

WEEKLY

# Television Digest<sup>®</sup>

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The authoritative service for broadcasting, consumer electronics & allied fields

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**MARKEY TO MOVE TO NTIA:** Fowler aide's appointment as interim dir. expected. (P. 7)

**GROUP W PLANS NATIONAL SPORTS NETWORK** Group W Satellite Communications hopes to launch cable sports network later this year, using transponders already purchased on Hughes Galaxy 1 satellite, supposed to go into orbit June 9. Galaxy 1 programming can be received by any operators aimed at Satcom 3R. GWSC service, covering all major sports, may carry advertising, will be designed "to cater to the insatiable appetite for information regarding sports and its players and will feature the kind of insight & information you would get in the locker room," Group W Satellite Vp Ronald Castell told us.

"We believe that the next major development in cable is going to be regional sports," Group W Bestg. & Cable Chmn. Daniel Ritchie said. "People are simply more interested in their own area sports teams than they are in somebody else's sports team." GWSC is "presently having conversation with a number of sports teams and sports groups" for rights, he said. Several other groups are holding similar conversations, including Daniels & Assoc. and Supersports Network, headed by Chicago White Sox owner Eddie Einhorn.

### Consumer Electronics

**8MM VCR STANDARD**, to be announced March 28, will accommodate 3 audio systems, 2 different types of tape. Initial playing time 60 min. (P. 9)

**U.S. NEW COLOR TV SUPPLY** dropped to 3-year low in 1982 as U.S. factory output sagged 11.3%, Commerce & EIA figures indicate. (P. 9)

**INDUSTRY AWAITS SHOCK** of new FST tube sizes, with costly changeover seen in '84. Shakeouts forecast in tube & set industries. (P. 10)

**U.S. TV EXPORT SALES** fell sharply in 1982, according to Commerce figures, which show color shipments down 41%, b&w off 47%. (P. 11)

**CORNING WILL CLOSE** Bluffton, Ind. TV glass plant in mid-May, eliminate 460 jobs. (P. 11)

**PAGER DUMPING INJURY** probe opened by ITC. Deadline extended 60 days at Matsushita request. Apple import complaint studied (P. 12)

**PHILIPS EYEING INCREASE** in Grundig holdings to gain control and block Thomson-Brandt bid, which has drawn fire. (P. 12)

**RCA WOOS CUSTOM** disc business, offers help in material preparation, distribution, forecasts 1,000 CED titles by year's end. (P. 13)



In interview with our sister publication Communications Daily, Ritchie made analogy to PM Magazine, Group W's syndicated broadcast program which allows participating stations to use each others' material in addition to their own. Castell said channel wouldn't be video sports magazine but more akin to newspaper. Neither Group W executive would go into details, but Castell expects major announcement within month. "It is our decision to go ahead sooner rather than later," he added. Pay cable may not be only outlet for channel. Castell said this would be "commercial" as well as pay service, wouldn't elaborate.

GWSC has approached most major leagues, including National Basketball League, National Hockey League. NBA Bestg. Dir. Ed Desser told us: "We've had discussions centering around what they're thinking of doing." Group W was "looking for takers," he said, but NBA's thinking on issue was "not that far along." Current contracts with ESPN and USA Cable Network would "preclude some of what they are doing," he added.

Rights are problem for immediate future. National cable licenses for major sports are divided between ESPN and USA Cable Network, while local cable & STV deals form maze of criss-crossing regional networks, with more on drawing board each month. Local cable rights are sewed up for 10 of 14 hockey teams, 19 of 23 basketball teams. Of remaining 4 cities in hockey, for example, Boston franchise has tentative deal with Storer Bestg., Pittsburgh Penguins possibly with new Warner Amex Cable sports channel there, and Minnesota North Stars will be on Twin Cities STV this fall.

What's left? Perhaps national service for regional sports. GWSC could get involved on local level, Desser told us, providing national wraparound, PM-magazine type format for regional games, which in NBA, for example, means anything within 75-mi. vicinity. With facilities of GWSC, material like scores, interviews, features, updated league information could be sent by satellite to cable systems with downlink. However, GWSC couldn't swap games between regions without national rights.

In wide-ranging interview, Ritchie had these comments about cable: (1) Satellite News Channel. "We think it'll be [profitable] 4-5 years after commencement. We're going to be at 7 million subscribers by the middle of the year and over 10 million by the end of the year... The product is considerably better today than when we went on... We're going to be giving [subscribers] absolutely local, local news. It's already occurring in a number of systems." (2) SNC 2. "We still plan to do it," especially now that basic cable seems to be gathering ad support. "The next big event in cable is local ad sales. We are going to be up to 50 systems with the ability" to insert spots into satellite-delivered programs. (3) GWSC-ABC relationship. "I don't have a single complaint. It has been a delight."

(4) Sale of 50% share in Showtime to Viacom. "I would rather have bought than sold. We first said we'll give you \$75 million, but we gave them the choice because they were the founders. It was their baby really. We got a good chunk of money for it." (5) Pay TV. "I don't think its good for any business to be dominated by one or a very few players. One would have to say there is more concern about the growing strength of HBO." (6) Entertainment Channel. "I think it will be difficult to resurrect it as a basic service." CBS Cable "would have succeeded if they could have stayed with it for a number of years." (7) Upgrading 12-channel systems. "We are shooting to get all of those upgraded by the end of the year and we'll come very close to that." He said more than half of systems acquired from Teleprompter were 12-channel or less.

**CANADA OPENS DOOR TO FOREIGN CABLE SIGNALS:** Canada has proposed significantly relaxed rules on importation of foreign programming shown on country's extensive cable universe. Although exact numbers couldn't be given, Canadian official gave this overview: Canadian cable systems pass 85% of population, 70-75% of those subscribe (4.3 million on 505 systems in 1980). Most systems have 24 channels with 6-12 either not activated or showing "throw away" programs. Official indicated moves would allow foreign programming to fill those available channels "rapidly" as new tiered services.

Under new policy called Bestg. Strategy for Canada, govt. would: (1) Encourage development of expanded programming choices available on cable. (2) Strengthen Canadian programming by establishing fund to assist private production companies and independent



producers in turning out quality shows for domestic use and export. (3) Seek Parliament's approval to issue new guidelines to CRTC, pushing it into more liberal view of broadcasting. (4) For most part, totally deregulate use of TVROs.

By relaxing rules and channeling programming through regulated cable systems, Canada can satisfy viewers' desire for greater choice and solve "irritations" that have developed with U.S. interests over copyright on increasing number of pirated signals.

Govt. will allocate \$35 million initially to set up Canadian Best. Program Development Fund to help private production companies and independent producers. Fund will grow to \$60 million in 5 years. Producers will be required to raise \$2 in private capital for every \$1 received from fund, to be administered by Canadian Film Development Corp.

**ABC 1982 EARNINGS DOWN:** ABC reported lower earnings from operations for 4th quarter and full 1982, attributed decline primarily to higher losses at ABC Video Enterprises, reduced profits from broadcasting. ABC said it had record revenues of \$759.7 million in quarter, \$2.66 billion for year, up 3.1% & 9% respectively, but income was down 6.3% in Oct.-Dec. to \$41.1 million, and off 0.8% to \$145.1 million for year, excluding \$14.9 million in special credits logged in opening and 2nd quarters.

Total 1982 net of just over \$160 million was up 9.3%, produced per share earnings of \$5.54, up from \$5.13; for quarter, share earned \$1.42, down from \$1.53. Pre-tax operating net was off 18.1% to \$73.8 million for quarter, down 1.4% to \$292.8 million for year.

ABC said earnings from TV network & owned stations were up in 1982, but improvement was offset by quarter and full year losses at ABC Radio stemming from start up of 2 new networks and cost of ending a programming service. Result, ABC said, was "slight decline in overall broadcasting profits." Profits were up at ABC Publishing and scenic attractions, while motion picture operation posted loss.

Chmn. Leonard Goldenson said ABC is positioned to benefit from any economic recovery, reported advance TV network sales "are strong through the 3rd quarter," said "robust sales pace" for 1984 Olympic coverage offers "encouraging" outlook for long-term. He indicated expectation that operating earnings will benefit from cost control and efficiency programs, but indicated impact of that on net would be tempered by increased 1983 investment in new telecommunications media technology.

Cable copyright update: Register of Copyrights David Ladd has confirmed signal royalties will be prorated in present case where copyright rate is scheduled to change during accounting period. Testifying before House Subcommittee on Courts, Civil Liberties & Administration of Justice chaired by Rep. Kastenmeier (D-Wis.), Ladd gave this scenario for affected additional distant signal carried during entire current accounting period, which ends June 30: If new 3.75% rate is sustained by U.S. Appeals Court, D.C. — in case brought by NCTA — without any direction to contrary, Copyright Office will assess old, lower rate for period Jan. 1-March 14 with 3.75% rate levied for remainder of accounting period.

**CNN SUES SNC:** Ted Turner's CNN has sued Satellite News Channels and its co-parent Westinghouse Bestg. & Cable (co-owner ABC wasn't named as defendant), alleging they conspired to keep CNN out of some markets where Westinghouse-Group W holds franchises. Antitrust suit specifically alleges "group boycott" by defendants in Manhattan to carry SNC on Group W system there although CNN had requested carriage before SNC launched. This was done in violation of franchise which requires that available channels first must be offered to "persons other than the company, its subsidiaries and affiliates," suit charged.

"We welcome the suit," said Westinghouse Bestg. & Cable Chmn. Daniel Ritchie. "If anything, we have bent over backwards to compete fairly with Turner and all of his services in the face of his intimidation and highly questionable practices. This finally gives us the chance to clear the air in the face of his threats of the last 2 years. We welcome a forum to debate these issues — issues which are important to our entire industry."

Suit broadly asserts Group W has "utilized its control over essential facilities" in some franchise areas "to attempt to monopolize" those markets for SNC while impeding CNN's entry into those markets. Suit filed in U.S. Dist. Court, Atlanta, traces this alleged action to Group W's 1981 acquisition of Teleprompter. It warns that when Group W bought Teleprompter it "acquired the right and obligation" of existing affiliate agreements with CNN. As of Dec. 31, CNN was carried on 37 Group W systems with total of 574,306 basic, 193,521 tier subscribers. SNC is carried on 38 Group W systems with total of 475,810 basic, 83,579 tier subscribers.

Political advertising on TV reached record \$117 million in 1982, 29% more than spent in Presidential election year 1980 and 103% more than in 1978, according to TV Bureau of Advertising. Vast majority of 1982 advertising was spent on national, regional & local spot TV; less than \$1 million was spent with networks. TvB predicts 1984 political advertising will total at least \$180 million.

ESPN is charging \$10,800 for 30-sec. spot on live USFL games, \$12,000 for package including 2 repeat showings of games. Michael Presbrey, senior vp ad sales, said 2/3 of ad time has been sold, that Ford Motor Co. will be exclusive sponsor of halftime report during 34-game schedule.



**FCC QUIZZES WHYY-TV:** Acting on unusual complaint from local officials, Commission last week ordered PTV station WHYY-TV Philadelphia-Wilmington to file within 60 days outline of Del. staffing and production plans. Wilmington City Council had complained that station has main studio in Philadelphia, identifies with larger city, doesn't have responsible management personnel in Wilmington and doesn't serve local needs of Wilmington, station's city of license.

Staff concluded that station hadn't abused discretion in local programming, but said it wasn't clear where station's main studio was located and that it appeared that all of station's top management was located in Philadelphia. Staff recommended requiring station, when it seeks license renewal in April 1984, to supply list of employees assigned to Philadelphia & Wilmington studios, file list of all non-PBS programming and to note whether it was broadcast from Philadelphia or Wilmington.

But, commissioners decided to be tougher. Comr. Rivera said Commission should have "ordered them to put staff in Wilmington." Comr. Dawson called station's actions "a disgrace" and said license should be designated for hearing: "We have a real problem here. How many times have we had a local government group come to us and say 'these people aren't serving us'?" Comr. Sharp wanted tougher order "to hold their feet to the fire." Comr. Quello noted that majority of station's funding came from Philadelphia residents. Chmn. Fowler said stiffer penalty could "destroy the flexibility of the licensee and public TV has enough problems already."

Majority decided to force station to file reports within 60 days outlining plans to "establish management level presence" in Wilmington and plans for local programming. WHYY-TV's license would be renewed, subject to those conditions, until next year.

In another controversial matter, Commission upheld staff decision to grant construction permit for cable TV relay service (CARS) for Cable Dallas. Cable Dallas was authorized to use microwave relay service to offer 98-channel, 440 MHz, bi-directional cable TV service to residents of several large apartment complexes. Grant was opposed by Warner Amex, which has cable franchise for Dallas. Cable industry was also upset, worried that SMATV operators might get access to CARS channels to interconnect systems and, in effect, build up city-wide unfranchised cable system.

Contract for first major cable business network was announced March 1 by Warner-Amex Cable Communications and Westinghouse at latter's Pittsburgh world hq. Agreement calls for WA to provide Westinghouse with high-speed, digital cable system linking 3 Westinghouse facilities in downtown Pittsburgh. System also will send & receive satellite information for Westinghouse operations across nation. Cable connection should be completed by end of May, with 4th building to follow. Link will provide digital interfaces to telephones in those buildings. Contract, said to be "in 7 or 8 figures," is for 5 years and renewable.

**NIELSEN STUDY GIVES FEW ANSWERS:** Results of Cable Audience Methodology Study (CAMS), jointly sponsored by Cable TV Ad Bureau (CAB) & NCTA and carried out by Nielsen, were helpful but inconclusive, its sponsors announced. More study is needed to find method to measure accurately viewing in local cable systems, original goal of most ambitious ad cable study to date. Study itself, several hundred pages long, is still being assembled and will be released only to sponsors.

Summary of findings is available from CAB. Only specific testing tool to emerge from study is revision of Nielsen Standard Index diary, which was found consistently to overestimate network viewing and underestimate cable.

Viewing of 4 categories — network & independent stations, basic & pay cable — were rated by 4 diary, 2 telephone approaches on Gill Cable's 2-way system in San Jose, Cal., and Warner-Amex Qube system in Columbus, O. CAMS sought cable systems with 30-plus channels and more than 50,000 subscribers to give large enough base for survey that eventually contained 64,000 phone calls. Telephone coincidental — one-time phone call considered to be most accurate measure of average viewing — was used to check other figures, as was information from Qube system.

Two years and \$500,000 later, results show that each method measured some, but not all, categories accurately. Meters are not being considered because local systems can't afford them. Jordan Rost, Warner-Amex Satellite sales vp. and chmn. of CAB/NCTA Research Standards Committee, voiced disappointment study had not come up with single answer for local cable ads. "We were expecting that," he said. Study is still useful, he pointed out, because it "proves it's not just a bias, that it's true the traditional methods are inadequate."

"Uninformed hysteria" was way Justice Dept. described reaction to its decision to require 3 Canadian films to carry disclaimer when shown to U.S. audiences. DoJ said it had imposed same requirements on 17 other films and 6 videotapes during last 2 years, stated: "Contrary to the uninformed hysteria which has developed in some quarters, the Justice Dept. is not censoring any film in the country. We are simply enforcing the Foreign Agents Registration Act as passed by Congress." USIA Dir. Charles Wick said he personally believes Congress and the White House should amend 1938 law which DoJ used to label Canadian films political propaganda: "Those career lawyers at the Justice Dept. were upholding the law... If the law is being onerous... then you and other members of Congress ought to repeal that law."

Coalition for Better TV's Donald Wildmon plans to begin weekday radio program next month to show "the side [of issues] the [TV] networks ignore." Don Wildmon Report will deal with topics such as programming, sponsors' policies & practices and lifestyles and attitudes of those responsible for network programs. Wildmon, who claims some 145 stations have expressed interest in show, said he hopes to go on air with at least 300.

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**CHURCH GROUPS ATTACK 60 MIN.:** After having request denied by CBS, officials from 5 Protestant church groups have turned to FCC in attempt to obtain air time from network and its affiliates to respond to alleged personal attacks contained in Jan. 23 episode of 60 Mins.

In formal charges filed with Commission, representatives from United Church of Christ, United Presbyterian Church, Disciples of Christ, Episcopal Church and United Methodist Church contended 60 Mins. segment "The Gospel According to Whom?" contained charges that church leaders "are 'doing the work' of international communism without the knowledge of their members, that it is 'near impossible' to trace church money diverted to communist causes and that church leaders are lying about the whole matter." Affiliated state & regional church groups are asking local CBS affiliates for air time, plan to bring complaints to FCC against those who refuse to comply.

Attorney for church leaders wrote CBS Best. Group Pres. Gene Jankowski Feb. 2 pointing out alleged misleading statements & inaccuracies in 60 Mins. segment and requesting opportunity to respond to personal attacks it allegedly contained. CBS News Senior Vp Robert Chandler rejected request for reply time, contended allegations of inaccuracies were not valid and that no material in 60 Mins. report constituted personal attack under FCC rules. Furthermore, he maintained, by devoting extensive coverage to view of leadership of National Council of Churches and World Council of Churches, 60 Mins. provided "an ample opportunity for these church leaders to respond to the positions expressed by their critics." CBS hadn't seen church's complaint late Fri., had no comment on latest development. However, CBS official told us: "We thought it was a fair broadcast and we responded point by point to the letter we received" requesting response time.

ABC-TV News crew was roughed up, arrested and had videotapes confiscated while covering preparations for Pope John Paul II's visit to Managua, Nicaragua, crew member said. AP quoted Michael Rebich, member of 4-man crew, as saying "we were pushed down and our gear was physically taken away from us." Rebich said crew was released early March 4 after several hours in police custody. Videotapes were said to have had coverage of incident involving police turning worshipers away — by firing automatic weapons into air — from plaza where Pope was to hold mass. Tapes weren't returned.

U.S. Supreme Court will review lower court decision which found prohibition against editorials on public TV & radio unconstitutional. Last Aug., U.S. Dist. Judge Malcom Lucas ruled that editorial ban contained in Public Bestg. Act. violates First Amendment rights of public broadcasters.

Daytime Bestrs. Assn. members will descend on Washington March 22-23 for lobbying effort on Hill and at FCC in support of Commission move to expand hours of operation for daytimers. Details, DBA Pres. James Wychor, 507-376-6165.

"Isn't there a difference at the FCC with Ronald Reagan as President?" FCC Chmn. Fowler asked attendees at NAB state presidents conference last week. He asked question after detailing deregulatory moves already made by FCC under his stewardship, promised there's more to come, was liberally applauded. "A veritable slew of content-oriented regulations has tumbled out of the FCC over the last 50 years," Fowler said. "The fairness doctrine... is perhaps the most offensive. [It's] utterly inconsistent with the First Amendment for a group of politically appointed agency regulators to be making [fairness] judgments." He again urged broadcasters to get behind "spectrum fees, user fees, whatever Congress may ultimately call it" in return for congressional repeal of fairness doctrine and equal time. NAB is adamantly opposed to spectrum fee, primarily because of fear it will be constantly on rise. In answer to question, Fowler said this won't happen because broadcast lobby has clout to defeat such legislation in Congress. "They [spectrum fee and congressional deregulation] have to be done together," Fowler said. "You have to buy off on this or it's not going to happen... True regulatory reform will require flexibility on the part of all parties."

FCC Chmn. Fowler told Senate Appropriations Committee he wants Congress to set schedule of application fees — as set forth in broadcast deregulation bill (S-55) which recently passed Senate — rather than FCC adopting own rates. That way, FCC will have fee schedule "uncontrovertible by any court." He said management-by-objectives methods he's instituted "slowly but surely are making the agency more productive." Fowler made comment during Committee hearing on FCC's requested \$86.2 million budget for fiscal 1984, which is increase of \$6.3 million over current year but covers same number of employees, 1,896.

TV stations will save at least \$25 million in music license fees paid to ASCAP & BMI because court has ordered that payments be based on 1980 fees until lengthy litigation is decided, according to All-Industry TV Music Licensing Committee. Lower rates became effective Feb. 1; first payments by stations are due March 20. Committee has sued for per-performance licenses, rather than blanket licenses now enforced by BMI & ASCAP. Class action suit was filed by 5 stations in Nov. 1978, and in Aug. 1982 a N.Y. federal court ruled in stations' favor. Case has been appealed by music groups.

Pay-per-view sports events "are going to have to be very carefully selected," ABC Pres. Frederick Pierce told security analyst meeting in Kansas City. He said others in addition to 4-fight package offered by ABC & ESPN have "potential... but, candidly, the list is modest in length... The same thing is true of the last category of possible pay-per-view programming successes — major entertainment events like Broadway plays or superstar concerts."

C-COR will extend warranty on all CATV products from 2 to 3 years. Move comes on heels of increased discounts for bulk orders.



**UNUSUAL COPYRIGHT QUESTION:** CATA raised ruckus recently when it claimed that impending 3.75% copyright royalty rate won't apply until cable system carries 35th distant signal (Vol. 23:8 p 4), and now Copyright Office is trying to sort through conflicting, often complex legal arguments about matter. After issuing notice of inquiry, Office last week received 19 filings, with parties arrayed along traditional copyright battle lines. Matter hinges on "specialty" stations, mainly religious or foreign-language broadcasters. There were 33 such stations on air at time of old FCC carriage rules.

Filings by cable interests support CATA's literal reading of Copyright Act of 1976 and recent Copyright Royalty Tribunal findings. Their position is: (1) When CRT raised fees for carriage of additional distant stations to 3.75% of gross revenue, it said rate wouldn't apply to "any signal which was permitted... under the rules and regulations of the FCC in effect on June 24, 1981, or a signal of the same type (that is, independent, network or noncommercial educational) substituted for such permitted signal." (2) Before June 24, 1981, FCC allowed carriage of specialty stations. (3) Because all stations must fall into one of 3 categories, carriage of specialty stations is allowed free of liability for higher copyright, and operator can freely substitute independents for them.

Furthermore, cable interests claim, operator didn't have to actually carry specialty station as of June 24, 1981 in order to make substitution now: "[CRT's] provisions apply to signals which were 'permitted' under the FCC's rules — there is no reference, implicit or explicit, that the signals had to have been both permitted and carried," NCTA said.

MPAA said cable interests are trying "to fabricate loopholes" in copyright law. Acceding to those claims "would permit virtually unlimited distant signal carriage at the old copyright rates," MPAA said. To do this "would be to lure logic into a cave of deception where it would be quietly strangled." INTV echoed MPAA in its filing.

Three congressmen wrote NAB Pres. Edward Fritts last week to express disappointment with NAB's opposition to new version of Radio Marti bill (S-602) introduced in Senate 2 weeks ago. Calling latest Radio Bestg. to Cuba Act a reasonable compromise, Reps. Broyhill (R-N.C.), Rinaldo (R-N.J.) and Fascell (D-Fla.) said they were surprised at NAB's position since S-602 incorporates nearly all provisions NAB had requested.

After flat first half with only 4% gain, network radio showed 17% increase for last 6 months of 1982, ending year up 11%, according to Radio Network Assn. Dec. network radio revenues were up 20%, indicating strong 1983, according to RNA Exec. Dir. Joe Larsen.

KLAX-TV (Ch. 31) Alexandria, La., went on air March 3, bringing total operating TV stations to 1,112 (633 VHF, 479 UHF): 818 commercial and 294 non-commercial stations.

**MARKEY TO HEAD NTIA:** David Markey, special asst. to FCC Chmn. Fowler since only mid-Jan., is expected to be nominated by President as interim dir. of NTIA, probably this week, we're told. This will be first step before sending his name to Senate for confirmation, Administration official told us. In addition to heading NTIA, Markey will be nominated as Asst. Secy. of Commerce for Communications & Information.

Markey will succeed Bernard Wunder, who left March 1 to go into business in Dallas with ex-Rep. Collins (R-Tex.) — for whom Wunder worked before joining staff of House Telecommunications Subcommittee, then moving to NTIA after Reagan's election. Markey is a former lobbyist for NAB, joined Fowler from staff of Sen. Murkowski (R-Alaska). At FCC, he primarily worked on improving Fowler's relations with Senate Republicans.

Print industry is "up to its neck in electronics," making it necessary for Congress to move on Constitutional amendment extending First Amendment protection to electronic media, Sen. Packwood (R-Ore.) told CBS TV Network Affiliates' Govt. Relations Committee during Washington seminar last week. "I'm afraid the [U.S. Supreme] Court will come down on the side of controlling print," Packwood said, if it hears case seeking to impose content control on newspapers because of interest in cable or other non-traditional delivery medium. He gave as example Ill. publishing concern that transmits its political endorsements over cable company in which it owns 10% interest. "I can't think of a situation more ideally suited" to test case, he said. FCC Comrs. Jones, Quello, Rivera and Mass Media Bureau Chief Laurence Harris spoke at seminar's morning closed meeting. Thing most on minds of affiliate executives, several commissioners said later, was fear that FCC, in moving quickly on deregulation, will abandon traditional role of setting broadcast technical standards. Executives voiced concern technical standards will deteriorate during FCC's deregulatory moves. Rivera said he brought up subject of children's TV, was "very encouraged" that several affiliates share his concern about quality of children's programming and applauded effort for FCC en banc meeting on subject.

Protection of journalist's rights will be brought up by North American National Bestrs. Assn. at 4th World Radio Conference of Bestg. Unions March 7-12 in Algiers. As response to some UNESCO members' endorsement of licensing journalists, NANBA paper will call for "full protection of journalists under national and international law." Licensing "carries with it right to deny license," report states. NANBA is made up of U.S., Canadian & Mexican private, public & govt. broadcast networks.

Storer Communications has entered into new \$450 million revolving credit and term loan arrangement with consortium of 17 banks led by Chase Manhattan as agent. Agreement replaces \$325 million credit package arranged early last year.



## Personals

Rep. Timothy Wirth, chmn. of House Telecommunications Subcommittee, addresses April 12 radio lunch at NAB convention in Las Vegas; Sen. Robert Packwood (R-Ore.), chmn. of Senate Commerce Committee, speaks at closing general session next day.

