, less distortion and color shift. (4) Optical coupling of tube to lens for substantial contrast improvement. (5) Improved chassis, specifically designed for projection.

Next year has many "positive factors" for projection, according to report -- including better economy, assumption of "much lower" inventories, as well as Olympic Games and political conventions, both of which historically have helped TV sales, along with introduction of improved product. This year started out with a pretty positive factor, too -- sales for first 3 weeks were 55.6% higher than same 1982 period.

Sony's 3.5" magnetic data disc system appears well on way to becoming standard for computers. Somewhat modified since unveiling as part of Sony personal computer system in 1981, system is being submitted for acceptance to American National Standards Institute. System has won support of most major media makers, including BASF, Fuji, Memorex, TDK, 3M. Among hardware makers backing it are Atari, Shugart, Datatech and Verbatim, last with manufacturing license. Main competition for industry acceptance in small drive market is 3" format developed by Hitachi, Hitachi-Maxell, Matsushita.

Kloss Video introduces updated version of its original 2-piece projection system, with updated electronics, 105-channel remote tuning. Portable projection system is now in production, has \$2,200 list.

Grupo Alfa in Mexico plans to follow lead of AEG Telefunken and attempt to reduce its \$2.4 billion debt by selling off assets, including consumer electronics operations. GA hopes to restructure into 2 units -- New Holdings, which will run steel, petrochemical and other subsidiaries it plans to retain, and Zeta, to house operations up for sale. GA was high flier in consumer electronics in mid-to-late 1970s, ended up owning Philco, Magnavox and Admiral brands, as well as rights to produce & market Garrard record changers. By end of decade, it was considering export of consumer electronics to U.S.

GE is joining ranks of TV makers entering teletext decoder field, will build decoders to NAB's standard to receive teletext services CBS & NBC plan to start later this year.



**U.S. IC R&D LAB LAUNCHED:** Having received tentative antitrust clearance from Justice Dept. (Vol. 22:1 p16), U.S. multi-company advanced IC & computer R&D cooperative venture Microelectronics & Computer Technology took form last week with appointment of retired Admiral Bobby Inman as pres.-chief exec. Inman is former naval intelligence dir., served as CIA deputy dir.

Along with pres., MCT got first investors. Joining as founding shareholders were Advanced Micro Devices, Control Data, Digital Equipment, Harris, Honeywell, Motorola, NCR, National Semiconductor, RCA, Sperry. All were members of 15 company group that developed basic operating plan. Others in that group — Burroughs, Mostek Westinghouse, Xerox, and only foreign owned firm, N.V. Philips subsidiary Signetics — are understood to be among 2 dozen companies considering some degree of involvement.

No details were available on size of investments made. However, MCT is expected to have about \$50 million in operating funds by year's end, annual budget of about \$100 million when in full swing. First 4 research area targets are component packaging, advanced computer architecture, software productivity, computer-aided design & manufacturing technologies.

MCT is intended to be U.S. private sector answer to threat posed by Japanese govt.-industry sponsored electronics R&D projects. It will have own labs & engineers to handle projects, won't act as foundation handing out grants. Membership is open to any domestic or foreign company that has significant U.S.-based R&D effort in MCT interest areas and is willing to underwrite equitable share of at least one research project.

Developments generated by MCT research will be made available to members first, offered under license to outsiders "after a suitable period of time," spokesman told us, adding that definition of suitable is something MCT board will consider at first meeting Feb. 4. Each member gets board seat. Also expected to be on agenda is location of MCT hq and research facilities. MCT plans to have at least some R&D projects going by end of year.

Revision in U.S. antitrust law to permit more such cooperative R&D efforts was urged by Control Data Pres. Robert Price in appearance before Senate Finance Committee. Price is considered father of MCT, headed founding steering committee. R&D ventures, he said, provide only way small companies can afford to keep up with advances in technology development & application. He said alternative is going out of business or merging, either of which tends to reduce competition. He noted that while Justice gave go-ahead for MCT's startup, agency also said it would be looking at legality of operation on project-by-project basis. Attitude, Price said, creates kind of uncertainties that "are a major obstacle to pooling resources in R&D."

**VCR VS. COLOR GROWTH:** Is home VCR continuing to follow color TV's growth pattern? On unit-for-unit basis, parallel was remarkably close in 1977-1981, as we noted just a year ago (Vol. 22:5 p13).