FCC Comr. Mimi Dawson will answer questions at National Communications Club luncheon March 15; Comr. Stephen Sharp speaks Wed. at Govt. Relations Seminar luncheon, Capitol Quality Inn, Washington; Sharp also speaks Fri. at Canadian-U.S. Conference on Communication Policy luncheon, N.Y.; Comr. Henry Rivera appears on panel, Assn. of Bcstrs. of Puerto Rico, San Juan, Thurs... Ted Turner speaks March 25, Goddard Memorial dinner, Washington Hilton Hotel.

Kathryn Pelgrift promoted to vp-corporate planning & business development, NBC; Joseph Angotti to gen. mgr.-news, London & west Europe, NBC News... Les Crystal, onetime NBC News pres., will become exec. producer of hour-long MacNeil-Leher Report on PBS... James Hedlund, ex-NCTA, appointed vp-govt. relations, Assn. of Independent TV Stations, new post.

William Bolster, ex-American Blackhawk Bestg. exec. vp & gen. mgr. of KWWL-TV Waterloo, Ia., appointed vp-gen. mgr., KSDK St. Louis... Ronald Korda promoted to dir.-program scheduling and theatrical acquisitions, NBC Entertainment... Joseph Eisberg advanced to senior vp-gen. sales mgr., Seltel Inc.; Thomas Will to senior vp in charge of Western Div.; Raymond Johns, senior vp in charge of Central Div.

Frank Truglio advanced to national Sales mgr., Rebels sales team for independent TV stations, Seltel... Susan Fosdick, Wis. Telephone Co., elected pres., American Council for Better Broadcasts; Ruth Pflager, first vp; Clarke Caywood, 2nd vp... Irene Runnels promoted to gen. mgr., WKY(AM) Oklahoma City... Pang Ho, ex-Ford Aerospace, appointed vp-operations, Gillaspie & Assoc. (manufacturer of satellite TV systems).

Linda Peek, ex-USA Today, named communications dir., Senate Democratic Policy Committee, succeeding Greg Schneiders, now on staff of Presidential candidate Sen. John Glenn (D-O.)... Alice Gravely, ex-Satellite Business Systems, joins Comsearch as mgr.-mktg. communications... Marshall Hudson & Pieter deBruijn, ex-AMFOX, appointed strategic business dirs., Valtec, new posts... Vince Walisko promoted to project mgr., Wold Corporate Engineering.

Ronald Miller elected CEO, Walt Disney Productions, succeeding Cardon Walker, who resigns May 1 after 45 years with Disney; Raymond Watson will succeed Walker as chmn... Steve Klein named exec. vp-R&D, The Games Network; Barry Megdal, vp-engineering; James Summers, vp-program acquisitions; all are new posts... Richard Woollen, ex-Metromedia, appointed vp-mktg., Columbia Pictures TV Distribution.

Donald O'Connor, ex-WLRE Green Bay, appointed gen. mgr., KSPR-TV Springfield, Mo.; Gary Brown, gen. sales mgr.; Robert West, ex-KGCT-TV Tulsa, program dir.; David Jones, ex-KPOM-TV Ft. Smith, chief engineer.

William Karnes, ex-Playboy Enterprises, elected treas., Comsat... Charles Ram, ex-British Aerospace, appointed gen. mgr., satellite services, VISCOM/Visnews, new post... William Lambert appointed vp-gen. mgr., General Instrument's new Satellite Systems Div.; John Tamblyn named vp-gen. mgr., Jerrold-Canada Div.; Edgar Ebenbach becomes Jerrold-Canada's vp-asst. gen. mgr... Terri Johnson, SSS, elected pres., Women in Cable; Sara Wilson, Associated Communications, becomes vp; Jane Franklin, SSS, secy.; Phyllis Vettes, SSS, treas.

Richard Gallop promoted to pres., Columbia Pictures, succeeding Francis Vincent, who moves to chmn., remains CEO... Donald Haselwood promoted to exec. vp and a dir., Nielsen Media Research Group... Alison Conte moves from parent Control Data to PR specialist, Arbitron.

William Headline, asst. chief of CBS News Washington bureau, moves to Cable News Network March 28 as Washington bureau chief... Terry O'Reilly, mgr. of Satellite News Channel Pittsburgh office, appointed news dir., Group W's Newsfeed, Philadelphia hq... Richard Cohen advanced to vp-business planning & analysis, Spotlight... Dennis Garlington, ex-Cox Cable, appointed regional vp-gen. mgr. of Community Cable TV, Las Vegas... Charles McKellar advanced to marketing dir., The Program Factory... Jeanne Newman & Steve Knisely advanced to business affairs dirs., Playboy Channel... Thomas Wertheimer elected exec. vp of MCA Inc... Kenneth Lemberger appointed senior vp-gen. counsel, Columbia Pictures.

## Obituary

Benjamin Hughes, 56, pres. Ben Hughes Communications Products, Old Saybrook, Conn. died of heart attack Feb. 19 while vacationing in Dominican Republic. He worked 30 years in cable industry with several firms, including Comm/Scope, Systems Wire & Cable and Thetacom, before founding his own company in 1979. He served on NCTA board as assoc. dir. in 1968-69. For contributions to industry, he was elected to NCTA's Pioneers Club. Survivors include, 2 sons, 3 daughters, including Diane Hughes, acting pres. of company.

White House seems to be sticking to its guns with Helen Taylor's nomination for CPB board. In face of opposition within Senate Commerce Committee, Administration has given no indication it plans to send Congress substitute nomination. Last month, Senate approved nominations of Karl Eller, Richard Brookhiser and Sharon Rockefeller as CPB board members. Commerce Committee held up Taylor's approval, however, due to questions raised by her background files, including her membership in racially exclusive clubs and her support of foundation set up to circumvent desegregation of Va. public schools.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Feb. 18 (7th week of 1983):

	FEB. 12-18	1982 WEEK	\$ CHANGE	FEB. 5-11	7 WKS. 1983	7 WKS. 1982	\$ CHANGE
TOTAL TV#.....	313,067	327,996	- 4.6	311,776	2,217,182	2,119,256	+ 4.6
COLOR#.....	225,349*	200,665	+12.3	204,471	1,571,933*	1,387,698	+13.3
MONOCHROME....	87,718	127,331	-31.1	107,305	645,249	731,558	-11.8
PROJECTION TV...	2,484*	1,696	+46.5	2,579*	19,010*	11,807	+61.0
HOME VCR.....	58,467*	35,694	+63.8	58,788*	403,932*	205,016	+97.0
COLOR CAMERAS...	5,864	6,714*	-12.7	4,933*	42,862*	34,307	+24.9

Color TV 5-week moving average: 1983--244,643\*; 1982--220,300 (up 11.0%).

Home VCR 5-week moving average: 1983--62,776\*; 1982--32,828 (up 91.2%).

# Excludes projection TV. \* Record for period.

**8MM VCR STANDARD TO BE OKAYED MARCH 28:** New standard for small VCRs will be announced formally in Tokyo March 28 by 121 companies participating in standardization group and submitted to EIAJ & IEC for Japanese & worldwide recognition.

Final parameters are flexible, leave enough room for differences in products, reflecting basic disagreements on audio system and type of tape. In audio, system will accommodate 3 different techniques — standard longitudinal track (as in current VCRs), helical FM stereo track (as in Beta Hi-Fi) and helical digital PCM track. System will accommodate either metal particle or metal evaporated tape.

Tape width will be 8mm (0.315"), cassette measuring 3.74x2.44x0.6" (95x62x15mm), slightly smaller in length & width than audio cassette, and about double in thickness. Initially, recording time will be one hour per cassette — obviously expandable. Recording will be by rotating 2-head method using azimuth technique, similar to current 1/2" systems. Video will use FM luminance signal, color under.

In addition to Japanese manufacturers, Philips has participated on committee, and Grundig has recently joined. The 2 firms are particularly anxious for quick agreement on standards, to give European industry equal start with Japan. Although designed originally for portable combination camera-VCR system, system is expected to be adapted to standard home use as future technology expands recording & playing time.

**U.S. TV SUPPLY DIPPED IN 1982:** Year-long production hold-down by U.S. color TV plants, plus drop in b&w TV imports, held 1982 total new TV supply to just over 17 million sets, down 8.9% from 1981, and lowest level since 16.6 million of 1979, analysis of Commerce Dept. and EIA figures indicates.

Color output of U.S. factories, including those of foreign manufacturers, hit just 2.2 million in Oct.-Dec., lowest quarterly total since 2nd quarter of 1979 and lowest 4th quarter since 1978. Full year domestic factory production was 3-year low. Most plants here ran at reduced production levels all year in successful effort to trim industry's high inventories. Aug. output start-up at Gold Star's new Huntsville, Ala. plant, and first full year of production at Sampo plant in Atlanta seemingly did little to offset effect of cut-down by more-established factories.

July 1 end to quota restricting color exports to U.S. from Korea and Taiwan was reflected in sharp year-end import boost, more modest rise for year. Import total in year's final period was highest for any quarter since 4th quarter 1978, gave imports 22.1% new color supply market



share, up from 16.2% in same 1981 months. For year, import share was 19.1%, up from 15.7%.

Domestic color factories apparently did more assembling from component parts last year. That's indicated by decline in imports of essentially complete chassis & kits. As result, total of complete set and chassis-kit imports represented 39% of total new color supply in 1982, down from 41.1% in 1981. Here's how TV supply picture for year & quarter break down:

#### 1982 U.S. TOTAL TV SUPPLY

		U.S. Produced*	% change	Imports	% change	Total Supply	% change
Total TV	1982....	9,292,000	-11.3	7,713,000	- 5.8	17,005,000	- 8.9
	1981....	10,478,000		8,191,000		18,669,000	
Color TV	1982....	9,292,000	-11.3	2,192,000	+12.7	11,484,000	- 7.6
	1981....	10,478,000		1,945,000		12,423,000	
B&w TV	1982....	--	--	5,521,000	-11.6	5,521,000	-11.6
	1981....	--		6,246,000		6,246,000	

#### FOURTH QUARTER

Total TV	1982....	2,204,000	-12.1	1,946,000	-12.5	4,150,000	-12.3
	1981....	2,508,000		2,225,000		4,733,000	
Color TV	1982....	2,204,000	-12.1	625,000	+28.6	2,829,000	- 5.5
	1981....	2,508,000		486,000		2,994,000	
B&w TV	1982....	--	--	1,321,000	-24.0	1,321,000	-24.0
	1981....	--		1,739,000		1,739,000	

\* U.S. production includes sets assembled from imported chassis & kits; imports are complete sets only.

**INDUSTRY AWAITS SHOCK OF NEW TUBE SIZES:** FST stands for "flat square tube." From standpoint of U.S. TV set, tube & glass manufacturers, "financial suicide tube" might be more appropriate. In most reluctant changeover in industry history, manufacturers agree they'll have to pull out all stops to replace current color tube sizes with new series of 14", 20" & 26" models in new configuration — starting next year.

"It will shake a few people out of the industry," top official of one major tube manufacturer forecast to us last week. Who? "Set, glass & tube makers -- no one is exempt. The tooling cost will be monstrous." Same view was expressed by executive of another tube maker, who added: "We're meeting on it all the time, trying to assess the magnitude of it." A 3rd tube major told us that unquestionably industry would have to change over to new series, regardless of consequences. Set makers are just beginning to measure impact, but nobody's minimizing size of challenge.

Behind this frenzy is fact industry was caught with its plans down by Japanese, who now are calling shots in picture tubes for first time. Just as RCA's COTY-29 is answer to Japanese mini-neck (Vol. 23:9 p10), industry knows it must go along with such an obvious & conspicuous change as new tube-size family. Toshiba developed FST, which has all-new glass configuration, new shadow mask, new gun assembly, and all Japanese set makers will adopt it, starting with new models to be introduced this year (Vol. 22:47 p10, 22:48 p11).

New tube system has nearly flat face, sharp corners, is understood to cost 15-20% more to produce, will be fielded only in premium high-end sets, with Japanese manufacturers here initially importing it. It's believed 20" version will show up in May in several Japanese and



private-label lines, to be followed by 14" & 26" later. New tube sizes & configurations have way of sweeping industry quickly, and, as one manufacturer put it: "By the time we're in production, it won't be a premium tube any more — it will be standard."

In glass, tube, set & shadow-mask industries, cost of change is now being estimated. It involves completely new bulb configuration, completely redesigned heat-resistant reinforced shadow mask. In addition, Toshiba has developed new set of phosphors for tube series as well as higher-resolution gun to go with its mini-neck configuration (RCA says COTY-29 neck & yoke design would improve tube). Version produced here could resemble Japanese model only in screen dimensions.

Set makers say magnitude of change in basic cabinet design will be biggest since switchover from round to rectangular tube. Last major change — from 18" & 23" to 19" & 25" — had less impact because only opening in cabinet had to be enlarged, sometimes requiring nothing more than new tube mask. But upcoming tubes are bigger & heavier, will require complete retooling — estimated at \$250,000-\$500,000 for single plastic cabinet. One manufacturer estimated that with 50 different cabinet designs in industry, retooling for cabinets alone would come to \$10 million-\$20 million. Same manufacturer reflected industry feeling that FST would mean "significant change for a relatively small gain."

Like it or not, it's coming. So far we've found no manufacturer planning to hold out. First American-made tubes of new type are expected to show up in 1984 — at least year behind Japanese versions. Tube industry shudders at thought, but it's possible that some American manufacturers could import first tubes from Japan until domestic supply catches up.

**U.S. TV EXPORTS:** U.S. TV makers became essentially non-factor in international market last year, as indicated by Commerce Dept. figures that show total unit exports dropped 42.5% to 527,000, while shipment value fell 41.2% to \$159,100.

Quantitatively, biggest falloff came in color — with units down 41.1% to 380,900, value off 41.2% to \$138.9 million. Largest percentage loss was in b&w, with units off 47.1% to 137,900, value down 44.1% to \$16.6 million. Industry also exported 8,200 TV combinations at \$3.5 million, down 13% & 21.4% respectively.

Average value of color set exported last year was \$364.77, down slightly from \$365.57 in 1981. For combinations, average value dropped to \$423.98 from \$469.12. Situation was reverse in b&w, as average export price jumped to \$120.64 from \$114.17.

Technicolor is shutting down ailing Audio-Visual Div. by order of new parent MacAndrews & Forbes, and has dropped out of VCR business. Technicolor has sold inventory of Funai-made CVC-format 1/4" VCRs, 4,000 units, to Muntz Electronics, Van Nuys, Cal., which handled part of company's portable recorder liquidation last Oct. (Vol. 22:43 p13). Muntz is offering basic \$995 portable at \$300; \$1,300 VCR and 7" color monitor portable combination is going for \$399; \$1,400 combo with built-in tuner at \$599. Technicolor is maintaining parts & service operation for VCRs and other A-V products. Technicolor was only company in U.S. with CVC. Indications are Funai will try to keep format alive here on its own while it looks for new OEM customers.

EIA Components Group gets Solid State Div. as new member. Parts, Tube & Distributor Products Div. already belongs

**CORNING CLOSING PLANT:** Corning last week ratified decision to close Bluffton, Ind. color tube glass plant, eliminating 460 jobs and trimming production capacity by nearly 50% (Vol. 23:2 p9). Company said plant operations would end by mid-May.

Corning announced shutdown plan last Jan., but held off finalization to consider wage & benefit concession package union offered in hope of preserving jobs. It blamed shutdown on import competition which created industrywide excess tube capacity, said production cost savings proposed by employees wouldn't have solved basic problem. Corning said it will be able to meet all customer requirements from remaining glass plant in State College, Pa.

**Mergers & acquisitions:** Mattel signed definitive agreement to acquire 51% of IC maker Solid State Scientific for \$12 million (Vol. 22:51 p14). Terms call for Mattel to buy at least \$8 million of ICs from SSS this year, \$12 million in 1984, 5-year warrant for additional 10% interest. Mattel & SSS also will cooperate in R&D, application of advanced technologies... Harman International completed previously announced acquisition of Infinity Systems from IKC International (Vol. 22:46 p13), terms unannounced... U.S. Philips, direct subsidiary of N.V. Philips, has bought 50% interest it didn't own in optical fiber producer Valtec from M/A-Com, terms undisclosed... Dynamics Corp. continues to expand ownership in CTS. Company told SEC it recently bought 65,000 CTS shares, increasing interest it holds to 23.2%.

NARM has 3 video panels scheduled for April 10-14 convention in Miami, all on April 13. Sessions will spotlight sales opportunities for record stores in video, videogame & computer software.



**ITC OPENS PROBES:** International Trade Commission has formally launched pair of industry-related investigations, one into whether Japanese dumping of pocket paging devices has injured U.S. industry, other into Apple complaint of unfair competition from computers imported from Far East.

Pager probe follows preliminary determination by Commerce's International Trade Administration that Matsushita and NEC have been selling tone-type pagers here at less than fair value (Vol. 23:5 p13). At Matsushita's request, ITA pushed back by 60 days to June 11 scheduled date for issuing final dumping and dumping margin rulings, which automatically moves deadline for ITC injury finding to July 26.

ITC has set June 21 for public hearing, is slated to put preliminary staff report on record June 10. Staff questionnaire now being mailed to various U.S. and foreign industry members, it's understood, has section looking for details on production methods. Object is to help resolve issue of what should constitute U.S.-made, as opposed to imported, pager. Both NEC and complainant in case, Motorola, assemble pagers here from imported subassemblies. Degree of value added in U.S. could determine whether NEC pagers should be considered as imports, and Motorola's legal standing as domestic manufacturer entitled to institute antidumping case.

In accepting Apple complaint for review, ITC declined to issue requested temporary order banning imports, pending completion of investigation, of computers allegedly infringing on Apple patents (Vol. 23:6 p13). In filing, Apple said imports of computers made in Hong Kong, Singapore & Taiwan that were knockoffs, and even counterfeit copies of its models, were damaging its business. Apple brought criminal charges in Taiwan against pair of manufacturers there, but case was dismissed on procedural grounds.

**Ad notes:** Toshiba appoints Dunwoodie Assoc. for PR... Proton, U.S. video & audio marketing subsidiary of Taiwan's Fulet Electronics, appoints Medlin & Assoc. for \$1 million account... 3M appoints Grey Advtg. to \$3 million consumer video & audio tape account, replacing BBDO... TV network ad outlays for consumer electronics & musical instruments jumped 63% last year to \$163.8 million, TvB estimates. It says industry also spent \$107.9 million on national & regional TV spots, up 41%... Atari was only consumer electronics marketer to have ads ranked among top 25 in consumer recall test by Video Storyboard Tests, placing 9th... Sony video promotion running through April 30 offers coupons for 20 free overnight videocassette rentals with VCR purchase.

**U.S. will drop criminal charges against Hitachi** employe involved in IBM secrets theft sting case. Justice Dept. told San Francisco Federal Court it was deferring prosecution, would withdraw complaint June 30 if engineer Kunimasa Inoue doesn't violate any U.S. laws before then. Move comes in wake of Hitachi's submission of guilty plea in case last month (Vol. 23:7 p14). Similar cases against 2 other Hitachi employes, Mitsubishi and 4 of its workers, are pending.

**PHILIPS BIDS FOR GRUNDIG:** In move that could spell end to grand scheme for united mainland European consumer electronics front against Japanese market penetration, Philips is reportedly seeking to gain control of Germany's Grundig, and so block similar bid being made by Thomson-Brandt of France. Philips is understood to have told EEC officials that it's opening negotiations to boost its Grundig holdings.

Philips acquired 24.5% of Grundig in 1979 stock-swap that included financial & technical aid for ailing German TV maker. Last Nov., it indicated willingness to accept new partner when T-B signed agreement to pick up 75.5% interest still in hands of Grundig family (Vol. 22:47 p10). But, things haven't gone very well since.

T-B buy-in has drawn fire in Germany on both political & antitrust grounds. Germans don't much like idea of nationalized French company owning their biggest TV maker, are concerned T-B might start moving jobs south. Also, T-B already owns German TV makers Nordmende & Saba. Philips, meanwhile, has since expressed concern that under new owner, Grundig might switch from Philips to T-B for picture tubes. T-B, for its part, has been unwilling to go along with Philips request that it adopt Philips' V2000 VCR format and drop VHS, or help spearhead launch of Philips' Laservision videodisc system in France.

Increased ownership by Philips would seemingly insure continuation of Grundig as German-based company while guaranteeing it gets support it needs. It also might clear way for Grundig's planned takeover of AEG-Telefunken's consumer electronics operation, something that would not be permitted if T-B is involved.

**Impact of furor that erupted in 1981 when Sanyo** sought free trade zone designation for Forrest City, Ark. color TV plant is reflected in proposed amendments to application handling rules by Foreign Trade Zones Board. Agency is including in rules guidelines it followed when handling cases involving import-sensitive industries by requiring economic impact investigation when issue is raised by complaint. Issue is particularly important, notice indicates, when use of zone status to produce for U.S. market could give unfair competitive edge to manufacturer. FTZB approved Sanyo application, but in response to complaints from U.S. picture tube makers, made that conditional on firm's paying full 15% duty on any picture tubes it imports for assembly in sets to be sold here (Vol. 22:41 p11).

**Nitron has restarted semiconductor production,** halted since Dec. 17, with help of advance payments from several customers. Company is attempting to restructure debt, raise \$1.2 million it says it needed to resume full-scale operations. Financial problems stem from involvement with bankrupt videogame maker Astrocade which owes Nitron debt now estimated at \$6.4 million.

**Samsung moves U.S. hq. from Chicago to 117** Seaview Dr., Secaucus, N.J. 07094, 201-867-7575... **TDK Electronics, Japan, changes name to TDK Corp.**



**RCA WOOS CUSTOM DISCS:** Now that RCA has moved up date for custom-pressing CED videodiscs for outside customers (Vol. 23:6 p13), it's actively seeking as much business as possible, offering assistance in distribution and in preparing films & tapes for transfer to disc — and forecasting explosion in number of titles.

First studio to take up RCA's offer may well be MCA, once arch-rival in videodisc systems. Move signals final cut of close ties that used to bind MCA to optical disc format. Those days were numbered when studio ended Discovision Assoc. involvement, closed separate MCA Videodisc operation last year and about same time licensed 20 titles to RCA Videodiscs. MCA hopes to make future releases in cassette and 2 disc formats simultaneously.

MCA Distributing Co. hopes to have about 10 CED titles under studio label on market in next couple of months, according to Pres. Al Bergamo, might get as many as 40 to stores this year, utilizing custom-pressing facilities of RCA & CBS. Deal with RCA hasn't yet been signed.

Titles available in CED format could double to 1,000 by year's end, including discs from CBS and possibly 150 custom-pressed titles, RCA Videodiscs Vp Thomas Kuhn forecast last week. He also predicted that Jan. CES will mark debut of avalanche of non-RCA titles. MGM/UA, under earlier arrangement, is first custom account. In addition to movie majors, Kuhn said RCA is talking with about half-dozen potential accounts. "We're opening the floodgates a year early," he said.

Kuhn made his comments on occasion of first press tour of RCA Videodiscs Technical Services operation in Burbank, Cal., where source materials (film, tape, etc.) for videodiscs are selected and processed to final picture-&-sound master, then sent to Indianapolis for disc mastering & pressing. Facility processed more than 190 titles (more than 400 disc sides) last year, has scheduled more than 200 this year, has room for expansion to accommodate custom business. It doesn't do actual film-to-tape transfer — for RCA titles, most of that is done in ultramodern facility of neighboring Bluth Video Systems (BVS).

Kuhn stressed that RCA maintains technical service operation so discs have "Tiffany quality," and he invited custom-pressing accounts to use facility. One key reason for operation is to keep disc quality as far above that of prerecorded cassettes as possible. He said 1982 CED album sales to dealers fell "just short of 4 million — more than double the level of Beta [prerecorded cassette sales] and almost the level of VHS."

He reiterated that RCA would offer distribution services to other disc labels, adding that company would exceed its goal of 2,000 "showcase" disc dealers by 500 at end of this month. Showcase dealers are mainly hardware outlets which agree to stock at least 50% of RCA titles, buy at least 75% of new releases, display players, take part in all company promotions. They get special payment terms, promotional material, demo discs, etc. (Vol. 4:3 p5).

Inevitably, issue of porn came up in connection with custom pressing. Although RCA may press X-rated discs, Kuhn said, it won't change its ironclad rule against hardcore. Even if it wanted to press porn it probably couldn't, because union at Indianapolis plant has served notice its members will refuse to handle it.

France's semi-blockade of Japanese VCR imports last Nov. had only minimal impact, according to figures from Federation of Electrical & Electronics Industries there. Assn. reports imports, including European-made V2000 models, jumped 156% last year to 665,000, from 260,000 in 1981, estimate 1.1 million are in use, for 5% household penetration level. FEEL said France's electronics exports rose 11% to \$886.8 million last year, while imports climbed 26.9% to \$876.6 million, leaving \$103 million surplus in international electronics trade, down sharply from \$1.07 billion in 1981. French blamed decline on soaring imports of VCRs and other consumer electronics, which climbed 30% last year to \$1.27 billion. French consumer electronics exports were up 16% to \$203 million.

TI put \$50 million tag on program to modify home computers because of possible user shock hazard that could be created if power transformer fails (Vol. 23:9 p11). Company said that's expected impact on first quarter pre-tax profit. Total presumably includes reserve for estimated earnings loss stemming from sales halt while units in factory & retail inventories are modified, costs related to production stoppage to eliminate problem at that level. TI said it ceased production Feb. 17, won't restart for another two weeks. TI is sending adaptor cord that eliminates potential hazard to all known owners, supplying them to dealers, installing them on all units it has in stock.

Bad timing award of month goes to Puerto Rico for business press ad run last week headlined "Look who helps Pac-Man take a huge bite of the U.S. market." Copy notes how Atari boosted employment at its game cartridge plant there from 35 in 1981 to 1,000 by mid-1982, notes company produces 30% of its world, 50% of its U.S., cartridge requirements at facility. Ad, of course, ran just week after Atari announced it was closing Santa Clara, Cal. plant, dismissing 1,700 workers, shifting output of game & computer consoles & cartridges to plants in Puerto Rico, Hong Kong & Taiwan (Vol. 23:9 p12).