Spread between VCR in 1982 and color in 1965 is somewhat larger, and nobody really expects VCR to hit color's 1966 number this year (forecasts generally center around 2.5 million) — although sales to dealers in 1982's first 2 weeks were at 4.5 million rate (see State of the Industry). Here's our updated comparison of early growth years of color TV and home VCR, in unit sales to dealers:

Year	Color TV	Home VCR	Year
1959....	90,000	30,000	....1976
1960....	120,000	160,000	....1977
1961....	147,000	401,930	....1978
1962....	438,000	475,196	....1979
1963....	747,000	804,663	....1980
1964....	1,366,301	1,360,000	....1981
1965....	2,746,618	2,034,797	....1982
1966....	4,702,463	--	....1983
1967....	5,223,660	--	....1984

**JAPAN DUMPING PAGERS:** Japanese are selling pocket pagers in U.S. at less than fair value, Commerce Dept.'s International Trade Commission said in preliminary ruling last week. Agency said it found dumping margins ranging from 11.27% to 88.07%, ordered Customs to require importers to post bonds on incoming shipments to cover penalty duties which may be assessed.

Finding covers only pagers intended for use with high-capacity systems that can handle more than 3,000 terminals at a time. Excluded from finding were pagers with LCD displays being shipped by unidentified manufacturer. NEC and Matsushita are only significant Japanese pager marketers in U.S., and only NEC has display models. ITA said margins were based on Japanese selling prices in home and non-U.S. foreign markets.

Ruling is key for ITC to launch final injury determination. Last Oct., ITC said it found reasonable likelihood that low-valued pager imports were injuring domestic industry — primarily Motorola, which filed dumping complaint last year (Vol. 22:35 p11; 22:40 p13). ITA is scheduled to announce final dumping determination April 11, ITC to issue injury verdict May 26. Both have to be positive before dumping duties are assessed.

Open question at ITC, as indicated in preliminary injury report, is what constitutes domestic industry. Most Motorola pagers, and many of NEC's, are assembled in U.S. using essentially complete imported chassis. ITC staff members indicated to us that some kind of distinction may have to be drawn if Motorola is to be considered U.S. manufacturer with right to file dumping charges and NEC is to be classed as importer. In addition, there's still possibility that complaint will be filed charging Motorola with dumping pagers it imports from Malaysia. One was filed by distributor, but was withdrawn when question of complainant's standing was raised. Distributor, we've been told, may refile with suitable partner.



**HOME TAPING BILLS:** Sen. Mathias (R-Md.) and Rep. Edwards (D-Cal.) last week introduced 3-bill copyright packages to exempt home taping from liability and called for negotiations to determine royalty fees and "clarify" first-sale doctrine to help copyright owners share in rental revenues.

Legislation was split into 3 parts, according to Mathias aide, so Congress can deal with related questions such as changes in first-sale doctrine while awaiting U.S. Supreme Court decision on home taping liability. Edwards added that each of issues involved "merits separate consideration by the Congress."

First bill not only exempts from liability individuals who tape for private use but takes new approach to reimbursing copyright owners for such taping, providing for private negotiations rather than Copyright Royalty Tribunal to determine division of royalty fees. Edwards said it "relies upon the free market instead of a government bureaucracy." It provides, he added, that "representative panel of all video copyright owners and a similar panel representing all audio copyright owners would be constituted to negotiate with manufacturers & importers of machines and tapes. Voluntary agreements entered into pursuant to this process would be binding on all copyright owners and each manufacturer or importer with whom they reached agreement." Mathias pointed out that bill calls for binding arbitration if agreement isn't reached. Results of such arbitration would be subject to public comment, review by Register of Copyrights and courts.

Second bill would "clarify the first-sale doctrine to establish explicitly a commercial lending right in the copyright owner so that he could share in the revenues produced in the rental market," said Edwards. Bill, which lets copyright owners retain control over product through distribution chain, basically would force negotiations between copyright owners and retailers. Edwards maintained bill wouldn't eliminate rental market as some video retailers fear: "The immediate effect of my bill will be to bring the sales price of prerecorded videocassettes down to a reasonable level." According to Mathias, "free market negotiations" would "ensure a square deal for all parties." Last bill would call for similar language forbidding commercial rental of records without copyright holders' permission.

Edwards bill is cosponsored by Reps. Moorhead (R-Cal.), Schroeder (D-Colo.), Beilenson (D-Cal.), Boner (D-Tenn.), Dixon (D-Cal.), Fauntroy (D-D.C.) and Forsythe (R-N.J.). In addition, Rep. Stokes (D-O.) is cosponsor of first sale and record rental bills. Also reintroduced last week: Sen. DeConcini's (D-Ariz.) bill exempting private, noncommercial videotaping from copyright infringement laws.

Japan's Oki and National Semiconductor signed multi-year agreement to cooperate on development & production of advanced IC memory products. As part of agreement, NS said, it will produce Oki-designed 64K RAMs for sale to Oki as well as to NS customers.

**MATHES BUYING PACIFIC STEREO:** Customer found by CBS for its 83-store Pacific Stereo retail chain is Burke Mathes, former pres. of TV marketer Curtis Mathes, more recently head of holding company, Mathes Co., now just private investor. CBS announced plan to sell off chain last Dec. (Vol. 22:51 p14).

Mathes told us he resigned all official positions with Mathes organization last year to concentrate on private interests, though he still has holdings in Mathes Co., which owns CM and has controlling interest in audio marketer Morse.

There will be no major changes at PS if deal goes through, though expansion of product lines carried and geographic areas served is planned, Mathes said. PS will remain "entirely separate" from Mathes Co. interests, and there is no current intention to have stores handle either CM or Morse lines, he said.

CBS announcement of agreement contained statement that CM now has 450 franchised retailers operating 700 outlets, and had sales last year of more than \$150 million. Those figures have never been released by CM itself, and while company spokesman declined to confirm them, there was no challenge either. If accurate, sales total indicates CM volume has tripled in last 5 years. CM reported sales of \$53.3 million in year to May 31, 1977, last such report before family bought up outstanding shares and took company private.

GE last week moved to strengthen new commitment to concentrate on high technology and growing services business by agreeing to sell most units of subsidiary Utah International to Australian firm for \$2.4 billion. GE acquired UI in 1976 for \$2.17 billion, in what was then considered to be largest such transition in U.S. history. GE declined comment on plans for funds selloff will generate.

**First X-rated videocassette** at now-magic \$39.95 price is slated to be World of Angel Cash from Video-X-Pix. Arthur Morowitz, pres. of N.Y. distributor A&H Video Sales, expects sales of 20,000 copies, about 2-1/2 times usual 5,000-7,000 for \$90 program. Appeal of X-rated cassettes, aside from content, has been high markups, better-than-average margins for dealers. Morowitz said porn royalties usually are straight \$10 per cassette, unlike usual percentage of dealer price, thus make price reductions bit more difficult. Angel Cash just finished N.Y. theatrical run so cassette & film should break almost simultaneously elsewhere.

**Software notes:** MCA hopes to release 40-50 CED titles under its label by late spring, is negotiating custom-pressing deal with CBS... Vestron Video claims it held 5% market share last year, based on distributor data. That would make it about size of Disney, ahead of other independents... Polygram Records is testing distribution of MGM/UA Home Video line in 300-400 New England record stores... Paramount has UCLA doing another consumer survey. Questionnaire, concentrating on price sensitivity of video software, was mailed to 6,000 owners of Sony & RCA VCRs.



## New Newsletter on Phone Equipment Launched:

### TELEPHONES The Report on Consumer & Small Business Telephones

Television Digest Inc. is proud to announce the first industry news publication to cover the exploding telephone equipment market: **TELEPHONES -- The Report on Consumer & Small Business Telephones.**

Technological advances, regulatory changes and the breakup of AT&T are working to create a red-hot mass market for an old industry: The manufacturing, distribution and marketing of single- and double-line telephone equipment.

The industry was always there, but it wasn't until telephones were deregulated that a mass retail market for new phones started to develop. And it will be the regulatory and business decisions made in the next few years which will determine just how fast the phone market will develop. But there are already hundreds of domestic and foreign manufacturers, scores of distributors and thousands of retailers hoping to cash in on what eventually will become a multi-billion dollar market.