Family Computing magazine due in Sept. from Scholastic is consumer-oriented publication aimed at computer-owning homes. While it will have articles for children, editorial emphasis will be on explaining home & school computer use to parents. It expects to launch with 200,000 paid, 200,000 bonus circulation, carry \$1.95 cover price.

Low-priced handheld computer from Radio Shack has 330,000-byte memory, lists at just \$70. Accessories include 1K memory expansion module at \$20, data storage cassette interface at \$40, printer at \$80.



**1982 TV IMPORTS:** Korea replaced Taiwan last year as 2nd largest source country, after Japan, of complete color TV imports, Commerce figures show. In addition, last year's shift by GE from own U.S. plants to Gold Star as source for b&w TVs left Korea as only major supplying country without import decline for that classification. Taiwan, where RCA & Zenith as well as local and some Japanese companies produce U.S.-bound monochrome, continued as supply leader.

Quota on exports of most complete color TVs from Korea & Taiwan was lifted July 1 last year, and resulting rise in 2nd half shipments from those countries was force behind full year increase of 12.7% in imports to 4-year high of 2.19 million (Vol. 23:7 p10). Modest contribution to that increase stemmed from Malaysia's emergence as color supplier last year.

There was sharp increase in imports from Taiwan & Korea last year. Presumably that's because 1982 was first full year of output at Atlanta plant of Taiwan's Sampo and of assembly started in Aug. at Gold Star plant in Huntsville, Ala.

Following are by-country TV import totals for Dec. and 1982. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

		Total TV			
		Month	%chge.	1982	%chge.
<b>Japan</b>					
total...	118,700	-31.3	1,891,200	- 9.3	
color...	74,400	-37.7	1,254,600	- 8.3	
b&w.....	44,300	-16.8	636,600	-11.0	
<b>Taiwan</b>					
total...	176,900	- 7.5	3,116,800	-17.6	
color...	57,600	+46.8	502,100	- 3.7	
b&w.....	119,400	-21.5	2,614,700	-19.8	
<b>Korea</b>					
total...	209,400	+ 9.5	2,731,700	+ 9.6	
color...	51,500	+356.3	629,200	+59.1	
b&w.....	158,000	-12.1	2,102,600	+ 0.3	
<b>Singapore</b>					
total...	68,200	+37.4	532,300	-23.9	
color...	64,300	+73.7	464,000	+17.4	
b&w.....	3,900	-69.3	68,200	-18.1	
<b>Malaysia</b>					
total...	16,100	--	83,600	--	
color...	12,300	--	50,700	--	
b&w.....	3,800	--	32,900	--	
<b>Canada</b>					
color...	6,500	-16.0	77,600	-55.5	

Complete Color					
Japan....	51,900	-27.0	814,900	+12.3	
Taiwan...	50,100	+27.7	453,900	-11.6	
Korea....	45,500	+303.1	619,600	+57.7	
Singapore	15,400	+14.0	152,400	+17.0	

Color Chassis & Kits					
Japan...	22,500	-53.4	439,800	-31.6	
Taiwan...	7,517	--	48,100	+510.8	
Korea....	6,000	--	9,600	+297.3	
Singapore	48,900	+108.1	311,600	-35.8	
Mexico...	143,400	+34.0	1,474,600	-26.1	

**SONY STREAMLINING:** Revamping of Sony organizational structure for maximum efficiency after bad year (Vol. 23:8 p13) is continuing, and it's expected eventually to affect entire organization — not only Sony Consumer Products (SCP), which was first to feel effects.

Key man in streamlining operation presumably is Noboru Maeda, who recently joined U.S. operations from Tokyo Corporate Planning Dept. as mgr. of operations analysis, reporting to Sony America Pres. Kenji Tamiya. Before joining Sony in Japan, Maeda served with IBM for 8 years in posts in N.Y. & Tokyo.

Within SCP, marketing, communications & planning functions are undergoing consolidation. Three vps will be leaving in next few months; it's understood at least one had planned to resign anyway. Those involved are Vernon Brisson, consumer product planning vp, 20-year industry veteran (10 years with Sony, before that Philco, Sylvania & Emerson); John Coghlan, vp-mktg. communications, also Sony veteran; William Baker, PR vp, who joined Sony in 1981, recently has headed campaign against anti-taping legislation.

SCP already has made some highly visible strategy changes in connection with 1984-model product introductions. In place of its normal national convention, it will have longer (4-5-day) regional meetings in 40-50 markets, and will not exhibit at summer CES this June in Chicago. SCP Pres. Joseph Lagore said regional plan "makes more sense" this year because of nature of products, which require fuller exposition and more demonstrative approach — Beta Hi-Fi & Beta Movie, both of which presumably will be subject of fairly lengthy tutorials.

CES dropout reflects continuing dilemma of companies which have national sales meetings — it becomes redundant if distributors & dealers have already seen product. The 2 moves this spring, according to Lagore, reflect "efficiency, but not necessarily economy."

Lagore maintained that there have been "no broad, sweeping changes" in SCP. Throughout company, however, effects of streamlining inevitably will be felt. One Sony source indicated that changes eventually will affect financial, data-processing, manufacturing & branch operations, as well as marketing. It's still too early to determine how far-reaching changes will be, but it's obvious that parent company is concerned about financial problems plaguing Sony America along with rest of U.S. industry and is directly taking steps to put subsidiary on more efficient basis.

Super minicomputer introduced last week by Data General is first to use 32-bit microprocessor. Selling for \$154,000, unit can handle 2 million instructions per sec., making it 60% faster than 16-bit models. Most current home computers contain 8-bit processors, with 16-bit feature starting to show up in newest models. Move of 32-bit processor into minicomputers means increased production, rapidly declining cost that could make device practical for inclusion in personal computers by 1985.



**NEW CAPTION DECODERS:** Closed-caption decoders for CATV, as well as on-air, use by hearing-impaired are being marketed by Colormax of Edison, N.J., first hardware marketer to enter field since Sears started offering Sanyo-made adaptor 4 years ago.

Colormax has exclusive license from National Captioning Institute to sell CATV decoders, standard license for use with 12-channel CATV converter at Mgr. Ken Siegel. He said units are made in Taiwan by affiliate using TI chips. Sanyo is producing over-air decoder Sears lists at \$270 in Forrest City, Ark. plant -- Sears dropped decoder-inclusive 19" color TV from current catalog (Vol. 23:9 p14).

Siegel told us Colormax has started marketing through distributors and direct by mail, offers CATV model for use with 12-channel CATV converter at \$270, version with built-in 36-channel converter at \$299, over-air at \$299. It's also setting up deals with cable operators. First on board is Vision Cable Communications, which plans to offer decoders for rent at \$6 monthly to 220,000 subscribers to its systems in Fla., La., N.J., Pa. & S.C. VCC said it placed opening order for 100 at \$220 each for delivery by end of April. Siegel said VCC could have had units off shelf, but wanted them equipped with channel 2-3 output selector, rather than standard 3-4.

Closed captions are offered on selected TV shows by ABC, NBC & PBS — CBS has declined to join — as well as by such cable services as HBO, ESPN, ON-TV & Showtime. Citing relatively low decoder penetration, NBC last Aug. announced it would stop paying to have programs captioned, but would accept shows captioned by others, and wouldn't delete captions from reruns (Vol. 22:35 p13). NCI estimates 65,000 decoders are now in use, up from 60,000 in Aug., says that represents viewing audience of 250,000.

RCA, meanwhile, has experimented with use of closed captioning in videodiscs, sees no barrier imposed by disc medium, may offer some captioned discs soon.

India clarified electronics investment policy to say that while foreign ownership would be considered in b&w tube production (Vol. 23:8 p13), decision to permit set makers to enter color arena will result in no change in domestic-only regulations for TV plants. Govt. said foreign participation, preferably with local partners, may be allowed in b&w tube ventures having annual capacity of million or more. Color TV plants must be 100% Indian owned, but, govt. said, it would put no upper limit on capitalization. That represents change in India's b&w set production policy of keeping handful of large companies from dominating market by restricting investment to \$1 million or less.

Japan's Kyocera was forced to sell its 86% interest in U.S. semiconductor producer Dixel to Gould for \$7.5 million when U.S. Defense Dept. demanded divestiture on national security grounds. Kyocera said DoD invoked seldom-used rule requiring that U.S. citizens manage companies involved in military R&D.

**JAPAN'S 1982 EXPORTS:** Final 1982 figures from Finance Ministry show Japanese closed out sluggish year for video exports to U.S. with decline in Dec. shipments of both VCRs and TVs.

Month's VCR exports of just 178,700, were down 33.5% from same 1981 month. It was 3rd consecutive monthly decline, and put final quarter at 634,500, off 20.7%, left full-year total at just over 2.5 million, up only 5.5%. Japanese started off 1982 with surge in exports to U.S., and by end of first quarter shipments were running 55.5% ahead of 1981. But that was peak in terms of percentage increases, as inventory build up here forced shipment slowdown there.

Year's export total was 469,500 more than number of VCRs EIA reported sold to U.S. retailers in 1982. That's sharp contrast to 1981 when Japan's VCR exports topped U.S. sales by 1.01 million. As Japanese exports include VCRs shipped to U.S. for re-export to Canada, Latin America and elsewhere, they can't be directly matched against EIA totals. But comparison does give relative picture of Japan's effort to help cut down stockpile that built up here.

In TV, total exports dropped 35.4% in Dec. to 77,000, with color off 16.1% to 60,500, b&w down 65% to 16,500, lowest monthly monochrome shipment level in 8 years. For year, overall exports were down 11.3% to 1.35 million, with color down 6.9% to 952,000, b&w at just under 401,000, new low for 17 years records are available. In color, all decline came in complete TVs, off 40% in Dec. to record low for month of 31,800, and down 14.3% on year to 636,800. Color chassis & kit exports jumped 50.4% in month to 28,800, were up 12.6% for year to 315,200.

Maxwell's Video Showcase, being sued by Hollywood studios over use of videocassettes in its mini-theaters (Vol. 23:4 p16), has responded with antitrust counterclaim. In Philadelphia federal court filing, it alleges movie studios are conspiring to restrain trade, claims first-sale doctrine allows public performance. While legal battle rages, concept is starting to spread. American Video Exchange, based as is MVS in Erie, Pa., is pushing national franchise of viewing rooms, charging \$5.95 & \$8.95 for movie, plans to open 100 Nickelodeon Video Showcase locations by year's end. Under negotiations now being conducted, movie studios would get 10% of gate. AVE Pres. John Leonard is due to make presentation at March 7 presentation at ITA meeting in Hollywood, Fla. this week.

LCD TVs may be next wave of novelty electronic products from Japan. Only formal U.S. introduction so far has been Casio's 2-3/4" pocket TV (Vol. 23:3 p22), but Seiko's wrist TV, now on sale in Japan, is scheduled for sale here and in Canada starting this summer, and production is being stepped up to 2,500 monthly beginning in April. Hitachi, Matsushita and Toshiba reportedly have test-manufactured their own models, presumably could begin production this year.

VCR penetration in Japan rose to 12.5% from 5% of homes in 2 years, according to NHK survey made in Nov. of each of last 3 years.



## 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
American Bcstg. Cos.			
1983-year to Jan. 1	2,664,528,000	160,027,000	5.54
1982-year to Jan. 2	2,443,713,000	146,313,000	5.13
1983-13 wk. to Jan. 1	759,682,000	41,064,000	1.42
1982-13 wk. to Jan. 2	736,660,000	43,833,000	1.53
Cohu			
1982-year to Dec. 31	18,322,150	573,788	.33
1981-year to Dec. 31	19,326,015	1,199,526	.70 <sup>a</sup>
1982-qtr. to Dec. 31	4,313,938	78,025	.04
1981-qtr. to Dec. 31	5,088,098	243,470	.14 <sup>a</sup>
Oak Industries			
1982-year to Dec. 31	545,720,000	4,103,000	.25 <sup>b</sup>
1981-year to Dec. 31	507,119,000	30,350,000	2.23
Texscan			
1983-9 mo. to Jan. 31	37,917,650	3,887,687	.62
1982-9 mo. to Jan. 31	28,797,941	2,787,845	.47 <sup>c</sup>
1983-qtr. to Jan. 31	14,182,744	1,425,952	.22
1982-qtr. to Jan. 31	10,633,937	1,058,960	.17 <sup>c</sup>

Notes: <sup>a</sup>Restated. <sup>b</sup>After special charge. <sup>c</sup>Adjusted.

## Consumer Electronics Personals

**Yutaka Otoshi**, TDK Corporate Planning Office chief, advanced from senior exec. vp to pres., succeeding Fukujiro Sono, now chmn.; Div. heads named exec. dirs.: **Hiroshi Sawano**, Magnetic Tape Mktg.; **Goro Suzuki**, Mfg.; **Makoto Komoda**, Materials & Components Mktg.; **Yasuo Imaoka**, R&D... **James Dimmock** appointed Intermagnetics America pres. in reorganization of holdings by parent Agra International into 4 units — IM Engineering, American Video Tape Mfg., Magnetic Tape International, Amex Export; **Terry Wherlock**, ex-Intermagnetics Corp. pres., forms Intermagnetics Technology to produce worldwide services for Agra's international IM operations... **James Vollmer** advanced at RCA from Group vp to corp. technical evaluation & planning senior vp; **David Brenner** promoted from staff vp & asst. controller to corp. vp-controller; **John Budd**, ex-Kettering Group, joins Mattel as corp. mktg. vp, new post... **George Hegg**, named 3M Memory Technologies Group vp, Information Technologies Sector.

**Ronald Friedman**, ex-Rentabeta, joins Portavideo as business affairs vp... **Richard Ehrens** & **Ira Picker** named east region sales dir. and sales mgr., respectively, of new RCA Selectavision Videodisc field sales force; **Chuck Crossen** & **Terry Boyer** named to those posts for central region, **Jack Patterson** & **John Balls** for southeast, **Larry Sperduity** & **George Harrison** for southwest, **Eric Doctorow** & **Susan Hatfield** for west... **Arlene Simmons** promoted to creative services mgr., CBS/Fox Video International... **Charles Gellini**, ex-Blair TV, named international sales mgr., National Video Clearinghouse... **David Bannon**, ex-Thorn EMI Video Programming Enterprises, forms consultancy Bannon/The Creative Consort.

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DNR noise reduction system is 2nd only to Dolby for use in audio equipment, and more than 2 million channels (not all use is stereo) have been shipped since introduction in Feb. 1981, according to DNR IC maker National Semiconductor. NS says it shipped only 500,000 channels in 1981, against 27 million for Dolby. It expects to move 7 million this year, projects Dolby at 31 million, DBX at 1.1 million, all others at 1 million. By 1987, NS says, DNR will have broad use in cordless telephones, satellite receivers, video equipment and AC carrier current communications devices, and demand will be for 20 million channels. Usage will be even higher, company says, if microcassette format catches on for audio.

Videodisc arcade game development agreement has been signed by Advanced Video and NFL. Game will incorporate footage supplied by NFL Films, let player function as coach, is slated to be available by start of next NFL season. AV Pres. Richard Fisher expects 5,000 units in first order, 20,000-50,000 within year of introduction. Sega Enterprises, which is developing Star Trek disc game, is considered prime choice as manufacturer.

Egypt picked RCA Service to help develop & implement technical training & support program aimed at improving nation's productivity and industrial output. Funding for \$13.3 million contract will be covered by grant from U.S. International Development Agency.

Hitachi will boost plant & equipment spending 13% to about \$600 million this year; nearly 3rd is earmarked for semiconductor expansion.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

MARCH 14, 1983

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### Broadcast

**NCTA & CITIES REACH ACCORD** on cable deregulation, offer it as substitute for Goldwater bill. Cable loses at Copyright Office. (P. 1)

**TIO BUDGET, NAB SALARIES:** TIO expects income & expenses of \$1.5 million next year, Dir. Danish gets \$155,900, NAB's Summers \$112,500, Krasnow \$100,000. (P. 3)

**'PRIVATE' ATLANTIC SATELLITE:** Orion Satellite venture seeks bird to serve western Europe & North America. Said to 'complement' Intelsat. (P. 4)

**FCC ADOPTS U.S. POLICY** for RARC '83, recommends 72 channels for 4 service areas. GAO criticizes U.S. preparation, State Dept. names Geneva delegation. (P. 5)

**NAB ELECTS 17 TO BOARD:** Only incumbent to lose is J.D. Osburn of Radio Dist. 19. Ex-NAB Vp Jones elected to radio board. (P. 6)

**'FUROR' IN ALA.** AS TV CREW watches man set himself afire, tapes scene for 37 sec. before attempting to put out blaze. (P. 8)

**SUPREME COURT UPHOLDS RIGHT** of public broadcasters to make independent editorial decisions on airing PTV programs, declining to review 'Death of a Princess' case. (P. 8)

**CABLE INDUSTRY & CITIES TENTATIVE COMPROMISE:** After weeks of negotiations, NCTA and National League of Cities last week reached tentative out-of-Congress compromise on cable legislation that organizations will offer as substitute for cable deregulation bill (S-66) introduced by Sen. Goldwater (R-Ariz.) and subject of recent Senate Commerce Committee hearings (Vol. 23:8 p3). Accord was immediately hailed by many as fair compromise that will form framework defining relationship between franchisee & franchisor for years to come. Some industry executives said they were delighted cities made so many concessions. Agreement still awaits NCTA board approval, to be considered at March 22-23 meeting in Washington, but our discussions with many major operators indicates strong prospects of approval.

Obviously pleasing to industry is fact that in compromise cities utter 3 phrases cable has long wanted to hear: "Reasonable expectation of franchise renewal," "no... common carrier or utility status" and "no governmental entity may regulate the content of programming." Cities are happy that under compromise they get 5% franchise fee ceiling, at least until FCC acts to lower it, and some guarantee of access capacity. And, while cities can't now demand

### Consumer Electronics

**COLOR SETS RECORD** for Feb. sales, along with projection & cameras. VCR sales double last year; inventories continue decline, 2nd quarter shortages possible. (P. 11)

**ITA BACKS REVISION** of first-sale doctrine in controversial vote which pits it against EIA. Move could take heat off royalty bills. (P. 11)

**FRANCE'S THOMSON AGREES** to buy control of Telefunken after German Cartel Office turns down Thomson bid to take over Grundig. (P. 12)

**SONY SETS FREEZE** on size of support staff at Tokyo hq, new hiring policy. (P. 13)

**RCA SALES & EARNINGS** from video products sagged last year, annual report shows. Factory color & VCR unit volume declined. (P. 14)

**HARD DISCS ENTER** race for data storage as built-in personal computer medium. (P. 16)

**NEW LINE SHOW CALENDAR** almost totally revamped this year, many convention dates earlier, few later, than in 1982. (P. 17)

**TAIWAN ISSUES RULES** for VCR production, sets minimum standard for local parts content, requires exports by foreign invested plants. (P. 17)



gold-plated system in RFPs, they can enforce performance on every bell & whistle franchisee may voluntarily offer. Cities even tossed in sweetener: Operator can itemize on subscriber bill charge reflecting cost to consumer of franchise fee — issue that's been contested in court.

Rates for basic cable service would be deregulated as long as market is served by Grade B signals of at least 4 commercial TV stations. Cities receiving 3 or fewer Grade B signals could continue to regulate basic rate. According to our Television & Cable Factbook, 46 of top 50 markets have at least 4 commercial stations. NLC decided to drop demands for regulation of pay service rates and meet NCTA halfway on basic rate regulation because, NLC spokesman said: "We believe there is some validity to the competition's argument that marketplace forces will work."

Other highlights of tentative accord: (1) Cities or states that buy cable systems must pay fair market value. (2) Operator can remove particular channel specified in franchise if there's been "significant change in circumstances," especially higher cost to operator. (3) Access channels "may be established" in franchise upon "voluntary agreement" by parties; operator may put own programming on access channels if they aren't being used. (4) Any regulated rate may be increased annually by 5% or rise in Consumer Price Index, whichever is greater.

"I can't predict how the board will react," NCTA spokesman said, "but it's clear this is the staff recommendation to the board." If Assn. board signs off on compromise, attention will turn to decision by Goldwater to accept it as alternative to his bill, which goes further toward deregulation. Said CATA's Stephen Effros: "From what I've heard, I don't see why Goldwater won't go along. Our preliminary analysis is it's not inconsistent with what he's doing [in S-66]." NCTA said compromise "is quite close to what Goldwater introduced... and it's certainly in the public interest."

Proposal defines 3 levels of jurisdiction. State or local jurisdiction would include authority to: (1) Grant franchise and set franchise life. (2) Establish minimum qualifications for applicants. (3) Set construction schedules and determine causes for franchise cancellation. Federal govt. would control technical standards, privacy rights, cross-ownership limits, compensation for access to property. Cities would have power to enforce federal rules on access, rate regulation, franchise fees, renewal or extension of franchise, pole attachment fees, theft of service.

Franchise renewal would follow this timetable: Operator submits application for renewal 18 months before expiration. Within 90 days, city conducts public hearings and 30 days after that it begins "good faith negotiations" with operator for purpose of "establishing terms and conditions for renewal." City must make decision on renewal within 12 months of receiving application. Only after city has considered renewal application for 7 months can it deny application and then it must provide detailed statement outlining reasons for denial. Only after giving that statement can city issue RFPs.

Franchising authority may deny renewal if: (1) Signal quality didn't meet FCC technical standards. (2) There's been material change in operator's legal, technical or financial qualifications. (3) There was any material breach of franchise terms. (4) Operator failed to provide reasonable access capacity upon demonstration of community need. Otherwise, operator "shall have a reasonable expectation of renewal and may appeal a denial of a renewal or failure to act on an application to a court."

Meanwhile, Copyright Office has rejected most arguments raised by cable industry in inquiry on issues relating to copyright signal carriage. Most importantly, Office turned back novel argument by CATA that cable operator could carry 34 independents as substitutes for specialty stations and pay old copyright rate even if system didn't carry any specialty stations in past.

In "limited provisional opinion letter" released late last week, Office apparently sidesteps issuing opinion on circumstance where operator actually carried specialty station and now wants to substitute independent. Said attorney at Office: "If you never carried a specialty station, you cannot now substitute for an independent at the old [copyright] rate. But, we are not now expressing an opinion on the question if you did carry a specialty station in the past and now wish to substitute. We are reserving our opinion on that question."



In matter of ungranted waiver requests for signal carriage, spokesman for Office said: "We also disagree with that argument of cable systems. We believe that if a signal was not actually carried pursuant to a waiver that was granted, then the new [copyright] rate would apply." Office didn't reach conclusion on question of expanded geographic coverage of previously carried signals. "We simply make the observation that for this argument to be valid, cable systems should have been reporting gross receipts for the expanded geographic area even though some subscribers in the area didn't receive the signal. If they did [report gross receipts for expanded geographic area] then there is some merit to the cable argument."

Effros said he was disappointed Copyright Office didn't affirm his larger argument, but said he was elated that "they have now found for the first time they have the ability to interpret the [Copyright Act of 1976] as opposed to simply following the language of the Act." Effros also criticized Office for using vague language in letter, not "chapter and verse" of law when issuing ruling.

**TIO SETS \$1.5 MILLION BUDGET:** Meeting in St. Croix last week, NAB TV Information Committee approved TIO budget of \$1.5 million in income, up \$100,000 (more than half coming from increase in payments by networks & NAB), for fiscal year beginning April 1. However, expenses are projected to increase some \$140,000, leaving TIO with slight projected deficit. Expenses for current year (ending March 13) are expected to match \$1.4 million in income.

Most of TIO's income comes from station subscribers — \$861,000 — with TV networks & NAB putting in combined \$634,000; another \$9,000 is brought in by miscellaneous items. By far, largest expense is for salaries — \$740,000 — with \$122,000 for rent. TIO Dir. Roy Danish received 6% raise Jan. 1, making his salary \$155,900 and putting him above NAB Pres. Edward Fritts' \$150,000 in base pay. However, Fritts receives several other incentives — such as deferred income, keyman insurance — which don't accrue to TIO pres. Jerome Lansner, who moved from defunct NAB Code Authority to TIO in Jan., is paid \$61,600.

As for NAB salaries, Exec. Vp-Gen. Mgr. John Summers gets raise April 1 (start of new fiscal year) from \$105,000 to \$112,500, plus an NAB car for first time (Summers has Buick, Fritts Cadillac). Other salaries of NAB vps, starting with new fiscal year (where available, old salary is in parentheses): Senior Vp-Gen. Counsel Erwin Krasnow, \$100,000 (\$90,000); Senior Vp-Govt. Relations Steven Stockmeyer, \$90,000 (\$85,000); Senior Vp-Station Services James Hulbert, \$80,000 (\$75,000), plus commission from income-producing department he now heads; Senior Vp-Science & Technology Thomas Keller, \$77,500 (\$72,800); Senior Vp-Public Affairs Shaun Sheehan, \$77,400 (\$71,000); Larry Patrick, who resigned as head of research earlier this year, was slated for raise from \$71,000 to \$77,400; Secy.-Treas. Michael Harwood \$66,500 (\$61,000).

Also, TV Vp Jane Cohen and Radio Vp Wayne Cornils both from \$58,400 to \$64,000; Govt. Affairs Vp Richard Wycoff, \$60,000 (\$54,000); Govt. Affairs Vp Carol Randels \$60,000 (\$52,500); Vp-Planning & Development Harold Niven \$56,934 (\$53,150); Membership Vp Lawrence Tierney \$55,000 (\$52,400), plus commission on new members; Best. Management Vp Ron Irion \$44,250; Vp-Minority & Special Services Dwight Ellis \$38,770.

NAB's new fiscal budget projects income of \$9.3 million, surplus of \$220,000 — all of it from \$250,000 saved when Code operations were dropped. Major income sources are annual convention (\$1.76 million from 1982 Dallas show, expected \$1.93 million profit on April 10-13 convention in Las Vegas), \$3.15 million TV dues, \$3 million radio dues, \$660,000 from associate members, \$240,000 rent.