**TELEPHONES** will provide you with the information you need to stay on top of this profitable new market. We will tell you what your competitors are doing, what the regulators are planning and how the consumers are reacting. **TELEPHONES** will be a bi-weekly newsletter providing exclusive, in-depth reports on the growth of a booming industry, including:

- \* Equipment news -- New products in all fields: Decorator phones, smart phones, cordless phones, cellular phones, cheap phones, videotex phones, modems, accessories, home networks, etc. Technological advancements and manufacturing developments.

- \* Business news -- Which new companies are jumping into the market? Which ones have failed and why? New joint ventures. New distribution deals. New retailing deals. New marketing and promotional campaigns. Which phones are selling and why? Can independent telephone stores survive? What is the future of the telephone repair business? What's new with warranties? What kind of service arrangements will be set up by major manufacturers and distributors?

- \* Trade issues -- Which foreign manufacturers are trying to grab a piece of the U.S. market? Will they attack the low or high end? What do govt. import figures show? Will dumping and trade restrictions become a major issue in the telephone market, as they have in other consumer electronics fields? Will foreign markets open up to U.S. manufacturers?

- \* Regulatory news -- State-by-state reports on the detariffing of in-place phone equipment. Progress reports on AT&T/American Bell's handling of the installed base and what happens to those used phones. Will consumers buy in-place used phones from AT&T or go out and buy new phones? Will state regulators have the authority to force telephone companies to become "providers of last resort" for phone equipment? Will Congress involve itself? FCC's certification and registration program. Deregulation of inside wiring.

**TELEPHONES** will contain the same expert news coverage of the telephone equipment industry that you have come to expect from Television Digest Inc. publications, such as Television Digest with Consumer Electronics (which has covered telephones since the Carterfone decision), Communications Daily, Satellite Week, Video Week and the Television Factbook. **TELEPHONES** will be headed by Managing Editor Paul Travis and will be produced by Television Digest's expert telecommunications and consumer electronics editors in Washington and N.Y., and will include reports from our bureaus in Europe and the Far East. For more information, call collect at 202-872-9200.



**TIME SURVEY—COMPUTERS STAR:** Home computer has leapfrogged over virtually all other high volume consumer electronics products, including videogames, to rank at top of consumers' intention-to-buy list, according to survey of 3,657 Time magazine subscribers completed last June.

Report shows dramatic swing from videogames to computers. It indicates games were in 19.4% of all responding households, 44.7% of upper income (\$25,000+) families with children over 6, against 7.5% total penetration for computers, 13.4% for upscale homes with children. In period running roughly Nov.-April, 7.1% said they shopped for videogame, placing it 2nd only to 7.5% for car stereo system, and well over 5.6% for computer. As for market outlook, only 2.8% of all respondents and 9.3% of non-owners with solid incomes and children said they planned to buy videogame in coming year. But for computers, intent to buy was expressed by 6.9% & 11.5% respectively. If expressed plans are turned into sales, computer capability will be in 14.4% of all homes and 24.9% of high-income homes with children by mid-1983, with videogames in 22.2% & 49.6%

Survey sidebar is outlook for continued sales growth for VCRs. They were in 16.9% of responding homes, were shopped by 6.4%, and are on plan-to-buy list of 6.2%. Videodisc players were in 1.3% of homes, were shopped by 1.6%, are in buying plans of just 0.7%. Respective responses for other consumer electronic products: Color TV: 85.5%, 6.6%, 2.4%; battery portable b&w 16.2%, 1.4%, 0.4%; component stereo 64.1%, 4.9%, 2.5%; car stereo 66.6%, 7.5%, 2.6%.

Videogame owners are prime computer prospects. While 24.3% of all respondents said they have at least looked at computers, 30.9% of game owners have. That presumably bodes well for success of marketers planning to offer add-on computer keyboard adaptors for videogame consoles this year.

Among computer owners, Apple at 17% and Tandy at 14% are brand leaders. Apple is also on top in brand awareness, followed by IBM, Tandy, Atari & Commodore. Prime use of computer is for games & hobbies, but entertainment ranks well below word processing, personal & financial management and education, on list of applications software being sought. Non-owners rank entertainment 3rd on list of planned use, after personal finances and home management, in dead tie with education.

Computer code for computer software, Universal Software Market Identifier, is being launched as proposed international system by Technique Learning. Code is designed for quick identification of which programs will run on which systems. TL plans to provide registration free to software producers, publish monthly & annual directories, offer marketing and other services. Code has 4 segments, with separate 5-digit numbers identifying manufacturer & title, 3-digit number for computer model needed, single number or letter to designate combination of memory size and accessories required for running. Details: TL, 40 Cedar St., Dobbs Ferry, N.Y. 10522.

**1982 AT-A-GLANCE:** Here's summary of FIA monthly video sales-to-dealer figures for 1982, with 1981 comparisons:

## TELEVISION SALES TO DEALERS

Month	Total		Color		Monochrome	
	1982	1981	1982	1981	1982	1981
January	1,187,637	1,344,510	802,131	885,268*	385,508	459,242
February	1,275,675	1,252,845	822,920	807,214	452,755	445,631
March (5 wks.)	1,517,123	1,570,483	1,010,906	992,320	506,217	578,163
April	1,193,565	1,036,063	810,879*	703,620	382,686	332,443
May	1,144,424	1,182,318	720,614	747,609*	423,810	434,709
June (5 wks.)	1,559,598	1,519,899	1,055,452*	1,007,584	504,146	512,315
July	1,229,807	1,152,232	825,410*	775,181	404,397	377,051
August	1,229,287	1,278,818	806,460	886,175*	422,827	392,643
Sept. (5 wks.)	1,811,632	1,799,242	1,226,854	1,260,244	584,778	538,998
October	1,604,612	1,533,175	1,075,241*	1,070,378	529,371	462,797
November	1,541,639	1,481,653	1,053,360	1,001,829	488,479	479,824
Dec. (5 wks.)	1,836,369	1,547,045	1,156,107	1,547,045	680,262	527,133
<b>TOTAL</b>	<b>17,131,568</b>	<b>16,698,283</b>	<b>11,366,334*</b>	<b>11,157,334</b>	<b>5,765,234</b>	<b>5,540,949</b>

## PROJECTION TV SALES TO DEALERS

Month	1982	1981	Month	1982	1981
January	7,052*	4,718	July	7,726	10,954*
February	6,518	7,002*	August	9,840*	9,434
March (5 weeks)	6,233	7,480*	Sept. (5 weeks)	15,949	19,154*
April	6,213	7,712*	October	14,384	17,548*
May	5,075	6,354*	November	14,617*	9,570
June (5 weeks)	8,022	9,450*	Dec. (5 weeks)	15,624*	12,274
<b>TOTAL</b>				<b>117,253</b>	<b>121,650*</b>

## HOME VCR AND COLOR VIDEO CAMERA SALES TO DEALERS

Month	Home VCRs		Color Cameras	
	1982	1981	1982	1981
January	110,712*	79,767	18,563*	9,598
February	122,967*	85,821	19,066*	11,451
March (5 weeks)	141,154*	102,926	22,188*	11,917
April	116,170*	78,571	19,125*	10,221
May	109,148*	87,013	26,822*	10,198
June (5 weeks)	140,786*	109,375	29,438*	17,998
July	141,496*	87,636	25,851*	15,807
August	137,223*	98,940	18,723*	14,263
Sept. (5 weeks)	243,123*	153,680	26,864*	21,070
October	207,750*	142,738	23,451*	15,818
November	232,595*	146,147	23,665*	19,388
Dec. (5 weeks)	331,673*	188,374	43,191*	32,042
<b>TOTAL</b>	<b>2,034,797*</b>	<b>1,360,988</b>	<b>295,947*</b>	<b>189,770</b>

\*Record

Wholesale move of Brazil's consumer electronics manufacturing industry from Sao Paulo to free zone near Manaus is under way. Zone is part of capital and located in jungle some 900 miles up Amazon River. Attractions are 20% lower wage rate, tax breaks, relief from Brazil's tight import restrictions. Manufacturers in zone are permitted unlimited imports of components to assemble products for export, may exceed normal ceiling on domestic-use imports by up to 30% of value of their trade balance surplus. Brazil intends to hold imports by electronic & electrical appliance makers to \$700 million this year, down from \$1 billion in 1982. Brazil expects that by end of 1984 virtually all domestically owned and foreign venture consumer electronics producers will have made move.

Qume is shifting production of computer printers to Puerto Rico from San Jose, Cal., eliminating 300 of 1,500 jobs at impacted plant. Company said that although its printer sales volume is up, intense competition from Japanese manufacturers is forcing prices down, and change is being made to cut costs. Qume is continuing printer R&D and disc drive production in San Jose. It also has drive and CRT terminal production in Taiwan.