"Shocked," NAB Chmn. William Stakelin said of FCC refusal to grant extension of comment deadline (March 25) in rulemaking to require TV stations to share auxiliary services with former occupants of 12 GHz band, now allocated for DBS: "This new allocation plan would have a devastating impact on TV broadcasters... Initial estimates are that it could cost commercial and public broadcasters in excess of \$100 million over the next 10 years for modifications of transmitters and receiving systems."

Voice synthesizer was keystroked by House Speaker O'Neill (D-Mass.), Sen. Packwood (R-Ore.) talked by satellite to cable subscribers in Ohio, and Rep. Wirth (D-Colo.) admired new cellular phones at exhibition of communications technologies last week on Capitol Hill. "ET/83," co-sponsored by House Telecommunications Committee and Senate Commerce Committee, drew 23 exhibitors and hundreds of visitors who were encouraged to touch and use latest communications systems on display.



**'PRIVATE' SATELLITE PROPOSED:** In move that will certainly provoke intense & prolonged debate on both sides of Atlantic, new Orion Satellite Corp. last week was to file at FCC application to launch 2 "private" Ku-band satellites to orbital locations capable of illuminating much of North America and almost all of Europe. Principals of venture are primarily major cable figures.

Thomas McKnight, Washington attorney who is pres. of Orion venture, told us service won't compete with Intelsat because Orion won't operate as common carrier, instead is intending to sell capacity to large telecommunication users such as govt. agencies, video networks, financial institutions & multinationals. Said McKnight: "Just as private systems complement common carrier networks within a country, the Orion facilities will complement the global Intelsat network and the carrier-owned submarine cable links."

Senior FCC official, who didn't want to be identified, described Orion application as "cute," noting that it raises intriguing issues. While declining to speculate whether FCC would accept Orion's application, he noted that Intelsat Agreement doesn't specifically address issue of private satellite networks, "because such things were never contemplated when Intelsat was created." Intelsat official was more definite, asserting that Orion service would certainly be competitive with Intelsat and would be barred under terms of Intelsat pact.

Orion's shareholders include: Gustave Hauser, former Warner-Amex chmn.; John Saeman, Daniels & Assoc.; Gerald Buford, Daniels; Frank Drendel, M/A-Com; John Cole, Washington attorney; Robert Hughes, Prime Cable; veteran cable operator Jack Crosby; John Puente, M/A-Com; Centennial Fund, Denver. Dirs. of Orion are McKnight, Orion Exec. Vp Christopher Vizas, Hauser, Saeman & Steven Halsted (chmn.). Technical consultant to company is Walter Morgan, pres. & senior consultant, Communications Center of Clarksburg.

ATC has agreed to pay Jackson, Miss. \$1.4 million in back franchise fees and it committed \$3.2 million for system upgrade in settlement of suit brought by city about 5 years ago. ATC contended city could collect franchise fee based only on basic service revenue, not revenue from pay tiers which were added after franchise was granted, but conceded point and paid \$1.4 million representing 5% of premium channel revenue over last few years. ATC will upgrade system serving about 40,000 subscribers from 12 to 19 channels, provide subscribers with Z-TAC addressable boxes.

John Lockton, Warner Amex Cable pres. for last 2 years, resigned to "pursue other business in near future," Warner Communications announced last week. WAC Chmn. Drew Lewis will "assume the duties of the office of the president." "Rather than hire another president," WAC official told us, "Lewis himself is going to get intimately involved in the day-to-day operations of running the company. His management style is to get involved." Lockton didn't announce plans.

**MST HITS FCC UHF SHARING PLAN:** MST has attacked FCC proposal to implement 1979 WARC agreements by revising domestic frequency allocations to incorporate fixed & mobile services on secondary basis on UHF Chs. 21-36 & 38-69. Broadcasting is recognized as primary user in those bands throughout Western Hemisphere, MST said in FCC reply comments, therefore "additional domestic allocations to fixed and mobile services... are not required" to bring U.S. into compliance with treaty.

FCC in 1978 concluded that no basis had been established for amending domestic table of allocations in UHF, MST said. Group also takes issue with narrow scope of FCC's notice of proposed rulemaking without first conducting extensive studies and establishing lengthy comment & reply period. MST claims there's no need to set aside whole blocks of spectrum for land mobile when it appears some new land mobile technologies, such as cellular radio, may reduce demand for existing land mobile spectrum. Growing UHF TV, coupled with burgeoning number of LPTV applications, indicate greater showing of need for those bands than those made by land mobile users, MST said.

AT&T also filed comments, takes issue with proposal to permit domestic mobile satellite service on secondary basis to primary terrestrial mobile service in 3 terrestrial reserve bands. It said Commission is right in its misgivings that such secondary allocation will cause interference with land mobile services such as cellular. AT&T said those bands between 806-890 MHz "should be reserved exclusively" for land mobile.

Lie detector tests must be taken by all federal employees with access to classified information during any investigation of leaks or they will face discipline, including possible dismissal, President Reagan ordered late last week. With exception of CIA, National Security Agency, Justice Dept. and some components of Defense Dept., federal employees can refuse to take polygraph test without prejudice. Under Reagan order, all employees who have access to classified information "may be required to submit to polygraph examinations when appropriate in the course of investigations of unauthorized disclosures of classified information." He further ordered that "as a minimum" new regulations issued by each department & agency "shall permit an agency to decide that appropriate adverse consequences will follow from an employee's refusal to cooperate with a polygraph examination."

NBC TV Network will join ABC & CBS by adding 6 30-sec. commercial spots in prime time, starting April 1. Spots will replace network promotions, won't add to non-program time; NBC will use 4, allocate 2 to affiliates. NBC official said it was making move "very reluctantly... We didn't want to do it." ABC started latest round of expanding ad time, announced in Feb.; CBS followed suit, with expansion on that network starting April 3. All 3 networks added more paid spots (without increasing non-program time) last fall, and ABC already has said it will expand further next fall.



**U.S. PREPARATIONS FOR RARC HEAT UP:** FCC set U.S. objectives and State Dept. issued delegation list last week in most active week yet of preparations for '83 Regional Administrative Radio Conference to be held in Geneva this June-July. Meanwhile, GAO criticized U.S. preparedness for conference, which will set orbital spacing requirements for direct broadcast satellites in North & South America (Region 2).

For U.S. objectives & proposals, Commission recommended U.S. seek minimum of 8 eclipse-protected orbital positions for 4 service areas that would accommodate around 72 channels per service area. Service areas should be of about equal size, Commission said.

Channels would be "insufficient" in long run to meet anticipated U.S. requirements, so U.S. also should seek provision for additional channels for later use, Commission said. Flexible structuring of RARC agreement could allow for "procedural mechanism for accessing such positions," or "possible inclusion of non-eclipse protected orbital positions in the plan," Commission said. Essential to developing flexible plan suiting requirements of all Region 2 countries is selection of technical criteria reflecting state-of-art advances in such systems, FCC added.

Overall, Commission expressed concern that plan & slot coordination allow sharing & use of "initial or interim systems" that may take different form from those in final plan in order to speed up service implementation in U.S. Eight applicants have been granted permits to construct DBS systems in U.S.; another 5 applications are pending. First of these systems would be ready for business in 1986.

Meanwhile, how U.S. was going about readying itself for conference came under fire in House hearing last week. Lowell Dodge, GAO assoc. dir. for resources, told House subcommittee that unexpected number of preparatory meetings had put strain on agencies' budgets and that problem could be avoided by making more funding available for "these critical, preliminary sessions." GAO study presented in testimony cited "the present budget-cutting mood [which] encouraged concentration on concrete activities" as reason why agencies had been forced to "scramble" for money to attend preliminary bilateral meetings at which many policy decisions often were made.

Delegation chief Abbott Washburn took issue with GAO report's view of budget constraints hampering RARC preparations at hearing, said: "The bottom line is that the programs are funded... quite adequately." Washburn also had words about recent NTIA report recommending alternatives to ITU be considered: "I don't think we should get out of the ITU — there's far too much talk about that and no definite substance."

There was some discussion of delegates at hearing; congressmen questioned why Administration was taking so long to approve list submitted last Oct. State Dept. released list later in week. List contains — in addition to Chmn. Ambassador Washburn and Vice Chmn. Kalmann Schaefer, FCC — 4 senior

advisors, 12 govt. members & 14 private sector members. Senior advisers are John Clark, RCA; Richard Shrum, State Dept.; Edward Jacobs, FCC; Donald Jansky, NTIA. James Ebel, Fetzer Bestg., will represent U.S. commercial stations.

**FOI FEE WAIVERS:** Rep. English (D-Okla.) has written all federal regulatory agencies urging them, in effect, to ignore guidelines issued Jan. 7 by Justice Dept. on charging fees for FOI requests. English, chmn. of House Govt. Information Subcommittee, said it was intent of Congress that documents should be furnished at reduced charges "where the public interest is best served" and that this "public interest standard should be liberally construed." DoJ had advised agencies that, in most cases, they should charge.

Justice can advise agencies on FOI requests but that advice isn't "binding," English wrote. He charged Dept.'s position is very "biased" against granting waivers, said it had "ignored" important cases significant to granting fee waivers as well as clear intent of Congress. "It appears that the Justice Dept. selected its guidance from cases and pieces of cases chosen to provide as many different reasons for denying fee waivers as possible and to make the consideration of fee waiver requests as complex as possible."

English was particularly adamant that reporters & scholars should be granted waivers: "It is not the role of an agency to decide whether the reporter will understand the information... who might read the story or whether the story is important... Information provided to the press as part of newsgathering benefits the general public, and the press is entitled to a fee waiver... Similarly, an agency should not use fee waiver requests to substitute its own judgment for that of scholars and others whose work results in oversight of agency activities."

Senate Rules Committee has set April 14 for another hearing on permitting TV-radio to cover Senate floor proceedings, leading Dean Mell, pres. of RTNDA, to say he was "bitterly disappointed that another effort will be made to delay a vote... A small group of senators has insisted upon yet more hearings... Those hearings will be a waste of the taxpayers' money and the Senate's time [since] the resolution is virtually the same as the one passed by the Rules Committee in the last session... The only reason for the hearing is to delay consideration... until the logjam of other business precludes its consideration by the Senate as a whole."

On last work day before argument, FCC last week turned down Committee for Prudent Deregulation request for postponement of March 14 en banc hearing on amending network financial interest & syndication rule. Arguing for CBS will be Pres. Thomas Wyman, for NBC Pres. Robert Mulholland, for ABC Senior Vp-Gen. Counsel Everett Erlick. Argument has been divided into 6 panels, with Jack Valenti, MPAA pres., and Dean Burch, counsel for CPD, joining networks on 2nd panel at 9 a.m.



**NAB ELECTS 19 TO BOARD:** Only one incumbent lost in NAB radio & TV board elections in results of mail balloting announced last week. Reelected were 2 TV dirs., plus 4 new to TV board, and 5 radio dirs. Also elected was ex-NAB Radio Vp Charles Jones, WSRZ(AM) Sarasota, Fla., who will represent Dist. 7 (Fla., P.R., V.I.). Jones was succeeded as NAB vp in 1978 by Wayne Cornils, former radio dir. from Nampa, Ida. who is still in job.

Incumbent loser was active candidate for radio vice chairmanship at June election — J.D. Osburn of Osburn/Reynolds Stations, representing north Tex. & Okla. He was defeated by Bev Brown, KGAS(AM) Carthage, Tex.

Jerry Holley (246 votes), Stauffer Communications, and candidate for TV chmn., and William Dunaway (270), WTHR Indianapolis, were reelected to TV board. Leslie Arries (who previously served 8 years on TV board), WIVB-TV Buffalo, led ticket with 287 votes. Other TV winners, with vote totals in parentheses: Wallace Jorgenson (246), WBTV Charlotte; Michael McCormick (242), WTMJ-TV Milwaukee; Peter Kizer (229), Detroit Evening News Bestg. TV board losers: Wallace Dunlap (218), Westinghouse Bestg. & Cable; Kenneth Hatch (213), Bonneville; Evans Nord (207), KELO-TV Sioux Falls; C.P. Persons (165), WKRG-TV Mobile; Michael McKinnon (131), KIII Corpus Christi; Jack Matranga (115), KTXL Sacramento.

Radio winners: Dist. 1 — Richard Rakovan, WSNE(FM) Providence; Dist. 3 — Edward Giller, WFBG-AM-FM Altoona, Pa.; Dist. 5 — Walter May, WPKE(AM)-WDJR(FM) Pikeville, Ky.; Dist. 7 — Jones; Dist. 9 — Clyde Price, WACT-AM-FM Tuscaloosa, Ala., former radio dir. who defeated another ex-dir., Thom Smith, WDEN(FM) Macon, Ga.; Dist. 11 — David Palmer, WATH(AM)-WXTQ(FM) Athens, O.; Dist. 13 — Kenneth MacDonald, WSAM(AM)-WKCQ(FM) Saginaw; Dist. 15 — Ted Snider, KARN(AM) Little Rock; Dist. 17 — William Hansen, WJOL(AM)-WLLI(FM) Joliet; Dist. 19 — Brown; Dist. 21 — Dean Sorenson, KCCR(AM)-KNEY(FM) Pierre, S.D.; Dist. 23 — Gary Capps, Capps Best., Bend, Ore. Giller, May, Snider, Hansen & Sorenson are incumbents.

**American Satellite Co. handed RCA Astro-Electronics contract to build 2 hybrid C/Ku-band spacecraft to comprise first element in ASC's satellite constellation.** Award, said to have potential value more than \$100 million, comes as another major boost for Astro, which is currently completing big new "high-bay" assembly room that will be used, noted one RCA Americom official, "to build satellites for our competitors." Birds for American Satellite will have several bell & whistle features, included encrypted command link, which ASC hopes will give it edge in winning govt. contracts.

"Productivity... Let's Work Together" is theme of NAB convention April 10-13 in Las Vegas. Through NAB, broadcast industry is leading campaign to improve productivity of industry. Jerry Lee, WEAZ(FM) Philadelphia, is chmn. of drive.

NBC pre-tax earnings jumped 124.3% last year to 4-year high of \$107.9 million on 10.4% sales rise to \$1.79 billion, according to RCA annual report. Increase was 31.4% after allowance for \$34 million program writeoff taken in 1981. Revenue rise came from strong demand for ad time, despite, report says, smaller share of available audience caused by "inroads by nonaffiliated stations, pay cable and other competing program delivery services." While new video services are expected to trim network share of audience from current 80% to 66% by 1990, TV network ad revenue is expected to continue rising, report states. It says total TV ad spending should average 12.4% annual rise from \$12.7 billion last year to \$32.3 billion in 1990. Networks will retain lion's share, with 10.5% average rise from \$5.8 billion to \$12.9 billion, with affiliates averaging 10.4% growth from \$5.3 billion to \$11.7 billion. Independent TV stations are seen averaging 14.7% increase from \$1.4 billion to \$4.2 billion, while CATV (including superstations) is predicted to grow at 43% rate from \$200 million to \$3.5 billion. Report also estimates consumer spending on pay cable will rise at 29.2% rate from \$2.1 billion to \$26.3 billion, while outlays for basic cable services grow at 13.5% rate to \$7.7 billion from \$2.8 billion. Higher demand for satellite transponder time was credited for 72.4% rise in earnings from communications activities to \$143.3 million on 18.2% revenue gain to \$319.1 million. RCA Americom had record results, but RCA Globecom had lower earnings on flat sales.

**Novel equal time suit:** United Mine Workers has asked W.Va. Supreme Court to order U. of W.Va. to give UMW free time on Mountaineer Sports Network to respond to spots paid for by W.Va. Coal Assn. and aired on 57 radio & TV stations during college football season last fall. UMW lawyer Dan Hedges said Assn. commercials had significant effect on state legislature, helping squelch pro-labor legislation. "We see this as a free speech issue," he said. "The government has an obligation to tell both sides and not to disseminate political ideas that lean in one direction." W.Va. Asst. Athletic Dir. Mike Parsons told AP: "The Network itself is not a licensee of the FCC. Therefore, it is not required to provide free time." He said if free time is in order, then union must obtain it from stations.

**TeleCable has won Richardson, Tex. cable franchise, bidding dual trunk, 116-channel interactive system with 268 miles of plant passing 25,000 homes.** Landmark Communications unit also will build separate institutional loop with 41 miles of plant offering 62 channels. Other bidders were Group W and Warner-Amex. System will cost \$35.6 million over 15 years.

**Peters Griffin Woodward has changed name to Corinthian TV Sales, representing fact it now is in-house rep for 6 TV stations of parent Corinthian. PGW Pres. Arthur Elliott continues.**

**Les Brown's Encyclopedia of TV has been issued in new edition, 496 pp, \$16.95 (paper), \$29.95 (hardcover), published by N.Y. Zeotrope.**



**NEWS GROUPS SEEK COURT COVERAGE:** Joining for a common cause, 28 media groups filed petition with U.S. Judicial Conference asking that TV, radio & still photographers be permitted to cover proceedings in all federal courts except U.S. Supreme Court. Prominent among petitioners was ASNE, ANPA, educational groups, along with most major broadcast groups. Although 40 state courts allow some form of coverage, cameras & microphones are banned from federal courts under Code of Judicial Conduct applying to federal judges and Federal Rules of Criminal Procedure.

"There are few matters more important to an informed public than knowledge about the activities of the federal judicial system," petition states. "Since most people cannot gain the needed understanding by attending court proceedings, they must rely on the press — both print and electronic. The press cannot now fulfill the compelling need for greater information about the federal system because visual and aural coverage are prohibited."

Petition leans on Supreme Court's 1981 *Chandler vs. Fla.* for support. In that case, Court said TV-radio coverage in and of itself doesn't deprive defendant of right to fair trial. "In reaching this conclusion," petition states, "the Court noted that a revolution in the technology of camera and audio equipment has occurred since the ban on visual and aural coverage of court proceedings was formulated. The equipment available to cover court proceedings today is inconspicuous and unobtrusive."

Groups also point out that American Bar Assn. amended canons of judicial conduct in Aug. 1982 to permit TV-radio coverage of courtroom proceedings. For copies of pleading: George Schweitzer, CBS Best. Group, 212-975-8491.

CPB board has adopted fiscal 1984 budget of \$135.95 million, down 5% from previous year. Federal funds will provide \$130 million, while interest income will contribute \$5.75 million and grant refunds will supply \$200,000. Meanwhile, House Energy & Commerce Committee recommended raising CPB's budget authorizations for fiscal 1984-86 by 5.6% inflation factor, using fiscal 1983's \$137 million as base. Under recommendations sent to House Budget Committee, current authorizations of \$130 million for each of those years would rise to \$145 million, \$153 million and \$162 million, respectively. Commerce Chmn. Dingell (D-Mich.) told CPB officials he plans to work toward increasing authorization levels in current law to accommodate proposed increases in funding.

**Metromedia TV is moving to Boston:** Pres. Robert Bennett announced that firm's hq will move from Harmon Cove, N.J. to Needham, Mass., site of WCVB-TV. He said that move will take place "some time this spring," that \$4 million expansion of WCVB-TV studio would be completed in 6-9 months, resulting in "newest and most beautiful TV facility in New England." Metromedia Producers Corp., syndication arm of Metromedia TV, already has hq in Boston.

Video & audio tape recordings of FCC open meetings will be available to public from private contractor Prism Corp. beginning with Commission's March 14 meeting. Details, fee schedule: Prism Corp., 4545 42nd St. NW, Washington 20016, 202-686-8250.

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**TV CREW WATCHES MAN BURN:** TV news crew from WHMA-TV Anniston, Ala. watched man set himself afire and burn for 37 sec. before attempting to douse blaze which, according to N.Y. Times, has caused "furor... and led to considerable finger pointing" in Jacksonville, Ala. Cecil Andrews had phoned station 4 times March 4 saying that he would set himself on fire in city square at 10 p.m. to protest high unemployment. Station notified Jacksonville police, who scoured square for Andrews but left before victim showed up. WHMA-TV 2-man crew appeared at 11:10 p.m. (having been held up by car trouble); Andrews approached and talked to crew before igniting his lighter-fluid doused body.

Harry Ayres, vp of Anniston Star (which owns station), said he's "deeply troubled" and "we should accept some responsibility for this tragedy." Station is being sold to Jacksonville State U. Gen. Mgr. Harry Marby, acting under Ayres instructions, said he has asked Jacksonville State to help WHMA-TV sponsor seminar for Ala. journalists on how to handle similar problems. "Education, not punishment," of young journalists is appropriate response to episode, Ayres said. Only selected excerpts of videotape were shown by WHMA-TV — for "humanitarian" reasons, according to News Dir. Philip Cox. Andrews is in University Hospital, Birmingham, in poor condition with 2nd- & 3rd-degree burns.

**CHILDREN & TV WEEK EVENTS:** Hearing on children's TV March 16 by House Telecommunications Subcommittee and news conference day before called by Action for Children's TV are among Washington highlights for March 13-19 National Children & TV Week. At ACT news conference, FCC Comr. Rivera will call for special ad hoc committee to make recommendations about what can be done to improve TV programming for children. He would include govt. officials, industry executives and general public. Rivera wants FCC to finalize outstanding rulemaking on children's TV, force industry to do more; FCC Chmn. Fowler says this can't be done because of First Amendment.

Also appearing at ACT conference will be Reps. Collins (D-Ill.) & Gore (D-Tenn.), Sen. Percy (R-Ill.). Among witnesses for House hearing: Officials of all 3 TV networks, ACT Pres. Peggy Charren, Captain Kangaroo Robert Keeshan, Sen. Heinz (R-Pa.), Jack Schneider, Warner-Amex Cable, Sharon Robinson, National Education Assn., Bruce Christensen, National Assn. of Public TV Stations, NAB Pres. Edward Fritts. NAB's newly constituted Children's TV Committee meets today under Chmn. James Dowdle, Tribune Bestg., hopes to take offensive.

Nearly 600 cellular radio applications were received at FCC last week for markets 61-90. Some 567 applications were filed, including many by broadcasters. Of total, 72 were for 30 wireline franchises and 495 for 30 non-wireline. Complete list of applicants & markets they applied for is available in our sister publication Communications Daily. TV Digest subscribers can get complimentary copy by calling our Circulation Dept. at 202-872-9200.

**TOP COURT BACKS PTV's 'PRINCESS':** By refusing to hear case, U.S. Supreme Court last week let stand lower court ruling which upheld right of PTV stations to make independent decisions on whether to air controversial programs. High court's action left intact decision issued Oct. 15 by U.S. Appeals Court, New Orleans, which found that First Amendment doesn't require state-owned licensees to broadcast controversial shows and that public broadcasters, whether licensed to communities or govt. entities, enjoy same editorial freedoms and constitutional protections as private broadcasters.

Full panel of Appeals Court judges took on 2 cases last fall in which PTV licensees — Ala. ETV Commission and U. of Houston, which owns KUHT Houston — chose not to air *Death of a Princess*, offered by PBS on May 12, 1980. Show was "docu-drama" which focused on events surrounding July 1977 execution of Saudi Arabian princess and her lover. Saudi Arabian govt. had objected to show. In addition, several groups charged program wasn't balanced. In each case, individuals took stations to court in effort to force them to broadcast program.

FCC Chmn. Fowler received friendly treatment from Senate Commerce Committee in testimony on FCC Authorization Act of 1983. Under 1981 law, Congress has to reauthorize FCC every 2 years. Among subjects covered by Fowler: (1) LPTV. "We are keenly aware... of the need to process promptly LPTV applications and will do so as soon as we have resolved a number of problems" involving computers and lottery procedures (see related story, this issue). Commission will discuss lotteries March 31, expects computer to be on line in June. (2) Agency may need to seek additional funds to implement rulemaking looking toward providing hundreds of additional FM stations. (3) Deregulation. "We have sought both through legislation and administrative reforms to eliminate unnecessary regulation and outmoded policies as well as enhance marketplace competition." (4) International telecommunications policy. "Consideration should be given to an ongoing entity to oversee and coordinate Executive Branch preparations and policies regarding international communications issues, in close consultation with the Commission."

Operating TV stations in U.S. now total 1,114 (820 commercial, 294 non-commercial) with start of KSPR Springfield, Mo. March 9, KCBR Des Moines March 14. KSPR (Ch. 33) is 91% owned by Doctor Crants, pres.; Donald O'Connor is gen. mgr. KCBR (Ch. 17) is owned equally by Pres. William Trout, Secy.-Gen. Counsel Raymond Gazzo & Treas. Carl Goldsberry; Dennis Katell is gen. mgr., Avery-Knodel rep.

**Detroit STV operation folds:** National Subscription TV-Detroit (ON-TV) will cease operation March 31. STV operation went on air July 1, 1979, had been drained defending lawsuit brought by WXON Detroit Pres. Aben Johnson alleging ON-TV violated its franchise to operate STV over WXON. ON-TV lost suit but appealed to U.S. Dist. Court, Detroit, and won ruling Feb. 15.



Group W refused to transmit nudity on game show called Razzle Dazzle, scheduled as part of satellite-delivered NATPE preview from 20 programmers to potential universe of 500 commercial TV stations week of March 7-11. Developed for cable syndication by In Production under Pres. Lawrence O'Daly, game entails losing contestants disrobing to underpants while winners get money. Group W Productions previewed half-hour tape received March 3 and refused to show it without editing of female frontal nudity, saying it felt program violated commercial broadcasting code and own policy against pornography on GW satellite services. After edited version was rejected for same reasons, O'Daly threatened lawsuit, saying GWP was depriving him of important showcase for program, acting as censor, abridging IP's First Amendment rights. As compromise, game promo was shown, with action frozen at crucial moment, jointly written voice-over added to explain why remainder wasn't being seen, and giving location of IP's Las Vegas NATPE display. Agreement came too late for first of 2 scheduled airings on March 10-11 — money will be refunded for one, GWP said. O'Daly is consulting with lawyers about next move, according to associates. "My understanding, as a result of conversation and exchanges, is that there will be no suit," said Eugene Bormann, gen. sales mgr. of GWP and SYNSAT, joint Cal.-based GWP syndication service with Bonded Services/Novo that put on preview. Decision was simple corporate policy, he explained.