**EIA-TO-EYE TRADE STANCE:** It may not be possible, but EIA is going to try to come up with position paper on international trade that will get acceptance & support from all member divisions. EIA Chmn. (and General Signal vp) Glen Ronk soon will be naming committee to develop proposal for submission at Washington convention March 14-17.

Purpose is to head off any dissension in ranks that may arise because of strongly differing viewpoints on issue among member companies. Mini-flap popped up at annual meeting in L.A. last Oct. when Motorola, through International Business Council, offered resolution that, if adopted, would have put EIA on record as calling for sanctions against Japan and other countries that restrict imports, imposition of fines on Japanese companies that zero in on new product areas to injury of U.S. firms (Vol. 22:43 p14).

Much of recent board meeting in Phoenix was devoted to presentations on trade question. EIA leadership heard Motorola Chmn. Robert Galvin give case for direct action to open foreign markets and to protect U.S. industry, opposing view from Honeywell Chmn. Edson Spencer. On hand to detail govt. position, explain what's being done, were Deputy U.S. Trade Representative David MacDonald and Lionel Olmer, Commerce Dept. undersecy. for international trade.

Direction given by board at Phoenix meeting "was to see if we could come up with a position for the March meeting, something that can be said that could be uniformly agreed on," we were told by EIA Pres. Peter McCloskey. He acknowledged that development of meaningful acceptable statement that skirts more controversial aspects won't be easy, particularly in limited time available.

Adoption by EIA as whole of specific stance would put limit on freedom of individual divisions to express divergent views of their own, and could lead to creation of new industry trade-oriented pressure groups. There's plenty of precedent. In 1972, group of TV, tube & parts makers, under Corning's leadership, formed Electronic Industry Committee for Fair International Trade to press for strong enforcement of U.S. antidumping & countervailing duty laws and opening of Japan's market to imports (Vol. 12:4 p10).

Corning again provided leadership in 1976, when group of TV & tube makers and unions created still-functioning Committee to Preserve American Color TV. EICFIT got Treasury to clean up backlog of antidumping and countervailing duty cases involving TVs and other products from Japan. COMPACT filed import relief petition that resulted in imposition of import quotas (all since lifted) on color TVs from Japan, Korea & Taiwan. COMPACT is now involved in legal battle to overturn settlement of Japan TV dumping case, and to have larger penalties assessed.

Motorola's Galvin is attempting to create multi-industry group, Targeted Industries Coalition, to fight against Japanese penetration of selected U.S. markets. He has reportedly had little success in

attracting members since detailing plan last year (Vol. 22:47 p14).

\* \* \* \*

Vice President Bush is scheduled to be featured speaker at EIA Govt.-Industry Dinner in Washington March 15, at which AT&T Chmn. Charles Brown will receive Medal of Honor.

**TDK NET UP:** On strength of soaring tape sales, Japan's TDK posted 6.2% rise in consolidated net to \$115.9 million on 12.8% revenue gain to \$1.31 billion in fiscal year to Nov. 30.

Magnetic video & audio tapes provided virtually all sales increase, with volume up 23.2% to \$656.5 million, to account for more than half of total sales for first time in company's history. Coil component sales rose 12.9% to \$176.9 million; ferrite products were down 2.3% to \$234.5 million; ceramic products slipped 1.1% to \$117.9 million; revenue from other sources edged up 1.1% to \$22.9 million.

Bulk of improvement came in overseas markets, where sales jumped 28.7% to \$525.1 million, while sales in Japan edged up just 3% to \$683.2 million.

Corning and Owens-Illinois showed lower consolidated sales and earnings in year-end reports issued last week (see financial table). Both indicated that their TV tube glass operations produced lower profits.

Panasonic introduced VHS-C recorder -- but to professional, not consumer market -- last week at COMMTEx in New Orleans. Company showed consumer VHS-C at CES "to get dealer reaction." Professional version carries list price of \$895. Among other professional video products introduced by Panasonic: 2-6-hour VHS recorder with 3 heads, wired remote, clean special effects (\$850); lightweight portable cameras with 1/2" Saticon, autofocus at \$995, manual focus \$775; rear-projection 40" color TV at \$3,395. JVC introduced multi-standard VHS unit which can record in either PAL or SECAM, play back PAL, SECAM or NTSC tapes (\$1,995); professional VHS with shuttle search, wired remote (\$765).

No import duty will be collected on most clock radios if President Reagan signs, as expected, Miscellaneous Tariff Amendments Act passed by last session of Congress. Measure contains provision suspending collection of duties until Sept. 30, 1984 on entertainment band radios containing electronic clocks, or radios intended for assembly with electronic clocks, and which are valued at not more than \$40. Provision was inserted at request of GE by Rep. Vander Jagt (R-Mich.), in whose district GE has plants. Legislative aide told us Vander Jagt was assured by GE that no domestic industry would be injured by change.

Add Mitsubishi to growing list of Japanese VCR manufacturers planning to set up assembly operation in Europe. Company said it expects to begin VCR output by year's end at factory in Scotland where it currently assembles 70,000-80,000 color TVs annually.



## 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>			
1982-year to Dec. 31	65,093,000,000	7,279,000,000	8.40 <sup>a</sup>
1981-year to Dec. 31	58,066,000,000	6,823,000,000	8.47
<b>A. H. Belo</b>			
1982-year to Dec. 31	203,436,000	23,113,000	2.47
1981-year to Dec. 31	182,245,000	20,245,000	2.45
1982-qtr. to Dec. 31	57,459,000	8,392,000	.90
1981-qtr. to Dec. 31	49,893,000	5,579,000	.66
<b>Corning Glass Works</b>			
1983-52 wk. to Jan. 2	1,578,700,000	74,500,000	3.52
1982-53 wk. to Jan. 3	1,714,100,000	103,700,000	4.92 <sup>b</sup>
1983-12 wk. to Jan. 2	355,900,000	42,900,000	2.03
1982-13 wk. to Jan. 3	383,000,000	1,900,000	.14 <sup>b</sup>
<b>Cox Communications</b>			
1982-year to Dec. 31	514,746,000	65,421,000	2.31
1981-year to Dec. 31	403,497,000	55,490,000	2.04
1982-qtr. to Dec. 31	146,159,000	17,975,000	.64
1981-qtr. to Dec. 31	115,854,000	15,636,000	.57
<b>Koss</b>			
1982-6 mo. to Dec. 31	11,714,255	381,837	.10
1981-6 mo. to Dec. 31	14,704,639	1,554,430	.40
1982-qtr. to Dec. 31	6,045,677	120,886	.03
1981-qtr. to Dec. 31	7,948,764	955,394	.24
<b>Lee Enterprises</b>			
1982-qtr. to Dec. 31	46,299,000	5,804,000	.83
1981-qtr. to Dec. 31	43,005,000	5,140,000	.73
<b>LIN Bcstg.</b>			
1982-year to Dec. 31	88,420,000	20,121,000	1.85
1981-year to Dec. 31	71,036,000	17,384,000	1.59 <sup>c</sup>
1982-qtr. to Dec. 31	26,477,000	6,672,000	.61
1981-qtr. to Dec. 31	22,165,000	5,701,000	.53 <sup>c</sup>
<b>Media General</b>			
1982-year to Dec. 31	429,409,000	32,512,000	4.60
1981-year to Dec. 31	366,544,000	31,554,000	4.41
1982-qtr. to Dec. 31	117,894,000	8,478,000	1.20
1981-qtr. to Dec. 31	99,241,000	8,756,000	1.23
<b>3 M</b>			
1982-year to Dec. 31	6,601,000,000	631,000,000	5.37
1981-year to Dec. 31	6,508,000,000	673,000,000	5.74
1982-qtr. to Dec. 31	1,556,000,000	151,000,000	1.28
1981-qtr. to Dec. 31	1,577,000,000	161,000,000	1.37
<b>Owens-Illinois</b>			
1982-year to Dec. 31	3,552,900,000	90,700,000	3.18 <sup>d</sup>
1981-year to Dec. 31	3,943,300,000	154,100,000	5.15
1982-qtr. to Dec. 31	836,200,000	(31,800,000)	-- <sup>d</sup>
1981-qtr. to Dec. 31	928,100,000	30,500,000	1.02
<b>RCA</b>			
1982-year to Dec. 31	8,237,000,000	222,600,000	2.03 <sup>a</sup>
1981-year to Dec. 31	8,004,800,000	54,000,000	-- <sup>e</sup>
1982-qtr. to Dec. 31	2,179,400,000	54,000,000	.48
1981-qtr. to Dec. 31	2,110,800,000	57,800,000	.54
<b>Reeves Communications</b>			
1982-6 mo. to Dec. 31	106,270,000	9,439,000	.76
1981-6 mo. to Dec. 31	108,802,000	9,396,000	.79 <sup>c</sup>
1982-qtr. to Dec. 31	59,029,000	5,722,000	.46
1981-qtr. to Dec. 31	59,870,000	6,045,000	.50 <sup>c</sup>
<b>Rollins</b>			
1982-6 mo. to Dec. 31	228,360,078	10,832,305	.42
1981-6 mo. to Dec. 31	265,887,669	21,513,698	.78
1982-qtr. to Dec. 31	110,331,705	5,655,666	.22
1981-qtr. to Dec. 31	132,061,448	11,489,687	.42
<b>Scripps-Howard Bcstg.</b>			
1982-year to Dec. 31	95,645,000	19,470,000	1.89 <sup>a</sup>
1981-year to Dec. 31	87,344,000	19,199,000	1.86