Testimony FCC Chmn. Fowler recently gave to Senate Communications Subcommittee "suggests an unfortunate abandonment of the timetable for processing LPTV applications which the FCC was representing to the Congress and to LPTV applicants as late as Dec.," according to Coalition For LPTV in 1983. In joint statement by Rick Hutcheson, pres. of American LPTV Assn., and John Reilly, dir. of National Institute for LPTV, Coalition said: "The additional delay hinges on the fact that the FCC now indicates that it may take as long as 9 months to implement the lottery regulations to be considered... March 31." Coalition said FCC should stick to its prior timetable whereby all or most Tier 1 LPTV applicants would be disposed of by end of 1983. It said group interpreted Fowler to mean it would have its computer and lottery working by end of year when it would then begin disposing of Tier 1 applications.

KOAM-TV Pittsburg, Kan. and KODE-TV Joplin, Mo. have been cleared of conspiring to arrange ad rates by FCC ALJ John Conlin, who recommended licenses be renewed. Conlin did find that KODE-TV had charged candidates higher than lowest unit rate for political announcements, levied no sanction because overcharges were "unintentional" and "these violations appear uncharacteristic of [licensee] Gilmore's overall operation." Renewals were ordered for hearing in March 1978 after Justice Dept. launched independent investigation.

U.S. Philips Corp. has acquired M/A-Com's 50% interest in Valtec, optical fiber and cable maker, giving Philips full ownership — price unreported.

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"It is imperative that the [FTC] continue to have antitrust and consumer protection jurisdiction over the professions," such as doctors, dentists & lawyers, FTC Chmn. James Miller told House Commerce Subcommittee last week. Testifying on agency's reauthorization, he asked Congress "to allow the FTC to continue its enforcement of laws that foster competition in all sectors of our economy." FTC regulation of professions has resulted in advertising by doctors & lawyers in recent years. Miller said "majority" of Commission favors legislation defining "unfair and deceptive acts and practices... Unfairness should legislatively be limited to acts or practices likely to cause substantial injury... Commission complaints of deceptive practices should be directed [only] toward messages that mislead consumers as a whole." Comr. Michael Pertschuk disagreed, urged Congress not to adopt definition of deceptive practices or to create exemption for unfair advertising. He said changes would "severely hamper the ability of the Commission to challenge advertising claims."

NPR board agreed to "significant" budget & staff cutbacks March 11 which will save \$2.8 million over next 6 months. Extent of staff cuts, which could include as many as 10% of 400-member Washington force, was to be disclosed March 14 after affected employees were notified. NPR Pres. Frank Mankiewicz announced March 8 that cuts would be made, due to effects of recession on corporate underwriting and FCC delays in deregulating FM subcarrier channels. Mankiewicz told board he had "a firm commitment" that FCC will take final action on FM SCA deregulation before Public Radio Conference in mid-April.



## Personals

**Peter Kenney**, dean of network Washington vps, will take early retirement from NBC next fall, remain a consultant; **Brandon Tartikoff**, NBC Entertainment pres., adds responsibility for ads & promotion; **Steven Sommer** promoted to senior vp-entertainment; **Jeffrey Sagansky** to senior vp-series programming vp... **Ellen Agress** advanced to vp-business planning, NBC, new post; **Art Kent** to vp-affiliate news services, NBC News, succeeding **Les Crystal**, now exec. producer of *MacNeil-Lehrer Report* on PBS.

**William Paley**, who steps down next month as CBS chmn., elected co-chmn. of International Herald Tribune, owned by Whitney Communications (of which Paley now is partner), N.Y. Times & Washington Post; **Frank Stanton**, ex-CBS pres., elected to Herald Tribune board... FCC Comr. **Mimi Dawson** speaks at Katz Programming Conference, March 18 in Las Vegas.

**Joseph Dimino**, vp-gen. mgr. of WJKW-TV Cleveland, elevated to pres. of parent Storer TV Stations Div., succeeding **Kenneth Bagwell**, now exec. vp-operations, Storer Communications and pres. of Cable Div... **Joseph Loughlin**, ex-KWGN-TV Denver, moves to co-owned WGN-TV Chicago as vp-gen. mgr., succeeding **Robert King**, now a communications consultant; **John Suder**, dir. of mktg. for parent Tribune Bstg., promoted to KWGN-TV vp-gen. mgr., succeeding **Loughlin**... **James Waterbury**, ex-KTIV Sioux City, moves to KWWL-TV Waterloo, Ia. as vp-gen. mgr., succeeding **William Bolster**, now vp-gen. mgr., KSDK St. Louis... **Joyce Turdyn**, ex-NAB, appointed dir.-programs & services, IRTS, succeeding **Barbara Kurka**, now with Grey Adv... **James Kozlowski**, ex-Amway, joins Mutual subsidiary as dir.-corporate development.

**William Ryan** advanced to pres., Post-Newsweek's WFSB Hartford; **Barry Barth** vp-station mgr.; **Catherine Neirle** vp-administration; **Michael Dorsey**, vp-news & public affairs; **Lois Freedman**, ex-WPLG Miami, appointed dir.-mktg. & research, Post-Newsweek Video... **David Hatfield**, ex-Arizona Daily Star, appointed program dir., KVOA-TV Tucson; **Larry Scott**, ex-KSBY-TV San Luis Obispo, Cal., appointed operations mgr., KCOY-TV Santa Maria, Cal... **Charles Hansen** promoted to Blair TV vp, remains sales mgr. of NBC Green sales team; **Michael Howe** advanced to sales mgr., Dallas office.

Continuing reorganization of HBO, new Pres. **Frank Biondi** announced several new appointments: On corporate level, **John Redpath** becomes senior vp-gen. counsel; **Kevin Senie**, senior vp-finance, administration & treas.; **Robert Becker**, vp & controller; **Jeffrey Bewkes**, corporate planning vp; **Leslie Jacobson**, vp & assoc. gen. counsel. In Entertainment Group: **Steven Sheffer** promoted to film programming exec. vp; **Seth Abraham**, senior programming operations & sports vp; **David Meister**, senior vp, Cinemax & HBO; **Henry Schleiff**, business affairs vp; **Neil Braun**, motion picture planning vp. In HBO Network Group: **Peter Frame** promoted to affiliate relations exec. vp; **William Hooks**, senior

regional operations vp; **Edward Horowitz**, network operations & corporate development vp; **Thomas Oliver**, senior vp for USA Cable Network sales & mktg.; **Stanley Thomas**, senior national accounts vp.

**Thomas Spavins**, ex-Justice Dept. Antitrust Div., joins FCC Office of Plans & Policy as deputy chief; economist **Spavins** worked on AT&T antitrust case at DoJ... **James Stevens** promoted to vp-technical projects, services & operations, NBC... **George Piercy**, WNET N.Y. chmn., plans to leave in June; successor hasn't been named.

**Wanda Townsend**, promoted to dir. of govt. relations, NCTA; **Lynn McReynolds**, ex-press secy. to Sen. Huddleston (D-Ky.), joins NCTA as dir.-public information; **Richard Stamberger**, who has worked in Cal. political campaigns, named dir. of special projects; **Douglas Watts**, ex-ANPA legislative counsel, assumes same post at NCTA.

**Thomas Wertheimer** named exec. vp, MCA Inc... **Frank Marshall** resigns as vice chmn. & a dir., Reeves Communications, "to devote his time to personal and business interests"... **Friend Skinner**, ex-Mitre Corp., appointed network systems development dir., Bertman Corp... **James Gatman** advanced to dir., mdsg.-Canada, RCA Sales Corp... **Barry Sanderson**, ex-Channel Master, appointed sales engineer for Okla. & Tex., RF Systems Div. of General Instruments... **Angela Pumo** promoted to vp-national sales mgr., Eastman CableRep.

**Walter Cronkite** will receive Golden Radio Award from NARB during group's Oct. 2-5 convention in New Orleans... **Sir Freddie Wood** takes early retirement as chmn. of British Technology Group... **Marvin Weatherly**, member of Alaska Public Utilities Commission and active candidate for appointment to FCC year ago, appointed to FCC's Federal-State Joint Board, succeeding **Richard Gravelle**, ex-Cal. Public Utilities Commission.

**Larry Fast** named dir. of mfg., Belden Electronic Wire & Cable... **Leonard Tuft**, retired RCA Global Communications vp, joins N.Y. law firm O'Donnell, Fox, Gartner & Sobolewski... **George Edwards** promoted to pres., National Black Radio Network, succeeding **Eugene Jackson**, who remains chmn... **Al Kamhi**, ex-news dir., WATE-TV Knoxville, appointed press secy. for Presidential candidate Sen. **Ernest Hollings** (D-S.C.).

**Everett Parker**, major exponent of citizens' rights in broadcasting, retires Aug. 31 as dir. of Office of Communications, United Church of Christ; **Parker** has held post since 1954... **Sue Cunneff** promoted to general broadcast editor, AP.

## Obituary

**Edward Cooper**, 80, who retired last year as govt. vp of Motion Picture Assn. of America, died March 9 of heart attack. He had been at MPAA since 1952, before that was staff dir. of Senate Commerce Committee and Senate Democratic Policy Committee and was reporter for newspapers in Mont., Colo. & Wash. Wife survives.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Feb. 25 (8th week of 1983):

	FEB. 19-25	1982 WEEK	% CHANGE	FEB. 12-18	2 MO. 1983	2 MO. 1982	% CHANGE
TOTAL TV#.....	353,129	344,056	+ 2.6	313,067	2,570,311	2,463,312	+ 4.3
COLOR#.....	232,518*	237,353	- 2.0	225,349*	1,804,451*	1,625,051	+11.0
MONOCHROME....	120,611	106,703	+13.0	87,718	765,860	838,261	- 8.6
PROJECTION TV...	2,075*	1,763	+17.7	2,484*	21,085*	13,570	+55.4
HOME VCR.....	59,132*	28,663	+106.3	58,467*	463,064*	233,679	+98.2
COLOR CAMERAS...	5,059*	3,322	+52.3	5,864*	47,921*	37,629	+27.4

Color TV 5-week moving average: 1983--242,165\*; 1982--222,339 (up 8.9%).

Home VCR 5-week moving average: 1983--63,380\*; 1982--32,262 (up 96.5%).

# Excludes projection TV. \* Record for period.

**COLOR AT RECORD, VCR SOARS IN FEB.:** VCR sales to dealers in Feb. were double those of Feb. 1982, month when all other video products except monochrome TV celebrated record sales.

In VCR, Feb. sales were highest of any month in history except last Dec., zooming along at annual rate of 3,880,000, after Jan. which saw rate of 3,968,000. For year's first 8 weeks, rate was 3,921,000. Color TV sales in Feb. set record, topping previous Feb. high set in 1980 by 5%. Color's Feb. sales were at annual rate of 12,867,000, after Jan. rate of 12.7 million, ran at 12,789,000 in year's first 8 weeks.

Projection TV is holding up nicely, Feb. sales up 52.8% from year earlier after 57.8% gain in Jan., and 55.4% ahead of last year on cumulative basis after setting weekly records for each of first 8 weeks. Color cameras were up 22.7% for month, setting records in 6 of first 8 weeks.

Inventories continued sharp declines. VCR stocks at pipeline (factory plus distributor) level were down 38% from year earlier to lowest point since Aug. 1981, representing less than 6-week supply at current sales levels — actually too low for comfort if breakneck sales pace should continue. Consumer electronics marketing consultant David McCarty is already predicting VCR shortage in 2nd quarter. Color pipeline inventories dropped 10% from year earlier to lowest figure since mid-1981, representing about 7-week supply on basis of current sales rate. Here are EIA sales-to-dealer figures for Feb.:

Product	Feb. 1983	Feb. 1982	% change	Feb. 1981
Total TV.....	1,352,540	1,275,675	+ 6.0	1,252,845
color.....	934,147*	822,920	+13.5	807,214
monochrome..	418,393	452,755	- 7.6	445,631
Projection TV..	9,958*	6,518	+52.8	7,002
Home VCR.....	246,797*	122,967	+100.7	85,821
Color cameras..	23,403*	19,066	+22.7	11,451

\*Record for any Feb.

**ITA BACKS REVISION OF FIRST-SALE:** In move which pits it directly against EIA, ITA board voted heavily last week to endorse modification of first-sale doctrine to give copyright owners control over cassette rentals. Secret-ballot vote, announced at seminar last week in Hollywood, Fla., is end-product of MPAA-backed legislative maneuver to split home taping issue from



so-called Fair Marketing Amendment (FMA). EIA opposes both home taping fees and FMA. ITA took no position on home taping.

Vote wasn't close -- 15-16 to 6, according to our sources. Only comment from David Goldberg, ITA gen. counsel: "It was not a hairline vote. It was a clear majority." Reason for lopsided margin was belief that support of FMA was easiest way for ITA to steer middle course between no position and anti-Hollywood stand against studios' demand for blank tape & VCR royalties.

Immediate effect will be addition of new agenda item for Consumer Electronics Group at EIA Spring Conference in Washington this week, we were told by CEG Senior Vp Jack Wayman. Thirteen of those on ITA board are EIA members, at least in theory supporting EIA effort against both bills. Already on EIA agenda is congressional lobbying campaign, probably to be conducted in conjunction with Video Software Dealers Assn., also convening in Washington in next few days. EIA thinks VSDA will need all the help it can get, suspects parent NARM has put tight financial limits on fight against studios. NARM is strong supporter of FMA for audio, but maintains VSDA acts independently.

From what we could determine, hard core against FMA was videotape manufacturing group -- including DuPont, TDK, Fuji, Maxell, Orrox — although none would go on record. On hardware side, it's understood Sony argued against vote as being divisive, urged ITA to await Supreme Court decision in Betamax case, eventually abstained from voting. RCA is understood to have gone along with ballot cast by Selectavision Videodisc Div., which has interest in CED system, not VHS. Wayman said he was aware of no change in FMA opposition position by involved CEG members, all marketers of VCRs & tape. Question now is what stand those who voted for repeal at ITA will take when issue comes up at EIA.

ITA Exec. Vp Henry Brief said group intends to make position known to Senate & House copyright subcommittees, conceivably could testify at Senate hearing scheduled to be held later this month. Assn. can't be considered lobbying force in same league as MPAA, but stand has to make life more difficult for EIA & VSDA.

It also has made life difficult for some ITA members. Feeling among some of anti-FMA minority is that ITA gave in too readily to demands of program suppliers. Walt Disney's James Jimirro and 20th Century-Fox's Stephen Roberts, 2 most vocal proponents of FMA, are on board, and Roberts is said to have introduced support resolution at Nov. meeting in N.Y., during home video seminar. That came following month-long discussion about tape makers' proposal to back right-to-tape legislation.

Enough board members thought latter too controversial and it was tabled, with first-sale rewrite accepted as replacement for mail ballot. One member told us support of royalties "would drive a wedge" into ITA, claims studios didn't pressure Assn. to act, thinks EIA would be making mistake to be overly concerned about vote. Another in majority sees it as easiest way "to give the studios what they wanted" without upsetting Assn.

ITA's action appears to confirm that there has been unvoiced understanding, which started with separation of royalty and first-sale legislation, followed by MPAA's decision to give FMA top lobbying priority over home taping issue (Vol. 23:5 p14, 23:6 p12). This compromise would give movie people control over rentals in exchange for deferral of any consideration of tape royalty issue, which must await Supreme Court decision anyway — and the longer such consideration is deferred, the more the VCR population will build up, and the larger the consumer lobby against tape fees will become.

**THOMSON OUT AT GRUNDIG, IN AT TELEFUNKEN:** Blocked by German Cartel Office in bid to acquire control of Grundig, France's Thomson-Brandt has shifted sights to what it calls alternative — others term is 2nd best — consumer electronics arm of ailing AEG-Telefunken. Agreement, set for closing March 31, puts yet another spin on European industry's revolving alliance door, seemingly means end to grand plan for Continent-wide production and standardization coalition to battle Japan's market inroads there.

T-B announced it had agreed to buy control of all assets of Telefunken, including PAL and other patents, worldwide sales network, for something less than \$330 million it was reportedly



offering for 74.5% Grundig stake controlled by members of founding family. T-B will get 75% share of Telefunken, with AEG retaining rest. Move will double T-B's share of German color market to about 20% (it already owns Nordmende & Saba), give it better than 10% of VCR market there, worldwide consumer electronics sales of about \$580 million to add to its current \$2 billion.

In ironic twist, T-B also will become 33% owner of J2T Holdings, JVC-Thorn EMI-Telefunken video venture producing VHS VCRs in Germany & U.K. T-B was to be an original 25% partner, pulled out when others wouldn't go along with demand, made after it was taken over by French govt., that larger share of equipment production be located in France. Acquisition is considered likely to strengthen T-B's link with VHS group, could easily lead it into support of JVC's VHD videodisc format, which is likely to be introduced in Europe before attempt is made to market it here.

Link with Telefunken isn't T-B's first. They pooled color tube manufacturing interests to form Europacolor in 1979. In 1981, T-B took over, and at same time bought out partner RCA in French-Italian venture Videocolor. T-B has reportedly assured German govt. it won't be moving any of 3,000 Telefunken jobs to French plants — as it did with picture tubes — but has cautioned there may be some production realignment with its other interests, including audio maker Dual, which together employ 5,000-6000.

Failure of T-B to hook up with Grundig is being placed at door of Philips, which is understood to have effectively vetoed deal by refusing to release 24.5% Grundig interest it acquired in 1979, and is generally expected to make own takeover bid soon (Vol. 23:10 p12). While Grundig is performing better and may show small operating profit this year, thanks in part to technical help from Philips, feeling is it still can't survive on its own. T-B move, of course, puts end to last year's plan for Grundig to run Telefunken, and only other likely saviour, Blaupunkt parent Robert Bosch, has just formed German VCR production venture with Matsushita.

Result will be creation of 2 mainland-European giants with highly divergent interests, and which will be in strong competition with each other in both end product and OEM components markets. Instead of leading to expanded inter-company cooperation there, changed European industry structure is more likely to force remaining independents into forging closer ties with Japanese.

\* \* \* \*

Growing Japanese disenchantment with France's attitude may end in cancellation of agreement to 3-year quota on VCR exports to EEC. Japanese are threatening to kill deal if EEC doesn't live up to promise to get France to lift VCR import restrictions. French say they aren't bound by pledge of EEC negotiators, are still considering what to do (Vol. 23:9 p9).

**SONY STAFF FREEZE:** Sony's cost-cutting moves are hitting Japanese hq organization, but unlike drive in U.S. which involves staff cuts, it's restricted for time being to employment freeze (Vol. 23:10 p14). Actual layoffs may follow completion of cost review of all sales & administrative operations.

For present, Sony said, it plans no reduction in ranks of 2,000 employees at hq who aren't involved in production or R&D. However, practice of expanding that group by 5-6% annually has been halted. Also being stopped is recruitment of mid-level managers, especially those with international marketing experience. New policy calls for promotion from within, limiting hiring to recent school & university graduates.

**Atari & Coleco** have dropped patent infringement and antitrust suits they filed against each other earlier this year, following Coleco agreement to become Atari licensee. Terms weren't announced.

**RIAA anti-piracy scorecard** for 1982 shows FBI and local agencies launched 52 actions in 20 states, made 36 arrests, brought criminal charges against 73 individuals and corporations. It estimates that more than \$65 million of illegal video & sound recordings & equipment were seized. Confiscations included 500 videocassette and 13,000 audio cassette masters, 180,600 phono records & recorded tapes. RIAA estimates pirates siphoned off \$350 million from video & audio software market last year.

**CBS Labs** has developed new IC for CX noise reduction system that could cut cost of stand-alone or receiver add-on decoders significantly. Company declined to comment on size of savings, or to report production plans.

**Add Sharp** to ranks of Japanese VCR makers looking for European production site. Firm is eyeing sites in U.K. & Germany to locate plant which will be designed for capacity expansion to 750,000 yearly.



**RCA VIDEO SALES DOWN:** RCA had lower revenues & earnings from consumer products in 1982, mainly caused by reduced sales of color TV and VCRs, according to annual report. Results were aided by cut in losses from videodisc operation, improved profits from RCA Records.

RCA Consumer Products & Services segment's pre-tax net dropped 33.9% to \$87.4 million last year, although revenue declined just 9.3% to \$2.1 billion. RCA said sales of video products (TVs, VCRs, cameras, videodisc players, discs), audio records & tapes, were down 12% to \$1.39 billion. That indicates revenue from consumer service operation slipped 3.5% to \$712 million.

RCA says that despite drop in factory unit sales, it retained position as leading U.S. marketer of both color TV and VCRs. RCA was among companies that held down color production to trim inventory in 1982 (Vol. 23:10 p10). While it has lost VCR market share in 1982 (see our report elsewhere in this issue), sales of RCA-brand VCRs to dealers are understood to have increased, difference made up from distributor stockpiles.

Loss from Selectavision videodisc unit was \$97 million last year, down \$10 million from 1981. That brings RCA's published 5-year cost of disc effort to \$289 million, and, based on earlier statements, boosts total to estimated \$360 million. Excluding disc costs, RCA consumer segment earnings would have been down only 22.9% to \$184.4 million. Report says most of earnings gain at RCA Records came from sale of overseas assets.

RCA Commercial Products segment posted \$16.6 million profit, against \$55.7 million loss in 1981, but eliminating 1981 loss of \$130 million on sale of European color tube venture puts income down 77.7% on operating basis. RCA attributes decline in results to lower unit sales by Picture Tube and Solid State Divs., reduced demand for broadcasting equipment. Distributor & Special Products Div. profits increased. Total sales from electronics operations were off 1.3% to \$4.35 billion, earnings rose 30.4% to \$184 million.

RCA's internal R&D outlay rose slightly last year to \$195.4 million, from \$193.5 million in 1981, while cost of research funded from outside increased to \$308.7 million from \$267.1 million.

RCA says it sees continued boom in demand for industry hardware & software, expects demand for TVs to rise from 17 million last year to 18.6 million by 1990, says number of color sets in use more than 6 years, ready for replacement, will be 75 million by then, up from 46 million last year.

Consumers, RCA predicts, will spend \$41 billion on video & audio entertainment by 1990, with industry averaging 16.5% annual growth from \$12.1 billion of last year. It sees biggest growth rate, 37%, for videodisc & cassette software, rising to \$16.3 billion from \$2.8 billion, followed by 29.2% average increase for pay cable to \$16.3 billion from \$2.1 billion, while spending growth on basic cable fees averages 13.5% from \$2.8 billion to \$7.7 billion. Lowest increase rate is for audio tapes & discs, averaging 5.8% as volume rises to \$5.2 billion from \$3.4 billion. That slightly

tops 6.4% average rise in revenue of movie theatres to \$5.6 billion from \$3.4 billion.

\* \* \* \*

RCA's next CEO will be Robert Frederick, or else. Promise he'd be next in line for title now held by Chmn. Thornton Bradshaw is in contract signed when Frederick left GE last Sept. to become RCA pres.-chief operating officer. As spelled out for first time in notice for May 3 annual meeting, Frederick has right to quit with full contract payoff if anyone other than he or Bradshaw is named CEO. Contract calls for annual salary of \$400,000, bonus of \$200,000 in 1983 & 1984. Frederick is 2nd in earnings at RCA only to Bradshaw who, notice says, got \$954,900 last year, with \$450,000 in salary, \$244,000 in fees & bonuses, rest in benefits and deferred payments.

**W-G RESULTS DOWN:** Wells-Gardner cited slump in arcade videogame console demand in reporting 47.8% drop in 4th quarter sales that resulted in reducing 1982 revenue total below that of 1981. Net fell 63.7% in quarter, was down 16.6% for year on operating basis, excluding \$1.2 million tax credit posted in 1981 (see financial table).

W-G said it expects significant rise in TV and data display monitor production this year, but sees little chance of first half turnaround for arcade game business, suffering from market saturation, low replacement rate. W-G said back orders Jan. 1 were just under \$50 million, down from \$56.6 million at same time last year. Backlog would have been up modestly but for \$9.86 million cancellation by Atari, which W-G said has started producing X-Y arcade monitors in-house.

BSR reported loss of \$47.4 million for 1982, against \$1.35 million profit in same 1981 period, on 13.4% revenue rise to \$348 million. U.K. company announced restructuring plan that includes raising about \$36 million through stock sale, transfer of corporate tax hq to Hong Kong to take advantage of lower rate there.

American Home Video sales rose 12% in quarter to Jan. 20 to \$50.5 million, from \$45.1 million in same period last year, and posted slight operating profit, against year-earlier deficit of \$400,000, according to parent Jack Eckerd Corp. AHV operates 176 Video Concepts retail outlets.

Emerson restated its financial report, trimming loss for 3rd quarter from \$1.31 million to \$896,000, and for 9 months from \$1.56 million to \$1.14 million (Vol. 23:8 p18). Emerson said change followed clearance from SEC to charge minority holders in 74%-owned Cardiac Resuscitator for share of that company's losses.

Electronic game, toy & computer retail sales by Toys "R" Us chain jumped 112.5% last year to about \$187 million, were up 73% in final quarter to about \$104 million, despite slowdown in 4th quarter demand for Atari videogames, company said. Chain's total sales were up 33% to \$1.04 billion for year, 27% to \$545 million for quarter. Company estimates it accounted for 5-6% of all videogame and home computer sales in 1982.



**MORE PARAMOUNT CUTS:** Paramount will test even lower pricing waters, according to Senior Vp Robert Klingensmith, who told ITA meeting in Hollywood, Fla. last week it planned to issue *Airplane 2* in VHS & Beta next month at \$30, reissue \$60 *Airplane* at \$29.95, *Grease* and *Star Trek 1* at \$40.

Paramount now is in position of placing \$40 ceiling on almost any new movie that produced \$12-\$15 million in theatrical rentals, about level of *Airplane 2*. Klingensmith told us "we don't know just yet," but that should be top price of 48 Hours, currently with \$65 million boxoffice. Price sensitivity study conducted for Paramount by UCLA Management School indicates studio has little to lose at \$30. Responses from about 1,400 VCR owners show only slight difference in purchase interest whether title was at \$40 or higher — in range of 12,000-15,000 copies. Sales curve potential jumps at under-\$30, leaps again at \$20, when 45% of sample said they'd purchase.