Company & Period	Revenues	Net Earnings	Per Share
<b>Scripps-Howard Bcstg. (continued)</b>			
1982-qtr. to Dec. 31	27,284,000	6,045,000	.59 <sup>a</sup>
1981-qtr. to Dec. 31	25,605,000	5,049,000	.49
<b>TCA Cable TV</b>			
1982-year to Oct. 31	17,219,000	2,304,000	.47
1981-year to Oct. 31	10,894,000	1,737,000	.37
1982-qtr. to Oct. 31	4,786,000	671,000	.13
1981-qtr. to Oct. 31	3,156,000	542,000	.10

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Restated. <sup>c</sup>Adjusted. <sup>d</sup>After special charge. <sup>e</sup>After special items.

## Consumer Electronics Personals

**Robert Strickland** promoted at NAP Consumer Electronics Odyssey unit from national sales mgr. to sales vp... **Ronald Marsiglio** advanced from Sylvania mktg. dir. to corporate color TV product planning vp; **Louis Slangen** promoted from corporate audio product business planning dir. to purchased products product planning vp... **Richard Lovisolo**, former Panasonic Portable Audio Div. gen. mgr., named gen. mgr. of new Home Information Systems Div.; **William Kopp** appointed asst. gen. mgr.; **Robert Zangrillo** named HIS national sales mgr. for computers & calculators; **Edward Gelby** named national sales mgr. for handheld computers... **Herbert Block**, Zenith Distributing N.Y. exec. vp, and **Robert Judd**, merchandise mgr., retire; no successors named.

**Anne Templeton**, ex-United Artists, named CBS/Fox Video assoc. product mgr., responsible for videodisc line development & promotion... **Vincent Lorento**, ex-CBS/Fox Video, joins Embassy Home Entertainment as senior vp-finance & operations, replacing **William Moody**, resigned; **Anne Moore** resigns as direct response mgr... **Mario Magistris** named mktg. mgr., Thorn EMI Video Switzerland... **Peter Duffy**, ex-Scotland Yard, named chief investigator of U.K.'s Federation Against Copyright Theft.

**Phillip Clement**, pres. of Bell & Howell Video Group, elected corporate vp... **William Ivans**, Chou pres., adds post of chmn., succeeding **Robert Kerns**, who continues as a dir... **Morton Fry**, ex-Warner Home Video vp-gen. counsel, joins Warner Communications corporate legal staff... **James Burley** named chief financial officer of optical disc game developer **Advanced Video**.

**Gordon Hoffman**, **United Technologies** Microelectronics Center gen. mgr., named vp; **Max Knapp** electronics sector finance vp... **Thomas Kamp** advanced at Control Data to vice chmn. for business & technology co-operative ventures... **Phillip Arneson**, **Allied Electronic Components** exec. vp, adds interim post as pres. of another Allied Corp. subsidiary, **Amphenol**, succeeding **Frank Cunningham**, resigned.

**Venezuela** cut duty on videodisc player imports to 5% from 45%, which should create immediate demand for 10,000, according to **Antonio Camejo**, pres. of **Video Cinema**. He says only about 1,000 are now in use there, virtually all **Laservision**. **Camejo** told us he doesn't expect **CED** to make significant inroad.