Klingensmith hopes to move 40,000-50,000 copies at \$30, which pulled 19% according to UCLA. Other factor aiding decision is length of *Airplane 2*. At 88-min., movie can be duplicated onto 90-min. tape, more economical than longer *Star Trek 2* and *An Officer & A Gentleman*, which went for \$40. Steady drop in blank tape cost, now reportedly as low as \$5.50 for Beta L500 and \$6.50 for VHS T-120, obviously will help.

Success of ST2 and *Officer* certainly made decision easier. Klingensmith told ITA that "close to" 125,000 copies of ST2 have been shipped, with ongoing sales of about 1,000 a week. *Officer* has passed 105,000 mark and at pace "that's better than" ST2, Klingensmith expects year-end sales of 150,000, for combined gross of \$8 million wholesale, \$12 million retail. With \$7 per tape operating profit — figure Paramount doesn't dispute — studio should garner close to \$1 million more than \$60 would have produced.

Klingensmith estimated that sell-through of top title at \$40, based on 2% penetration of VCR population, would rise from 160,000 units this year to 220,000 in 1984, 280,000 in 1985, 340,000 in 1986 and 400,000 in 1987, when homes total reaches 20 million, at which time major title would produce \$10 million at wholesale, \$15 million at retail per year. At \$30, "a price well worth evaluating," he believes, penetration could reach 5%, sales 1 million units worth \$20 million & \$30 million, respectively, he said.

During panel session, Disney Telecommunications Pres. James Jimirro said low-price tests are "very exciting," but "short-term... It's not going to work" without first-sale revision. He got support of MGM/UA Home Video Pres. Myron Hyman who called high prices "the quickest cop-out" for poor results. Other side was represented by Commtron Pres. Jack Silverman, suggesting "definite trend" toward low-price sell-through among company's 3,000 retail accounts. It's not true of every dealer or every selection, he said, but "it is absolutely working."

From duplicator point of view, recorded cassette business is on rebound, with estimates creeping up to

8 million mark, 60% ahead of sluggish 1982. Dennis Farmer, 3M Magnetic Audio/Video Products business development mgr., predicted 1986 sales of 19-20 million. He called it "a conservative forecast," which "doesn't allow for the impact of \$29.95 releases" and pay-TV ability "to fight the temptation to carry commercials."

Word at ITA was that Sony has told duplicators it wants to be out of Beta Hi-Fi dubbing by June, but won't be shipping new slaves to independents until May, behind original schedule. Also, first ones will be consumer recorders, not ruggedized models designed for factory use. It has launched trade-in program, but duplicators are said to feel \$200 allowance on old Beta slaves is too low. Sony has offered in neighborhood of \$200 per unit, well under what this source considers fair price. Machines generally last 6-12 months, sometimes bit longer. In meantime, duplicators' Beta machines lie idle in direct proportion to number of Beta Hi-Fi titles produced in Sony's Dothan, Ala. duplication line. Sony says it will keep running to ensure there's adequate software to support hardware launch.

Stereo TV and multichannel sound is on March 31 FCC agenda. EIA's Multichannel TV Sound (MTS) subcommittee last week started closed-circuit tests of the 3 proposed systems at Matsushita in Franklin Park, Ill., with measurements of compatibility with existing receivers. Also included will be cable TV tests. Deadline for completion of all tests is mid-July. NCTA is conducting own CATV tests to determine extent of problems and to guide equipment manufacturers on how to correct them. Tests of 4 companding systems are continuing at CBS Technology, Stamford, Conn., reportedly with excellent results. MTS subcommittee hopes to file test report as comment on FCC MTS proposal, recommend specific system in reply comments.

RCA Records is joining digital audio revolution in U.S., says it will have CD discs on market before end of 1983. U.S. should also have first pressing plant this year. Digital Images has license from Philips, says it will spend \$10 million to equip facility in Va. near Dulles International Airport, for custom pressing, charge \$2,500 for mastering, \$3 per disc. Japan's CBS/Sony has announced plan to open pressing plant here in 1984. Magnavox will enter market with 3 Philips-made players at \$800 & \$900 in mid-April through department stores in 22 markets. Dealers will be supplied with 35 disc titles from Polygram, expected to list at \$17-\$22.

First offering of Coleco's Atari-compatible Gemini self-contained videogame console is in mailing from new CBS Video Game Club. CBS priced console at \$60 for members who agree to buy at least 5 cartridges at \$25 or \$30 over 2 years. At regular retail, Gemini is expected to match Atari unit, which goes for about \$90.

Korea's Samsung has acquired AM stereo hardware license for Kahn system from Hazeltine, says it plans to introduce first products this year.



**ENTER HARD DISCS:** Still another entry into low-cost personal computer memory market (Vol. 23:9 p13) was unveiled last week — built-in hard disc. While hard-disc drives have been available as accessories and built-in versions have been part of larger business computer systems, they're on way to becoming option for personal units.

IBM last week introduced 10M-byte hard disc drive as \$1,695 accessory to new XT \$4,995 personal computer, said drive can also be used on low-end personal, which company just trimmed to \$1,900 from \$2,000. Non-Linear Systems (NLS), Solana Beach, Cal., is introducing hard disc as part of new Kaypro portable computer, and Tandy is expected to offer one as option in upcoming computer line.

Along with new computer, IBM unveiled 12.5" color monitor at \$680, monochrome at \$345. For professional line, it introduced 1/70" thick neon/argon gas discharge display panel. It can produce 9,920 orange on black characters on 10.7" x 13.4" face.

Upcoming Kaypro will list at \$2,795, including 9" monochrome display, large software assortment pre-programmed onto hard disc. It also has built-in 5-1/4" floppy for archival storage, weighs only 26 lb.

New high-capacity computer resembles Kaypro II portable which, at \$1,795, NLS Vp David Kay told us, has registered phenomenal growth. Company produced 1,650 units in fiscal year to Aug. 31, stepped up to 6,400 in first fiscal 1983 quarter, 18,000 in 2nd. Company has been growing at rate of 50% a month, had \$5.5 million sales in fiscal 1982 and \$9 million sales in opening 1983 quarter, projects \$100 million for year, exclusive of new products. NLS was founded in 1952, developed first digital voltmeter.

Mediastat estimates 15 million home tapings of TV shows are made in U.S. each week, including 3.5 million of prime-time network series, million local reruns of such programs. Report due from Nielsen this month on VCR activity will show 50.6% of diary homes recorded one or more movies each month and averaged 5.1, or more than one per week. Heaviest use was in daytime for recording soaps. Days between recording & playback averaged 1.2, with 90% of home recording being played back within 3 days.

Electronic systems development lab is being built in Cal. by Korean heavy industry giant Hyundai, at cost "of several million dollars." Firm, which announced plan for multi-million jump into production of ICs and high-technology electronics equipment, says it will use lab to design & construct prototypes of auto & ship control gear which it will start manufacturing in Korea, replacing systems it imports from U.S.

Though RCA's broadcasting subsidiary NBC has adopted passive attitude toward captioning for deaf viewers, its other segments are getting active. RCA/Columbia has captioned dozen videocassette titles, while RCA Service has contracted to buy Sanyo-made decoders which it will market to hotels, nursing homes and hospitals, and RCA Videodiscs is experimenting with use of closed captions.

**JAPAN'S SIA RESPONSE:** U.S. Semiconductor Industry Assn. has adopted attitude that any challenge to "American superiority in high technology cannot be tolerated," and that "whatever means available," including weakening structure of industry or economy in foreign countries, should be used to stop it. That was comment of EIA-Japan in detailed response last week to allegations in SIA report that Japan was using unfair practices in attempt to dominate world IC market (Vol. 23:6 p15).

Response says U.S.-Japan high-technology conflict is really "industrial friction," rather than bilateral product trade problem. As such, EIA-Japan says, misstep in handling issue by either side could create unresolvable antagonism.

Japanese paper stresses that govt. aid IC makers get there is no more extensive than that afforded in U.S., noting planned 17% jump to \$47 billion in U.S. govt. 1984 R&D budget. It credits Japan's success in world market for 64K RAMs on planning and timely investment during period when U.S. makers adopted cautious approach. As for Japan's closed market, it points out U.S. IC makers have 13 sales offices, 3 plants there with 4th on way. Complete copies, including statistical data, are available from Baron/Canning, 540 Madison Ave., N.Y., N.Y. 10022.

Nolan Bushnell, founder of Atari and now head of Androbot (Vol. 23:2 p11), plans to re-enter videogame business as soon as his 7-year no-competition agreement with Warner expires in Oct. He told us he'll set up company called Sente to make & market coin-op arcade games, followed by entry into home videogames. Bushnell said he has held joint venture talks with several companies, predicted he'll have 40% of market by 1986. "I don't think the spectacle aspect of videogames has been exploited enough. We're working on ways to make computer simulations much more realistic. We're trying to merge the flight simulator with the videogame to create a feeling of movement & acceleration."

Solar cell manufacturing venture has been launched in Japan by Sharp and Energy Conversion Devices, Troy, Mich. firm founded by inventor Stanford Ovshinsky. Sharp-ECD will turn out solar cells in continuous sheet in \$21 million plant built by Sharp, using amorphous silicon materials and production process developed by Ovshinsky. Sharp has 44% interest. Silicon is deposited in layers on stainless steel sheets by machines which then stamps out individual cells in desired size. Standard Oil has agreed to invest up to \$80 million in project, is in venture with Sharp to market foot-square roof-top panels suitable for home electricity generation in U.S.

Electronic game, toys & computer retail sales by Toys "R" Us chain jumped 112.5% last year to about \$187 million, were up 73% in final quarter to about \$104 million, despite slowdown in 4th quarter demand for Atari videogames, company said. Chain's total sales were up 33% to \$1.04 billion for year, 27% to \$545 million for quarter. Company estimates it accounted for 5-6% of all videogame and home computer sales in 1982.



**SHOW SCHEDULE OVERHAUL:** Nearly industrywide revamping of spring new-line show schedule is reflected in our calendar this year, with majority of major TV marketers convening sales earlier than in 1981 by 1-6 weeks, several unveiling week later. Sole exceptions to general rule are Hitachi & GE, which are retaining last year's dates.

Biggest moves are by Toshiba, 6 weeks early, and Sharp, 4 weeks early. Both held meetings in Chicago during Summer Consumer Electronics Show in 1981. Sony, which kicks off 3 weeks early, is abandoning convention for sales force and key customers this year, switching to regional meetings that will be held in 40-50 locations (Vol. 23:10 p14). Quasar meeting is 2 weeks early, while Panasonic, RCA and Sanyo are advanced by week.

On late front, all by one week, are JVC, North American Philips Consumer Electronics (Magnavox, Philco, Sylvania meetings) and Zenith. Switch by Zenith to Chicago from traditional Las Vegas site leaves that convention Mecca with 3 industry showings, Hitachi & RCA, both repeaters, Panasonic, returning after 3 years in Fla. NAP is bringing all troops to Knoxville hq this year; it used Atlanta for Magnavox, Gatlinburg, Tenn. for Philco in 1981. GE's Portsmouth meeting is for distributor personnel, will be followed by usual regional open houses.

Calendar below shows starting date for meetings, which usually means company personnel and reps. Firms inviting independent distributors and key retailers often have them day or 2 later.

COMPANY	DATE	LOCATION
GE.....	May 9	Portsmouth
Hitachi.....	May 10	Las Vegas
JVC.....	April 6	Ft. Lauderdale
Magnavox....	May 11	Knoxville
Mitsubishi...	May 16	Lake Tahoe
Panasonic....	April 22	Las Vegas
Philco.....	May 2	Knoxville
Quasar.....	May 13	Chicago
RCA.....	May 3	Las Vegas
Sanyo.....	March 21	Newport Beach, Cal.
Sharp.....	May 2	Memphis
Sony.....	April 4	multi-city
Sylvania.....	May 8	Knoxville
Toshiba.....	April 21	Port St. Lucie, Fla.
Zenith.....	May 16	Chicago

ITA is broadening statistical program to cover U.S. videocassette duplication volume sales of computer discs, tape & base film, sales of recorded data cassettes & discs. Internationally, it will collect Canadian blank audio & video cassette sales figures, issue Gold Cassette Awards there, and has agreed to exchange information with Japan Video Assn.

VHD system launch by 13 Japanese companies will be announced March 15 at Tokyo news conference. Joint newspaper ad last week affirmed their intent to go ahead following JVC's April 21 debut. JVC is doubling videodisc production to 600,000 monthly starting next month.

**TAIWAN SET FOR VCRs:** Anticipating start this year of significant VCR production by domestic & export factories, Taiwan has set up ground rules to insure that industry there has substantial local support base, doesn't become just assembler of Japan-made parts.

Rules just issued mandate that 35% of value of VCRs assembled in Taiwan through June 30, 1984 must be local content, including labor. Domestic value share rises to 45% in 1985, 55% in 1986, is subject to increase in later years. To minimize evasion, govt. says only actual manufacturers will receive import permits for VCR parts & components, shutting door on speculation sales by trading companies.

Taiwan also plans to keep home VCR market for domestically owned producers. VCR makers will be required to export share of production equal to percentage of their ownership represented by foreign or overseas Chinese investment. Violation of rule will result in limitation on company's foreign exchange settlement. Coming is govt. incentive plan for domestic production of VCR parts.

Currently, Tatung, with JVC parts, and Sampo, working with Sharp, are only VCR producers in Taiwan. But Sony and Sanyo have announced plans to start assembly there this year with venture partners.

Magnavox is seeking modification of 1971 FTC consent order to eliminate sections that keep company from banning transshipments by dealers or setting merchandising standards for franchised retailers. Order was first of kind in industry, was followed by host of others aimed at audio marketers. In petition, Magnavox followed Pioneer, which won similar modification from FTC last year, by claiming market has changed, and restraints on sales practices seriously hinder its ability to compete.

Free zone status has been granted by Foreign-Trade Zones Board to Huntsville, Ala. industrial development area that contains Gold Star's color assembly plant. Approval, however, is only general designation, and companies operating within zone will have to file individual authorization requests with FTZB. Gold Star, it's understood, has expressed interest, but has no application pending.

Japan Camera Show last week at Takashimaya Dept. Store in Tokyo featured VCR and video camera introductions by Canon, Minolta, Nikon, Olympus & Pentax. Nikon offered its first VHS-C portable and 1.2-lb. video camera with 6:1 zoom, whose body is about size of Big Mac hamburger box, at \$800. Solid-state MOS cameras were shown by Minolta & Pentax.

VHS Hi-Fi VCR will be displayed at Summer Consumer Electronics show by several manufacturers, though only Matsushita, through subsidiaries Panasonic & Quasar, is understood to be committed to having version on market here this year. Show plan is further indication that standard for putting helical stereo audio track on tape has been settled (Vol. 23:7 p15).



## Consumer Electronics Personals

Jon Clemens promoted at RCA Labs from Videodisc Systems Research Lab. dir. to consumer electronics research staff vp, responsible for efforts in digital products, TV & videodisc systems; James Gatman promoted at RCA Sales from videocassette products mdsg. mgr. to Canadian mdsg. dir... Horst Rosenbaum resigns as Grundig chief exec. for "compelling reasons"... Nereo Agostinelli, ex-Solitron, joins Zenith CRT & Components Operations as southeast region sales mgr.

Steven Lenninger rejoins Tandy computer operation as advanced product development dir... Sigmund Hartmann, ex-TRW, is joining Commodore as head of new computer software division... Paul Petrucci named Fidelity Electronics regional accounts mgr... Bruce Market, ex-Fisher, joins Yamaha as component systems national sales mgr., succeeding Steve Girod, now national sales mgr. for new car stereo line... Ronald Marin promoted to vp, HWH Enterprises... Pam Golden, ex-Merchandising magazine, now acct. exec. with Frank Barth Agency.

Harry Safter advanced at MGM/UA Home Video to field sales mgr.; Steven Brecker, ex-CBS Records, joins as northeast region sales mgr., succeeding Safter; Jim Tauber, ex-Warner Home Video, named video rights coordinator... Robert Corti named VCA Teletronics asst. operations mgr... Gene Kahn, Columbia Video Systems, and Noel Gimbel, Sound Video Unlimited, named co-chmn. of new VDSA research committee... Shizuo Takano (JVC), Akio Tanii (Matsushita) & Jack Sauter (RCA) named ITA Men of Year.

Japan pocket pager dumping hearing, at which International Trade Administration will consider arguments related to preliminary finding of undervalued sales in U.S. by Matsushita & NEC, has been postponed to April 8. New date for issuing final determination is June 16. ITA dates, as well as those for International Trade Commission's probe into whether dumping has injured domestic industry, were pushed back at Matsushita's request (Vol. 23:10 p12).

GE is expected to announce move into consumer telephone equipment March 22 at scheduled new-product showing in N.Y. by Audio & Housewares Dept. AHD handles GE's CB, will be responsible for marketing of 900-MHz wireless telephone Personal Radio Communications Service equipment if FCC gives go-ahead (Vol. 23:4 p19). GE's involvement with teletext equipment is through TV Div.

FCC cautioned growing ranks of videogame & computer accessory manufacturers that hand controls containing microprocessors or other electronic circuitry which generate digital signals above 10 kHz are subject to verification for compliance with FCC RF radiation emission rules.

Walkman name may soon be showing up on host of no-headphone products. Sony says it has signed on Viacom as exclusive rep to license use of brand on non-electronic merchandise.

## 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
ITT			
1982-year to Dec. 31	15,958,440,000	702,816,000	4.75
1981-year to Dec. 31	17,306,189,000	676,804,000	4.58
Kloss Video			
1982-year to Dec. 31	14,134,443	675,366	.39
1981-year to Dec. 31	13,437,120	1,617,927	1.02 <sup>a</sup>
1982-qtr. to Dec. 31	3,601,533	177,023	.10
1981-qtr. to Dec. 31	4,123,034	530,467	.32 <sup>a</sup>
Philips NVB			
1983-qtr. to Dec. 31	16,138,100,000	162,900,000	--
1981-year to Dec. 31	15,950,000,000	134,300,000	--
Storer Communications			
1982-year to Dec. 31	379,302,000	9,198,000	.56 <sup>a</sup>
1981-year to Dec. 31	276,437,000	31,900,000	2.07 <sup>a</sup>
1982-qtr. to Dec. 31	109,529,000	3,547,000	.21 <sup>a</sup>
1981-qtr. to Dec. 31	84,951,000	16,484,000	.95 <sup>a</sup>
TCA Cable TV			
1983-qtr. to Jan. 31	4,854,000	681,000	.11
1982-qtr. to Jan. 31	3,629,000	583,000	.10 <sup>c</sup>
Wells-Gardner			
1982-year to Dec. 31	75,428,000	5,399,000	1.51
1981-year to Dec. 31	79,455,000	7,684,000	2.15 <sup>a</sup>
1982-qtr. to Dec. 31	15,032,000	962,000	.27
1981-qtr. to Dec. 31	28,790,000	2,648,000	.74

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>At guildler's current rate. <sup>c</sup>Adjusted.

Jacks & plugs are name of the game in new specialty TVs from Japan, following Sony's announcement of "game-ready" TVs with "hit" terminal (Vol. 23:9 p11). Toshiba announced 15" set with RGB terminal, to sell in Japan for \$550, models with front-panel jacks for video input and TV output, with video input & output jacks also on back. JVC announced 4 models -- three 19", one 25" -- equipped for connection to videodisc players, teletext adaptors & personal computers, featuring RGB and video & audio terminals for connecting 3 video devices simultaneously.

U.S. IC R&D effort will get \$1 billion infusion from Defense Dept. under 5-year program to start in 1984, according to R&D Under Secy. Richard DeLauer. Addressing recent IEEE Solid State Conference in N.Y., he said Defense will be funding projects for development of super computers, advanced ICs, improved IC production methods.

GE is moving production of metal film capacitors to Juarez, Mexico, at cost of 300 jobs at Ft. Edward, N.Y. plant, where output of high-power capacitors and capacitor materials will be continued.

Commodore plans to build \$30 million personal computer plant in U.K., start production there next year with 250 employees. Company said move will result in closing of smaller facility in Germany.

Korea has set \$2.6 billion electronics export goal for 1983, up about 21% from last year.



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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**WAXMAN TO INTRODUCE** bill blocking FCC from repealing or changing financial interest, syndication & prime time access rules. Issue ventilated at FCC en banc meeting. (P. 1)

**FOWLER TARGETS KID-TV DOCKET**, says final FCC report will come by early fall. (P. 2)

**PROGRAMMERS GATHER IN LAS VEGAS**, hear Dawson call for repair of market. Reagan pledges support for First Amendment freedoms. (P. 3)

**HUSH-HUSH MEETING** on communications policy sponsored by Science Foundation, which refuses to identify speakers. (P. 4)

**MULTICHANNEL MDS** plans include pay programming for VCRs, videogames, home computers, Microband's Foster says. (P. 5)

**PACKWOOD WANTS TO DEFINE FTC** guidelines affecting TV, other advertisers; ad groups express delight at news. (P. 5)

**BLACK TUESDAY:** Distant signals fade as cable industry adjusts to higher copyright rates. (P. 6)

**LPTV INTERESTS RAP FCC TIMETABLE** for processing Tier 1 applications, not considering deadline for bids as was done with cellular. (P. 7)

**WAXMAN MOVES TO RETAIN FINANCIAL INTEREST:** Legislation blocking any FCC action on financial interest, syndication or prime time access rules for 5 years will be introduced this week, probably March 22, by Rep. Waxman (D-Cal.), according to congressional sources. Bill, similar to 1982 Waxman effort, would prohibit FCC action repealing or changing rules before July 1, 1988, sources revealed. Rules bar networks from having financial interests in programming, from domestic syndication of programs and mandate that local stations program certain portion of prime time hours.

Capitol Hill aides were wary about describing details of proposed bill before it's introduced. Although staffers would talk about plan "on background," they admitted wanting to keep proposal under wraps long enough to round up co-sponsors in big numbers before broadcasting industry lobbyists got wind of Waxman move. Proposal already has picked up about 30 co-sponsors, including House Telecommunications Subcommittee Chmn. Wirth (D-Colo.), sources confirmed.

### Consumer Electronics

**VCR MARKET-SHARE** survey shows RCA retaining lead but by reduced margin. Panasonic, GE, JVC, Sanyo gain in 31-brand tabulation. (P. 9)

**CFF PICTURE TUBE** system unveiled by Philips is claimed to improve performance of mini-neck, cut costs. (P. 10)

**JAN. COLOR IMPORTS** surged to new high for month on jump in shipments from Korea & Taiwan. VCRs, color cameras sagged. (P. 11)

**JVC HOLDS PRE-LAUNCH** kickoff for April 21 market entry of VHD videodisc system. Pioneer gets Sega order for 10,000 LV players. (P. 12)

**ZENITH HAD LOWER** color dollar sales on increased unit volume, lost money on VCRs last year, company says in annual report. (P. 13)

**MARKET RESEARCHER** McCarty cools on videodisc, cuts '83 sales estimate 70%. (P. 13)

**EIA ADOPTS TRADE POLICY** position paper at conference as CEG abstains. COMPACT, Galvin get sympathetic ear at trade hearing. (P. 14)

**SONY NET FELL 71%** in opening quarter. SMC turned profit in last 1982 quarter. Quarterly losses shown by Mattel and Pioneer. (P. 15)



Proposal is similar to bill Waxman introduced last Dec. on afternoon FCC Chmn. Fowler defended deregulation idea in testimony before Subcommittee. Original proposal merely codified into law existing financial interest & syndication regulations. But new plan adds prime time access rules to list of Waxman concerns. It would prohibit FCC from taking any action before commercial TV market is considered "sufficiently competitive," congressional sources said.

Meanwhile, TV networks stoutly claimed at FCC en banc meeting on issue March 14 that they would not "warehouse" off-network programs before putting them into syndication if FCC removes rules. But spokesmen for programmers countered that record of networks prior to 1970 ban showed that warehousing would occur.

Network-programmers panel — consisting of CBS Pres. Thomas Wyman, NBC Pres. Robert Mulholland, ABC Senior Vp-Gen. Counsel Everett Erlick on one side, and Jack Valenti, pres. of MPAA, Dean Burch, counsel for Committee for Prudent Deregulation, and Mel Blumenthal, MTM Productions, on other — was scheduled for 90 min. They were on stage more than 2 hrs., were questioned closely by FCC Chmn. Fowler, other commissioners — also fired questions back & forth at each other.

Stanley Gorinson, Justice Dept., and Susan Stuebing, NTIA, gave strong support to networks. "The networks are too smart or too socially conscious" to warehouse programming, according to Gorinson. He conceded it would be tough under existing antitrust laws to prove case if there were covert collusion among networks, repeated suggestion this could be handled by separate FCC rule, although he said he didn't mean that would be necessary, only raised it as possibility. Asked by Comr. Jones if DoJ planned to revisit existing consent decrees with all 3 networks (which incorporate FCC financial interest and syndication rules), Gorinson said it's obvious DoJ testimony is "not in line" with consent decrees but "I would prefer not to say anything more." But, he added: "The present rule is far too broad and should not be retained by the FCC at all... It goes way too far."

Said Wyman: "Any abuses will be so visible that if indeed there are abuses," they soon will be exposed. All 3 network executives said that it would be in their best interests not to warehouse and Erlick said several times that ABC would accept FCC "policy statement" forbidding such practices if rules are rescinded. Mulholland said warehousing would be "economic suicide... It would be dumb." They also said "awesome power" ascribed to them over programmers just doesn't exist. Erlick (who did most of talking on network side) called Valenti argument "quite absurd," said Burch's argument is based on assumption there will be warehousing. Mulholland said it's "nonsense" to argue that repeal of rule will hurt independents while Erlick said they should welcome 3 more programmers to buy product from.

Fowler said fate of independents is "very important to the FCC," leading Valenti to say: "If you unleash these people [networks], they will own all syndication rights... That's why the independents are scared to death." Burch said network can withhold its 2nd best show and that will drive up cost to independents of best program. "These are just not 3 new entrants named Joe" wanting in, he said, "it's ABC, CBS & NBC with all their power." Quello said that he would have hard time convincing himself that independents won't be hurt, but on other hand networks deserve greater return for upfront program development money. He continually pushed for idea of letting networks own 10-20% at start, got little support from govt., network or program spokesmen.

FCC RETURNS TO CHILDREN'S TV DOCKET: In surprise move, FCC Comr. Rivera told House Telecommunications Subcommittee last week that Chmn. Fowler is reopening inquiry into children's TV (Doc. 19142). Announcement came as Subcommittee opened hearing on state of children's TV today; most members appeared sympathetic to critics of network offerings. Rivera presented letter by Fowler to Subcommittee Chmn. Wirth (D-Colo.) saying full Commission would hold hearing sometime in April. Fowler letter said hearing would give commissioners chance to get reacquainted with issue, promised final report by fall.

Subcommittee reaction was mixed. But ACT Pres. Peggy Charren, whose group has sued FCC to return to docket, said Fowler's decision was "about time." Rep. Gore (D-Tenn.) also



praised action, likewise saying it was long overdue. In commending Fowler, Gore blasted network TV for creating "national tragedy" by failing to provide quality programming for children.

Rivera announcement set tone for 4-hour hearing, highlight of National Children & TV Week March 13-19. He said TV should not be "just a toaster with pictures" in arguing for govt. action to pressure broadcasters for better children's programming. Charren, who had pushed for hearing, claimed it was signal to broadcasters that they must improve quality of children's shows or face sanctions.

Message was same from Rivera, who urged that Subcommittee set up special temporary commission to recommend programming improvements. Rivera argued that investigation is needed because commercial broadcasters "have breached their social compact with their constituency — the viewing audience — to enrich, entertain and educate." Under Rivera plan, special group would be appointed by Congress for about 6 months. It would include top officials from industry, govt. & public and make recommendations to FCC during pending rulemaking. Plan is similar to proposal presented to FCC by National Education Assn. last year. NEA endorsed Rivera plan at hearing. Idea was enthusiastically received by Subcommittee; staffers said Wirth plans legislation implementing Rivera proposal.

Theme that marketplace is hostile to children's TV was repeatedly sounded by witnesses at hearing, including Charren, "Capt. Kangaroo" Robert Keeshan, actor LeVar Burton, who is producing new PTV "Reading Rainbow" program, Sharon Robinson, NEA dir.-instructional services, & Keith Mielke, assoc. vp, Children's TV Workshop. Gore agreed, arguing problem has become "national tragedy."

Rivera used occasion to threaten govt. action. Although he shied away from calling for mandatory program performance guidelines, he warned: "If commercial broadcasters can't see their way clear to meeting their obligation to children independently, I would be prepared to consider the guideline concept, at least as an interim measure." Similar warnings were made by Gore and Rep. Leland (D-Tex.).

Networks defended record on children's programming. ABC Vp Squire Rushnell screened short clip especially made for hearing showing sampling of its programming. But Gore called clip example of "Saturday ghetto" programming, noting it highlighted many of network's weekend cartoon offerings. NAB Pres. Edward Fritts argued: "Broadcaster response to the needs of children has been, quite simply, far more thoughtful and imaginative than some have given them credit for."

**DAWSON CALLS FOR REVISED OWNERSHIP RULES:** FCC Comr. Mimi Dawson told TV programmers in Las Vegas last week that 3-buyer marketplace is underlying problem preventing competition and diversity in TV programming market and called on fellow commissioners to liberalize ownership rules. "My preliminary view is that the [financial interest and syndication] rules are really stopgap measures aimed at a more fundamental problem," she told attendees. "If the buyer's market is repaired... if we have viable new buyers in the market for TV programming, I think that a lot of the problems which have surfaced in financial interest and syndication, including increased program supply, may take care of themselves."

"Having listened to those in the program production community who want to retain this rule... it seems apparent to me that the major complaint is that there have been too few buyers for TV programs — in fact, only 3 buyers," Dawson told Katz Programming Conference, held in Las Vegas as syndicators and programming executives gathered for annual National Assn. of TV Program Executives fest. "I recognize that the Commission is largely responsible for this because of the 6th Report and Order. This original VHF allocation scheme virtually assured the eventual success of the 3 major TV networks. It also virtually assured the demise of the Dumont network and the difficulty in forming any other '4th network.' In fact, that original allocation scheme has proved so anti-competitive that it's really only recently that we've heard any serious rumblings about the creation of a 4th terrestrial network — or if not a conventional network, at least some 'networking' opportunities by station groups, particularly independents."

She warned programmers not to expect any govt. help to keep them in business.



"Ultimately, it's not going to be up to us in the government to determine who wins or loses in this competitive world. Our responsibility is to create an environment where you may compete fairly. It's up to you to break the mold of traditional programming that may not stand the test of competition in the next decade."

President Reagan sent videotape message for Fri.'s opening session of NATPE in which he said Administration & FCC "remain firm and enduring" in commitment to full First Amendment rights for TV-radio. He detailed deregulation steps taken by FCC, said "we listen and we will continue to listen to your concerns."

In mostly humorous speech, keynoter Steve Allen chastised TV industry which, he said, "doesn't often enough" do programs on important social issues. "All too often it's just 32-sec. on the news." He cited 32 social issues which he said TV isn't adequately covering. On deregulation, Allen said, without explanation: "It doesn't make sense to regulate everything and it doesn't make sense to regulate nothing."

At Thurs. session of TV Critics Assn., Fred Silverman, of InterMedia Entertainment, predicted that "superstations are dinosaurs. You'll see them disappear... unless they radically change their programming" because of increased copyright rate cable systems now must pay. He predicted that only 6 pay-cable networks will succeed, said "there's room for a couple of new services." He said sports will continue to be cable programming staple because "there are enough people in the U.S. that will watch anything that moves." In 10 years, Silverman predicted, "pay-per-view will be a giant [and] you're going to have to pay" for what's now free, particularly sports.

HBO's Michael Fuchs said TV networks "will survive despite drastic audience erosion" and partly because HBO "can't afford to do" programming like Winds of War. He said that series programming will decline because of "lack of viewer loyalty," that ads won't appear on HBO "in any time frame." Public Bestg. Service Pres. Lawrence Grossman predicted that advertising "will never be a major factor" in financing of public stations.

National Science Foundation last week refused to disclose identities of speakers being paid from public funds to express their views at closed conference today & tomorrow on future role of NSF in formulating information policy. George Hazelrigg, project officer at NSF, said he wouldn't disclose names of speakers because "we don't want them bothered." He also declined to say how much the speakers would be paid or to permit news coverage, saying that meeting facility is too small. He said meeting would be "a very closed workshop" and won't be open "because it doesn't have to be open." About 40 persons will meet today & tomorrow at MIT's conference center in Dedham, Mass. at workshop. Apparent purpose is to explore whether NSF should actively participate in providing advice to govt. on information policy. If NSF does decide to become active participant in communications policy debates, it could challenge position of Commerce Dept.'s National Telecommunication & Information Administration as main counselor to executive branch on information issues. Source familiar with arrangements for meeting described prevailing secrecy as "absurd" and "counterproductive." Among those who will speak, we've heard, are Ithiel de Sola Pool, MIT, and Martha Williams, U. of Mich.

TELSTAR Corp. has been selected as supplier of SMATV programming by Americana Hotels. TELSTAR has agreements with 25 hotel chains to provide SMATV and teleconferencing, including Howard Johnson's, Sheraton, Stouffer, Ramada, Best Western, Holiday Inn, Hilton.

Ex-FCC Chmn. Newton Minow — of "vast wasteland" speech fame — will join CBS board, replacing investment specialist William Burden, subject to holder approval, according to notice for April 20 annual meeting. Minow currently is partner in Chicago law firm, Sidley & Austin, which is on CBS retainer. Notice shows Walter Cronkite was highest paid CBS employe last year, receiving \$1.1 million under 7-year consultant and news service contract that expires Nov. 4, 1988. Pres. Thomas Wyman followed with \$722,827, including \$663,654 in salary & bonus; Best. Group Pres. Gene Jankowski earned \$615,635 (\$449,231 in salary & bonus); Vp Walter Yetnikoff made \$583,428 (\$558,667). William Paley, 81, who made \$636,516 (\$545,077) last year, steps down as chmn. at meeting, but will continue as a dir. and consultant through 1992 under contract that provides him with \$200,000 annual fee, plus \$250,000 yearly supplement to regular \$65,000 yearly retirement benefit. CBS net losses on disposition of CBS Cable and Pacific Stereo retail chain are estimated at \$22.9 million in just issued annual report. Sum is in addition to \$14.6 million in net operating losses.

U.S. & Canada have reached "tentative agreement" for extension of daytime AM operating hours and nighttime power increases for Class IV AMs in U.S. Agreement, whereby Canada acquiesced to 6 a.m. local time start by daytimers and to permitting them to remain on air until 2 hours past sunset, must be ratified by FCC, State Dept. and Canadian govt. Similar negotiations are under way with Mexico,



**MICROBAND EYES VCR TIE:** Best technological marriage for ABC Video Enterprises' Home View Network may be to MDS, claims Mark Foster, chmn. of Microband Corp. of America. Microband, biggest MDS common carrier, expects FCC rulemaking by mid-April which would assign affiliates 4-5 channels in urban markets, permitting first multichannel MDS operations. Foster sees major opportunity for "downloading" of programs from satellite to addressable pay-per-view VCR, essentially same idea as HVN. Study for Microband by Browne, Bortz & Coddington is optimistic about prospects for HVN, indicates subscriber range of 250,000-370,000 in 1985 and 1.5-2.2 million in 1990, with MDS at 600,000-800,000 and 1.7-2.4 million during same period. Foster thinks multichannel service could lift latter projection to 5.6 million. By comparison, cable pay-per-view should reach 9.4 million and 36.7 million; STV 1.7 million and 1.2 million; DBS 1.2 million and 5.5 million; SMATV 130,000 and 250,000; LPTV 50,000 and 800,000.

Microband has suggested tie-in to ABC, claims it's interested, at same time broached idea to ITFS operators who have been asked to participate in Microband's Urbanet project. Contribution would be 1-2 channels, generally dedicated to education. ITFS, which will be big loser if FCC agrees to Urbanet, might not go along willingly, could appeal Commission's decision. Microband claims not to be worried about legal holdup, is sure FCC would permit multichannel expansion while it considers ITFS petition to rehear.

Microband expects to offer some kind of machine leasing program similar to HVN Betamax fee of \$29.95 per month. First large-scale tests of HVN are scheduled to start this year, probably on ABC-owned or affiliate station in midwest. Scrambled transmissions, mostly of entertainment programs, will be sent 2-5 a.m. when stations are otherwise dark. Foster notes HVN on dedicated MDS channel wouldn't have that restriction.

Program selection would be made on keypad connected by phone line to "nodal exchange center" created by Microband parent Tymshare Inc. Tymshare service will be available in 800 cities this year, providing local access to 85% of U.S., Foster claims. Microband wants to tie more than HVN to keypad, talks about downloading videogames, computer programs, videotex. Cost of Urbanet to subscriber, Foster estimates, would be 10-25% under equivalent cable package, with first MDS system ready to roll 6 months after FCC approval. Foster expects programming mix to be discussed & organized by MDS Industry Assn., new trade group composed of operators, carriers and hardware and program suppliers.

Edward Ney, Young & Rubicam chmn., has challenged American TV industry to throw its support and expertise into new "electronic Marshall Plan" capable of "bringing education and information to a host of under-developed nations." Speaking at TV Academy of Arts and Sciences meeting in L.A., Ney also said Y&R will underwrite day-long symposium on "electronic Marshall Plan" in late spring in L.A.

**PACKWOOD WANTS AD RULE GUIDE:** Guidelines may be coming for advertisers troubled by federal "ad substantiation" rules, trade groups learned at Fri. Senate Commerce Committee hearing. After listening to testimony from advertiser groups, Committee Chmn. Packwood (R-Ore.) suggested he would be "amenable" to legislation spelling out limits of Federal Trade Commission jurisdiction over "unfair" advertising practices. Trade groups reacted with surprise and glee at announcement, which amounts to new position for Packwood.

"It's an encouraging sign, a turn in direction," claimed attorney David Versfelt of American Assn. of Advertising Agencies, explaining Packwood had earlier been wary of idea. Bill Packwood pushed through Committee last year would have exempted ad trade from FTC authority over deceptive practices, including "unfairness" test. It died on Senate floor last year. Trade groups including American Assn. of Advertising Agencies, Assn. of National Advertisers, want exemption from unfairness rules but say exemption from all deceptive practice laws may be going too far.

Ad industry groups argued in joint statement to Committee: "If advertising is to continue to play its vital role in our economy it must be protected from unjustified restraints. Truth & accuracy are concepts which advertisers can and should live with... Advertising cannot live with an amorphous & ever-changing concept of 'unfairness.'" Gilbert Weil, attorney for Assn. of National Advertisers, said principle is not problem. "Question is how to define reasonable authority." Ad group arguments were supported in other testimony Fri. by U.S. Chamber of Commerce, National Assn. of Mfrs., Small Business Legislative Council.

FTC doesn't want advertisers exempted. Chmn. Miller told Committee idea of exempting any special interest group from its consumer protection rules is "bad public policy & bad law," urged idea be rejected. Joining him at hearing were Comrs. Bailey, Douglas, Clanton & Pertschuk. All agreed FTC internal guidelines governing unfairness practices could be developed as alternative, but Miller claimed best route is law more clearly defining standard, possibly avoiding First Amendment fight in courts.

Chmn. Fowler and Rep. Dingell (D-Mich.) faced off in unexpected debate on fairness doctrine at National Press Club in Washington last week. Dingell & Fowler differed not only on doctrine, but on whether govt. currently censors broadcasters and whether broadcasters use of given spectrum constitutes "monopoly." Fowler: "When the FCC has the right to order broadcasters to put something on the air, that's censorship." Dingell: "I'm not aware of any way in which the govt. influences a broadcaster's content." Fowler: "Newspaper print is a scarcer medium than broadcast; it's a non-sequitur to say that because broadcasting takes place on only one frequency that it's a monopoly — the Washington Post would be a better analogy." Dingell: Broadcasters are "hitched up to the money making machine; not only do they get a monopoly but one that's worth \$20 million."



**'BLACK TUESDAY' ARRIVES:** Cable's last-ditch efforts to stave off implementation of dramatically higher copyright rate failed in U.S. Court of Appeals, D.C. last week and at Copyright Office, forcing industry to make final decisions on carriage of distant signals. At MSOs and larger independent systems around country, executives were faced with deciding either to drop distant signals added after June 25, 1981 (date of FCC deregulation) or begin to pay 3.75% of gross revenues for carriage of each one.

Last straw came March 13 when Court rejected NCTA's 2nd request for stay until Assn.'s appeal of Copyright Royalty Tribunal's (CRT) new rate is resolved. Earlier, Copyright Office had rejected novel argument that operator can substitute independents for specialty stations, which were allowed under old FCC rules and exempt from new rate, whether or not those specialty stations had ever actually been carried.

Newer copyright-paid cable program channels seem to be big winners, regional independent TV stations losers with superstations not faring as badly as it was thought they would. Overall, WOR-TV N.Y. and WGN-TV Chicago seemed first to be dropped, then regional independents, WTBS Atlanta last. NCTA survey of 28 of top 30 MSOs found 6.3 million subscribers would lose at least one channel. MSOs said in survey they planned to drop 493 distant signals as of March 15, 411 of which are regional independents.

Eastern Microwave, a carrier of WOR-TV, lost 600,000 of 5.2 million cable subscribers, said National Mktg. Dir. Mary Kotter. Many cable systems in Fla. & Cal. kept WOR-TV because of high population of ex-New Yorkers, Kotter noted, but loss was "generally all over the country." United Video, carrier of WGN-TV, said higher rate had cost company million subscribers from its 10 million total. But Pres. Roy Bliss said he expects to recover all of them through carriage on new build systems by end of April. "January was the best month we ever had; we picked up about 400,000 subscribers," Bliss said.

WTBS's official count at week's end was 320,000 subscribers lost out of total of about 25 million — well under 500,000-750,000 predicted earlier in week and forecast made in Dec. of million or more. "It's not nearly as bad as we feared," said Turner executive. Figuring prominently into WTBS's better showing was decision by Cox Cable to retain station on San Diego system which has nearly 250,000 subscribers.

Nashville Network, Cable Health, Music TV and CNN 2 lead in switch-overs. Group W Satellite Communications, marketing Nashville Network carried on same Westar 5 bird as 2 superstations, said it hadn't calculated precise effect. Cable Health Network said it had added 1.1 million subscribers since Jan., attributed 500,000 to canceled distant signals. That's in addition to 700,000 subscribers it estimated it gained from change in signals Dec. 31. MTV representative said it had also noticed "bulge" in sign-ons for March and last Dec.

Leading MSOs we sampled showed ATC dropped signals on 25 systems, amounting to roughly 525,000

of 2.1 million subscribers. Group W Cable dropped signals in L.A., Manhattan and 25 more of its 140 systems. Storer dropped signals in 66 of 124 systems. Warner Amex Cable said it dropped WTBS on 4 systems, WGN-TV on 3, WOR-TV on 6 but had no tally on overall signals dropped on its 147 systems. According to Daniels & Assoc. Pres. William Daniels, CRT ruling caused "virtually no harm at all to us — in some areas we paid, in some places we dropped, but overall we're in awfully good shape."

MPAA said distant signal losses bore out Assn.'s earlier predictions that impact wouldn't be nearly as great as cable industry had predicted. "It seems to me that my predictions have been fairly accurate, that not much of anything has happened. As I've said before — it's just no big deal," MPAA spokesman said. Community Antenna TV Assn. Exec. Dir. Stephen Effros said there's still "massive confusion out in the field. I know of a situation where an operator has taken a signal off and because of complaints had to put it back on. Many operators are "toughing it out," Effros said — deciding to continue to carry affected distant signals and absorb costs while betting NCTA will win its appeal. "There's a darn good chance that by August the 3.75% rule won't mean much," he said.

David Markey, special asst. to FCC Chmn. Fowler, will begin work today as dir. of National Telecommunications & Information Agency, officials confirmed. One spokesman said that while Markey "physically" will begin work at NTIA, some paperwork remains to complete transition. He succeeds Bernard Wunder who left March 1 to go into business in Dallas with Ex-Rep. Collins (R-Tex.) — for whom Wunder worked before joining staff of House Telecommunications Subcommittee, then moving to NTIA after President Reagan's election. Markey is a former lobbyist for NAB, joined Fowler from staff of Sen. Murkowski (R-Alaska) in Jan. At FCC he primarily worked on improving Fowler's relations with Senate Republicans.

### Obituaries

**Donald Bilger**, 63, partner in Washington communications law firm Bilger & Blair, and former pres. and chmn. of B&B Bestg. and United Communications Industries, died March 15 of cancer. Wife, 2 children survive.

**George Morrell**, 72, Midwest Video pres. who pioneered cable TV in Little Rock, Ark. in 1950s by assembling group of investors that included John Wayne, Winthrop Rockefeller and H.L. Hunt family, died Tues. in Little Rock. He was named Man of Year in 1977 by NCTA. Wife, daughter survive.

**Joseph Zias Sr.**, 72, FCC attorney from 1963 until he retired in 1981 as member of Review Board, died of cancer March 13. He began his career at FCC in Best. Bureau and also edited FCC Law Journal.

Daughter, son survive.



**LPTV GROUPS SEEK SPEEDY REVIEW:** Low power TV interests expressed frustration that, as FCC Chmn. Fowler recently told Senate Communications Subcommittee, it most likely will be end of year before rapid review of Tier 1 (smallest markets) applications begins. LPTV Branch Chief Barbara Kreisman said at brown bag lunch at FCC that by then tandem method of computer system (due to begin operating in June) will be debugged and lottery system for picking winner from among mutually exclusive applications will be "processing" 250-350 monthly. But "processing" doesn't mean granting CPs, she said. Mostly it will entail identifying faulty applications, mutually exclusive bids, she said.

LPTV Branch again has been swamped with Tier 1 applications, Kreisman said, with additional 3,500 applications received in one wave recently, bringing number now on file to about 12,000. That massive filing, Bureau staffer said later, was by Mountain TV Network of Colo. for areas in west. Staffer said filing requests multi-channel stations, that all applications were copyrighted. Bureau expressed dismay that Tier 1 applications could increase dramatically as applications are placed on cut-off (list of applicants chosen for processing). When first cut-off list was released last month with 84 applications, Bureau received nearly 600 additional applications wanting consideration for same channels in those markets, Kreisman said.

Most vocal at meeting were minority representatives, who said FCC's methodical approach isn't achieving its stated goal of broad minority ownership in emerging LPTV industry. They made point that most minority businessmen who are interested in LPTV live in larger cities, and because FCC isn't contemplating any deadline for Tier 1 applications -- as Kreisman confirmed at meeting -- it could be year or more before Tier 2 and Tier 3 (largest markets) are considered. By then, many minority businessmen will have lost financial commitments or decided to pursue other interests, they told her. Such informal meetings usually are reserved for reporters, but lobbyists, applicants, representatives of various LPTV groups dominated session attended by about 50 people.

LPTV interests were encouraged to attend March 31 FCC meeting at which Commission will take up several important matters, mainly reconsideration of LPTV order (BC 78-253) and final order authorizing lottery. Some new forms also will be approved at meeting, Kreisman said.

Rebuffing strong pitches from ABC, 2 major market VHF's — KCRA-TV Sacramento & WXFL (formerly WFLA-TV) Tampa — have signed new 2-year affiliation contracts with NBC. ABC is affiliated with UHF KRBK-TV in Sacramento and its Tampa affiliate WTSP-TV is allocated to St. Petersburg. "We wish to put to rest the rumors that KCRA-TV would change affiliations," Gen. Mgr. Donald Saraceno said. "We evaluated other market-dominant stations who have changed affiliations and on balance decided that our future might be better served through a renewal with NBC." WB

National & regional spot TV ad outlays rose 19% in final quarter last year to \$1.04 billion, bringing 1982 total to \$3.34 billion, up 17%, TvB reports. Auto makers repeated as biggest users last year, with \$361 million, up 27%.

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## Personals

CBS Inc.'s Thomas Wyman elected to board of Ford Foundation... Martha Stanville, ex-WCCO-TV Minneapolis, appointed vp-NBC TV affiliate promotion services, west coast, succeeding John Miller, now vp-advertising & promotion... Robert Fennimore resigns as vp-gen. mgr., WOR-TV Secaucus, N.J.; James Merino, exec. vp of parent RKO General TV Div., takes over on interim basis... John Garwood, ex-WSB-TV Atlanta, appointed pres.-gen. mgr. of KTUL-TV Tulsa, recently acquired by Allbritton Communications... Harry O'Connor, syndicator of President Reagan's radio program prior to 1980 Presidential campaign, will be appointed to board of Corp. for Public Bestg... Thomas Campbell resigns as dir. of FTC Bureau of Competition to join law faculty at Stanford U.

Dennis Day will entertain at Best. Pioneers breakfast April 12 during NAB convention in Las Vegas; Labor Secy. Raymond Donovan appears on NAB panel "Productivity — Key to Prosperity"... Randilyn Forselius, ex-Mountain Bell, appointed Rocky Mountain district mgr., Brand-Rex Telecommunications Div... Zhu Xuefan, vice chmn. of standing committee of National People's Congress, appointed chmn., China National Committee for World Communications Year; Wen Minsheng, minister of Posts & Telecommunications, and He Ying, adviser to Ministry of Foreign Affairs, named vice chmn.

Richard Davis promoted to vp & controller, American TV & Communications; David O'Hayre and Peter Robinson, cable investments vps; Robert Niles, management reporting vp; Margot Zaterman, treas.; Katherine Mathis, cable investments dir... Franklin Caine named RCA financial planning & services staff vp-asst. treas... Evelyn Voehringer appointed USA Cable Network personnel & administration dir.

Ex-FCC Comr. Abbott Washburn, head of U.S. delegation to June 13-July 15 Region 2 Geneva conference on allocations for direct broadcast satellites, has been given personal rank of ambassador by President Reagan... Timothy Hughes, ex-Wells Fargo, appointed vp-human resources, Cox Communications... Timothy Muris moves from chief of FTC Consumer Protection Bureau to head of Bureau of Competition, succeeding Thomas Campbell, who will join Stanford U. law faculty April 1... Jack Stokes promoted to deputy broadcast editor, AP... Promoted at S.A.L. Cable Communications to sales mgr.: Thomas Heath, southeast; Jerry Thompson, southwest; Donald Widaman, midwest; Jonathan Schwartz, northeast.

Gene Mater, senior vp-policy, CBS Best. Group hq staff, moves to CBS News as senior vp-communications & news practices, new post; Roger Colloff, ex-CBS News and now vp with Owned TV Stations Div., assumes most of Mater's duties as Best. Group vp-policy & planning; program standards & practices, which reported to Mater, will report to Senior Vp George Fuchs... David Judelson resigned as Gulf & Western Industries pres. as part of restructuring by new CEO-Chmn. Martin Davis; post of pres. won't be filled... Gary Weik, ex-Cox Cable,

appointed Harte-Hanks Communications vp and pres. of cable TV division... Gary Schmidt, ex-RCA Best. Systems Div., joins Artel Communications as mgr.-broadcast sales... James Thompson advanced to gen. sales mgr, KYW-TV Philadelphia... Richard Stein resigns as Eastman CableRep senior vp to form consulting firm.

Jean Goldberg promoted to vp-mktg. research, MGM/UA TV... Robert Caird, ex-RCTV Entertainment Channel, appointed vp-affiliate sales, Disney Channel... Paul-Rene Heinerscheid, ex-DBS project mgr. for Radio-TV Luxembourg, appointed vp in charge of technical operations, U.S. Satellite Bestg. Co... George Sell, ex-CED Magazine, appointed dir. of communications, Durborow Assoc./Cable Marketing Management.

William Lambert & John Tamblyn named vps, Satellite Systems Div.; Edgar Ebenbach named vp-asst. gen. mgr., Jerrold Canada... David Fluhrer appointed corporate communications dir., Viacom International; Frank Brown promoted to asst. to pres., Viacom Enterprises... David Ives, WGBH-TV Boston, elected chmn., Eastern Educational TV Network; Richard Russell, WCNY-TV Syracuse, pres... James Lockhart, Transamerica Corp., elected chmn., KQED San Francisco.

James Feeney, ex-Adams-Russell, appointed dir.-operations, Tribune Cable Communications... Robert Gibeling, ex-Ga.-Pacific Corp., named ad dir., Weather Channel.

NPR Pres. Frank Mankiewicz, Business Services Vp Richard Hodgetts and NPR board members Myron Jones, Cathleen Douglas, Jack Mitchell, George Klingler & Steven Meuche were elected to board, NPR Ventures Inc., network's for-profit subsidiary; Douglas was named chmn... Diana Dougan is taking leave of absence from CPB board effective March 4 to work as State Dept. coordinator of international communications & information policy, new position.

John Fowler, ex-gen. counsel Dept. of Transportation under Drew Lewis, appointed exec. vp, Warner Amex Cable Communications, member WA exec. committee... Weather Channel Pres. John Coleman will speak at Washington Metropolitan Cable Club luncheon March 24... Jeffrey Shugan advanced to project mgr.-operations, American TV and Communications Corp... Earl Stanley, ex-Dow, Lohnes and Albertson, joins Washington law firm of Wilkinson, Barker, Knauer and Quinn March 31... Randy Young, ex-Anixter Communications, appointed mktg. mgr., M/A-Com Video Satellite's SMATV Div... Scott Van Wagner promoted to sales mgr., Anixter Communications' national accounts facility in Denver... Victoria Kent, Warner Amex Satellite Entertainment, and Erika Schafer, Daniels & Assoc., named Women in Cable dirs.

ABC News & Sports Pres. Roone Arledge has won International Radio & TV Society Gold Medal Award for 1983... Advertising Dir. Dennis Fitch promoted to vp-advertising, ABC Entertainment... Robert Friedman, ex-Group W TV Sales, joins WPCQ-TV Charlotte as national sales mgr.



# Consumer Electronics®

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## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended March 4 (9th week of 1983):

	FEB. 26- MARCH 4	1982 WEEK	% CHANGE	FEB. 19-25	9 WEEKS 1983	9 WEEKS 1982	% CHANGE
TOTAL TV#.....	398,986	268,137	+48.8	353,129	2,969,297	2,731,449	+ 8.7
COLOR#.....	269,175*	182,921	+47.2	232,518	2,073,626*	1,807,972	+14.7
MONOCHROME....	129,811	85,216	+52.3	120,611	896,671	923,477	- 3.0
PROJECTION TV...	2,314*	1,510	+53.2	2,075*	23,399*	15,080	+55.2
HOME VCR.....	58,444*	32,106	+82.0	59,132*	521,508*	265,784	+96.2
COLOR CAMERAS...	4,480	4,714	- 5.0	5,059*	52,401*	42,343	+23.8

Color TV 5-week moving average: 1983--240,664\*; 1982--201,168 (up 19.6%).

Home VCR 5-week moving average: 1983--61,048\*; 1982--31,015 (up 96.8%).

# Excludes projection TV. \* Record for period.

**OUR ANNUAL VCR MARKET-SHARE SURVEY:** RCA continued as No. 1 brand VCR in 1982, but by substantially reduced margin, our 2nd annual market-share survey indicates. Shifts in ranking were fairly widespread, and more brands lost share than gained as number of brands on market proliferated from 21 in 1981 to 32 in 1982.

Survey represents opinions of manufacturers & marketers. As in our widely accepted TV market-share survey, we ask each participant in industry to estimate its competitors' shares of sales to dealers, omitting own company. Resulting medians provide reasonable market-share estimates. Rankings are based on median percentages, with averages used to break ties. We assume no responsibility for accuracy of results, and will be happy to print rebuttals by any brands which feel they've been shortchanged.

This year's results show Beta may have lost tiny bit of market share, the 7 Beta brands representing 26.125%, VHS 73.5% of 1982 market vs. 27.6% to 71.9% in 1981 (percentages don't add up to 100 because of share of Technicolor's CVC format). In 1982, each percentage point was worth about 20,000 VCRs as compared with 13,600 in 1981, so anything less than 25% decline in share actually represented increase in total sales.

RCA's dip of 6 percentage points indicates its 1982 sales to dealers increased about 15% to 440,000 from 381,000. Although its annual report shows RCA factory VCR sales declined in '82, company says sales to dealers were up as distributors sold from inventory. Matsushita's 2 U.S. brands, Panasonic & Quasar, if added together, would have been in virtual tie with RCA for first place. North American Philips' Magnavox, Philco & Sylvania had total of 6.7% of market, which would have placed it 4th.

Only "new" brand, which wasn't generally on market in 1981, to show up in rankings was Fisher, which leapfrogged to respectable 12th place with 2% of market. Other significant share increases were by Panasonic, GE (which jumped from 8th to 5th place), Sanyo, Hitachi. Aside from RCA, declines of more than one percentage point were shown by Quasar, Zenith & Sony, but last 2 increased total sales despite drop in share.

Two major categories of non-TV entities are largely responsible for addition of 11 new brands to market — audio and photo companies. The 6 audio companies (Akai, Fisher, Jensen, Kenwood, Marantz, Sansui) shared roughly 3.75% of 1982 market, or just above 75,000 units, dominated by Fisher's 2% showing. The 5 photo companies (Canon, Nikon, Olympus, Pentax, Technicolor) totaled just under 1.5%, or about 30,000 units. Technicolor, which espoused 1/4" CVC format, liquidated its inventory during 1982.



Here are results of our 1982 calendar year survey, with 1981 survey comparisons. Rankings after the top 21 are inconclusive, principally because of relatively small number of mentions, but we've ranked them roughly in order of results in 3 tiers. None registered as much as 0.7%, and the 10 brands totaled 3.65%.

## TELEVISION DIGEST VCR MARKET-SHARE SURVEY -- 1982

1982 Rank	Brand	Format	1982 % Share	1982 Range*	1981 Rank	1981 % Share
1	RCA.....	VHS	22.0	10.0-27.0	1	28.0
2	Panasonic.....	VHS	17.75	13.0-20.0	2	15.3
3	Sony.....	Beta	13.0	8.0-17.0	3	14.2
4	General Electric	VHS	5.0	2.5-6.0	8	3.3
5	JVC.....	VHS	4.1	3.5-10.0	7	3.9
6	Zenith.....	Beta	4.1	3.0-5.0	5	6.0
7	Sanyo.....	Beta	4.0	3.0-7.0	10	2.6
8	Magnavox.....	VHS	4.0	2.0-6.0	6	4.5
9	Quasar.....	VHS	3.5	2.0-6.0	4	6.0
10	Sears.....	both	3.5	1.0-5.0	9	3.3
11	Hitachi.....	VHS	3.4	2.0-5.6	11	2.0
12	Fisher.....	VHS	2.0	0.2-5.0	--	--
13	Sylvania.....	VHS	2.0	1.4-3.0	12	2.0
14	Sharp.....	VHS	1.5	1.0-3.0	14	1.2
15	J.C. Penney.....	VHS	1.1	0.5-3.0	15	1.1
16	Mitsubishi (MGA)	VHS	1.0	1.0-2.1	16	1.0
17	Toshiba.....	Beta	1.0	0.9-2.0	13	1.5
18	Montgomery Ward.	VHS	1.0	0.8-1.2	17	1.0
19	Curtis Mathes...	VHS	1.0	0.5-1.0	18	1.0
20	Akai.....	VHS	0.7	0.1-2.0	19	1.0
21	Philco.....	VHS	0.7	0.5-1.0	20	0.6
TOP 21 BRANDS**, TOTAL..			96.35			100.0

Other Brands (share below 0.7%):

First tier:	2nd tier	3rd tier (alphabetical):	
Sansui (VHS)	(alphabetical):	Jensen (VHS)	Olympus (VHS)
Technicolor (CVC)	Canon (VHS)	Kenwood (VHS)	Pentax (VHS)
NEC (Beta)	Marantz (Beta)	Nikon (VHS)	Tatung (VHS)

\*Adjusted to eliminate highest & lowest estimates.

\*\*Technicolor included in 1981 total in place of Fisher.  
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**PHILIPS UNVEILS NEW PICTURE TUBE SYSTEM:** In 2 weeks of demonstrations in Japan, North American Philips showed its candidate for next generation of picture tubes -- new gun and purity/convergence system adaptable to both mini-neck & standard-neck tubes -- which it strongly implied can outperform RCA's COTY-29 with at least equal cost savings. As added advantage, it said system can be applied to standard 29mm neck tubes with no mechanical or electrical changes, completely interchangeable with current tubes.

New system makes practical 19" mini-neck (22mm) tube for first time, it's claimed by Philips ECG (formerly Sylvania Tube Div.). Japanese have adopted mini-neck for 13" & 15" sizes. Mini-neck makes possible economies in color set design, but until now has had drawbacks in spot size (picture sharpness). RCA has countered with COTY-29 using standard neck diameter, claimed to provide similar cost savings as well as picture improvement; however, COTY requires new glass configuration for tube funnel, has different electrical characteristics



from standard tube (Vol. 22:23 p8, 23:9 p10). Of the 4 U.S. tube suppliers, GE & Zenith have adopted RCA's COTY design, leaving Philips as sole proponent here of mini-neck.

Philips system is called CFF (for Conical Field Focus gun), was developed in U.S. Like COTY, CFF uses single lens for all 3 guns, but employs conical rim around individual gun lenses letting their beams overlap; company says this makes possible main lens effectively bigger than could normally fit in small neck diameter, thereby providing smaller spot size. "It's not wedded to any neck diameter," we were told by Philips ECG Pres. John Torre. In oblique reference to COTY-29, Torre said: "We expect the performance & cost advantages of the CFF systems will prompt an industrywide reevaluation of position."

To lower cost, tube includes "Philips Ring" internal purity & convergence system used by Philips in Europe for 4 years. This is metal ring which is pre-magnetized and inserted in neck at tube plant, replacing external convergence purity magnet and 2 of 4 adjustments normally made at set factory. Torre estimated it could save set makers 50¢-65¢, "making possible savings [in 22mm version] exceeding those of the lowest cost mini-neck." It's seen as evolutionary step toward tube which requires no external adjustments.

CFF-29 (CFF system with 29mm neck) "can upgrade any 29mm product to a new industry level," said Torre, while CFF-22 provides performance at least as good as standard industry 29mm neck in mini-neck tube and permits production of 19" and flat square (FST) 20" with cost-saving mini-neck. All proposed new tubes have 90-degree deflection, except CFF-29 in 25" size, which will be 100-degree type. (RCA's COTY-29 system envisions 110-degree for 25", both 90- & 110-degree for 19".)

All of Philips' new tubes will cost same as predecessors, savings being in components for mini-neck, and in use of Philips Ring. It plans to start production of CFF-22 tubes in 13" & 19" sizes in 4th quarter, CFF-29 in 25" in first quarter 1984, with 19" medium resolution tube (finer-mesh shadow mask for use with computers, games, etc.) in 3rd quarter 1983. In new FST (flat square) series, first size will be 20", CFF-22 version available in 3rd quarter 1984, with 14" & 16" sizes also due in 1984. CFF-29 system will be phased into runs of all standard 29mm neck tubes. Premiere showings were in Japan because virtually all independent (non-tube-making) set makers in U.S. are either owned in far east or rely on Japanese technology & design. Demonstrations were attended by all Japanese, Korean & Taiwanese set & tube makers except Sony (which uses own Trinitron tube).

In Europe, N.V. Philips took note of Japan-developed FST, telling us, in answer to our question: "We expect that this technology will define the styling of TV sets in the long term. Therefore, [it] has our highest attention, but there are a number of technical disadvantages such as higher weight, greater energy consumption and higher costs. To come up with a product with higher performance for an acceptable price, a great deal of work is still to be done." Philips in Europe will make mini-neck tubes in sizes below 19", stick with 29mm in larger sizes. Videocolor, owned by France's Thomson-Brandt, is pushing COTY-29, called PIL-S6 in Europe.

**COLOR IMPORTS UP IN JAN., VCR DOWN:** Color TV importers started off 1983 same way they closed out 1982, with strong surge in shipments of complete receivers from Korea & Taiwan, Commerce figures show. But for video, month was loser, with major declines in VCRs, color cameras, videodisc players and projection TV.

Jan. was 2nd big down month of last 3 for VCR imports, shipments off 39.5% to 177,700, contributing to precipitous decline in inventories here. Import total, which includes professional as well as consumer machines, was 38,600 lower than EIA-reported VCR sales to dealers that month (Vol. 23:7 p9). Total TV camera imports dropped 27.5% to 36,800, with sag all coming in color, down 35.9% to 27,700, while b&w rose 19.2% to 9,100. Breakdown available this year for first time shows imports of color cameras with FOB prices under \$2,000 at 27,140, professional models at just 530. Videodisc player imports totaled 1,100, down 90.6% from Jan. 1982, but in line with shipments in more recent months. Incoming projection TV shipments dropped 22.2% to 4,200.

Total TV imports were down 15.7% to 756,700, as 38.2% drop in b&w to 356,600 offset effect of 24.9% rise in color to new Jan. record of 400,100. Complete color shipments jumped



58.4% to 249,800, also new record for month, while chassis & kits slipped 7.5% to 150,300. In b&w, imports of 10"-&-under were down 40% to 84,900, as mini-combos dropped 48.4% to 37,500, TV-only models fell 31.1% to 47,300.

In complete color imports, Korea was top shipper with 95,700, up 289.5%, followed by Japan, down 10.8% to 70,700, and Taiwan at just under 56,000, up 44.6%. Imports from Singapore fell 14.3% to 9,900, while Canada supplied 4,400, up 20.1%. Mexico was largest supplier of incomplete color, although 69,500 total was off 31.8%. Shipments from Singapore rose 61.9% to 42,000, while those from Japan fell 72.1% to 9,600. Taiwan & Korea, which didn't supply incomplete color in Jan. 1982, were source for 17,200 & 12,000 respectively.

**VHD, LV ON MOVE:** JVC gave its VHD videodisc system official pre-launch kick-off in Tokyo last week, while Pioneer boasted it had just received 2nd largest order for Laservision players ever placed.

JVC hired hall to show off to press and representatives of VHD companies high-end remote player it will start shipping in Japan April 21 — named model "Disc World." It confirmed list would be about \$630, and that it would have 5-6,000 units for sale. JVC indicated it had lower priced players ready to go, said it felt it would take about 3 years for market to develop to takeoff point.

Mitsubishi and NEC were first formally to join in, both with players at same price as JVC. NEC said it would also be out April 21, offer JVC-made players now, start own production next year. Mitsubishi said it was producing own players at 3,000 monthly rate, announced plan for May 21 introduction. Akai, Audio Technica, General, Matsushita, Sansui, Sanyo, Sharp, Toshiba, Trio & Yamaha are other companies expected to have VHD players on market this year.

Pioneer said it received order for 10,000 LV players from Paramount subsidiary Sega Enterprises, coin-op game producer which last year demonstrated prototype of Star Trek arcade videogame using LV player to generate realistic background. Order, Pioneer said, is 2nd in size only to one for 12,000 placed by GM 3 years ago. Pioneer said it has orders for 1,500 more from U.S. industrial users, including Apple & Atari, which use players in point-of-purchase displays. Pioneer indicated it had kept to announced plan of boosting monthly player output to 7,000 from 4,000 in Feb., said it still intended jump to 10,000 this fall (Vol. 23:1 p14).

**Mergers & acquisitions:** Harman International completed acquisition of Infinity Systems, said it also acquired URC group of companies, which include Urei line of professional audio equipment, Teletronix telephone systems, 2 recording studios... CBS completed sale of Pacific Stereo retail chain to Burke Mathes... Lionel said it has agreed to sell its 82% interest in components maker Dale Electronics to Acme-Cleveland for \$43 million. Disposition, part of bankrupt firm's reorganization plan, will leave Lionel as operator solely of toy discount retail chain... Thomson-CSF has acquired French IC maker Eurotechnique from venture founders National Semiconductor and St. Gobain. Acquisition was mandated by French govt. Deal includes royalty payments to, and parts purchases from, N.S... Bose acquires its Toronto distributor Ro-Bar Electronics.

**Computer notes:** Atari 1200 64K home computer carrying \$899 list has hit street at \$750... Timex cut \$30 from list of home computer, putting it at \$70, and is continuing \$15 mail-in rebate offer, dropping pre-discount cost to consumer to \$55. Move is considered advance reaction to TI's pending introduction of \$100-list computer console that should retail in \$80-\$90 range... Matsushita will produce computer system for sale in Japan in June by IBM. Including console, display & printer, it will list at \$4,200. Supply deal is unrelated to agreement to form joint Japanese venture to develop & produce low-cost computer equipment (Vol. 23:8 p17)... IBM, in apparent response to complaints over servicing of its personal computer, said it was trimming mail-in & carry-in repair charges at its 100 centers by 10-18%, will now offer on-site service at 25% premium.

Philco drop-ins have sharply lower suggested list prices than line introduced last May. Appearing after 2-year absence is 15" size, mechanically tuned model at \$290. New 13" is \$280 (compared with \$330 starting price last May); 19" models start with open-list unit which could sell as low as \$295, one-knob step-up at \$330, pushbutton set with scan remote at \$440 (last year's 19" started at \$420, with only remote model, random-access, at \$530). New 25" consoles, all with one-knob tuning, start with swivel-base at \$550, with other models at \$570 & \$610 (May console starting price was \$620). New 12" b&w AC-DC is \$95 (former 12" range was \$100-\$106).

Apple won right to go directly after alleged computer pirates in Taiwan. Appeals court there ordered district criminal court to reconsider decision dismissing complaint against 2 local companies on grounds Apple has no legal business presence in Taiwan, so is barred from filing criminal action (Vol. 23:9 p15). Higher court said 1946 treaty authorizes U.S. companies to bring suits to protect their rights. Apple unfair import competition complaint against Far East computer makers and U.S. importers is currently being investigated by International Trade Commission.

TDK estimates consumers will buy 11 million VCRs worldwide this year, up 20% from 9.2 million in 1982, boosting number in use to 32.2 million. It predicts worldwide consumer demand for 27 million blank videocassettes in 1983. VCR supply this year is expected to hit 15.4 million, based on EIA-Japan projection of 14.2 million production plus 1.2 million to be turned out in Europe by Philips & Grundig.



**ZENITH GROWTH—NON-CONSUMER:** Inability to turn profit in traditional consumer electronics business is forcing Zenith to direct growth effort "to those business aspects over which [it] can have more positive influence & control," company says in annual report.

Zenith report shows total consumer product sales of \$939 million, down 9.8%, with color volume down 4.7% to \$748 million, sales of other entertainment products off 25.4% to \$191 million. Major decline in "other" stems in part from dropping of audio products.

Company, which posted \$21.8 million net loss for year on 2.8% sales decline to \$1.23 million, said it had \$67 million drop in pre-tax net, \$28 million of that coming from consumer products. In consumer products, reduced selling prices trimmed earnings by \$45 million (\$22 million traceable to VCRs on which company showed loss for year as it did on projection TV), higher payroll & material costs accounted for \$10 million, lower volume \$19 million. Those were partially offset by \$46 million gain from design & manufacturing efficiencies.

Zenith said its selling prices were down across board by about 3% average last year, noted that in VCRs drop from 1981 pricing was as much as 30%. In units, it said its color sales to dealers were up slightly more than 1.9% industry average, but b&w unit volume dropped 17%. As for other new video area, videodisc player prices declined to level "that does not permit continued participation by Zenith in this business," forcing it to liquidate inventory at loss last year.

Component sales were down 7.7% to \$68 million, with rise in sales of power supplies and other parts offsetting most of decline in color tubes. Zenith attributed drop in tube volume to acquisition by former customer of own production facility. Magnavox parent North American Philips acquired Sylvania tube plant in 1981, but continued sourcing tubes from Zenith that year.

Zenith broke out cable equipment sales for first time, showed they more than doubled in 1982 to \$80 million from \$34 million in 1981; 1980 sales were just \$10 million. Indicated sales of computer products were up 40.8% to \$100 million, while volume of subsidiary Heath slipped an indicated 3.7% to \$52 million.

Income from non-consumer operations was down \$24 million pre-tax in 1982 because of high CATV & computer product development costs, lower color tube volume. Zenith also said its interest costs were higher by \$11 million, and it took \$4 million writedown on idle color tube plant in Lancaster, Pa.

Report shows Zenith research & engineering outlay rose 10.7% last year to \$63.8 million, notes company is working on DBS receiving systems, has developed new tubes for video arcade and data terminal markets. It says capital spending was \$32 million last year, down from \$60 million in 1981, and some \$18 million less than budgeted, indicates spending of about \$30 million this year. In addition to reducing such outlays in 1982, report says, Zenith also trimmed salaried positions, tightened cost controls, instituted 6-month salary freeze.

**MCCARTY COOLS ON DISC:** David McCarty, head of independent Indianapolis-based market research firm David J. McCarty & Assoc., has revised sharply downward his forecasts of videodisc player sales. McCarty has spent 32 years as specialist in consumer electronics market projections, most of them at RCA Consumer Electronics, where he was market research mgr. until 1981, is former chmn. of EIA CEG Mktg. Service Exec. Committee.

In new forecast, McCarty cuts prediction of 1983 videodisc player sales to dealers (all formats) by 70% from year-ago estimate — to 300,000 from 1 million. Last year, his forecast for 1982 was 500,000 units — actual figure turned out to be 222,625. "It won't go down the tube," he told us, but his long-term forecast sees penetration at 5.9% by end of 1986, down from prediction of 9.8% made year ago.

Noting Zenith's defection and failure of Japanese manufacturers to push disc players, he said: "With one company carrying the ball it goes right back to 1959-60, when RCA was alone in promoting color. Without a full-fledged industry we're not going to get substantial numbers. If we had a fully developed industry with competition, the picture would be brighter."

Biggest factor in reduced forecasts is cut in prices of competing products — first VCRs, then recorded videocassettes — according to McCarty. "The dealer is a very important factor. RCA has provided a step-up from disc player to VCR, and made the VCR so much more attractive" — dealer using low-end VCR to switch customer from disc player. McCarty has questions about survival of LV disc system, because same price can buy extremely versatile VCR.

Project Falcon has been brought out of closet by Atari, renamed AtariTel Div. New unit, as indicated here last Dec. (Vol. 22:51 p11), is working on line of sophisticated MPU-based home telecommunications products. AtariTel is headed by Peter Wensberg, who joined from Polaroid last year. Atari said line to be introduced in early 1984 will have features not now available in home phone gear, and while it will be marketed through traditional consumer electronics channels, ties with operating telephone companies also are being explored. Atari said several products are now in pre-production stage, declined specifics.

Atari & Commodore are revamping distribution, presumably to get better control over product marketing. Atari is consolidating videogame & computer distribution, eliminating many distributors that now handle only one of those products, moving to exclusive distributors in some markets. Commodore is terminating most of its factory reps, creating corporate district sales force to deal with retailers & distributors in major markets.

K-tel International, best known for TV spots for specialty phono albums, is moving into videogames. Company says it's developing own line of games & accessories for introduction at Summer CES in Chicago. First products will be for Atari game console.



**EIA'S TRADE STANCE:** Thanks in large part to no-contest attitude adopted by Consumer Electronics Group, EIA board adopted foreign trade position paper at Spring Conference in Washington last week calling on U.S. to amend policies and procedures to "deal with the realities of international trade."

As approved by large majority of those voting, statement urges U.S. to identify & protect industries being "targeted" for intense competition by foreign manufacturers; initiate actions to remove foreign trade barriers or to start antidumping, countervailing duty or unfair import competition cases; broaden countervailing duty regulations to cover all foreign subsidies, ease injury determination standards and stiffen penalties in dumping & countervailing cases; tighten U.S. trade laws to bring them into conformity with those allowed under GATT. Policy statement was developed by committee chaired by Glen Ronk of General Signal (Vol. 23:5 p7).

Adoption would have been deferred, if not killed, if any division or group raised strong objection. Seat of most opposition was in CEG, where foreign-owned companies and importers now have majority vote. After discussion, CEG decided to take no position, leaving matter up to its individual representatives on board. Reason, it's understood, was concern that rejection by CEG would give appearance that foreign industry has too much control over EIA.

Compromise also was used to ease policy paper's passage. Statement was added saying EIA recognizes that U.S. policies contribute to trade problems, as well as policies & activities of other nations. Also, there's gentlemen's understanding EIA will tread carefully so as not to bruise sensitivities of Japanese-related members when making trade presentations to Congress and govt. agencies. As one EIA staffer told us, "the vote was really an expression of confidence in [Pres. Peter] McCloskey."

EIA stance grew in importance amid signs Congress might consider revamping trade laws to remove what many in industry see as inequities favoring imports. At House Ways & Means Trade Subcommittee oversight hearing last week, Rep. Gibbons (D-Fla.) said he planned to draw up and submit such remedial legislation.

Shopping list of changes was offered by Corning Vp Francis Olmstead, appearing in role of co-chmn. of labor-industry group COMPACT. He urged changes in dumping and countervailing duty laws to outlaw compromise settlements, stiffen penalties, restrict circumstances of sale adjustments that he said result in understatement of injury caused by unfair import competition. He also called for change in laws that keep organizations such as COMPACT out of many trade-related legal actions, prevent makers of component parts from filing petitions seeking relief from imports of finished products.

Motorola Chmn. Robert Gavin, who lobbied heavily for creation & adoption of EIA position paper, told hearing U.S. should adopt "automatic countermeasures" system of retaliation to insure domestic manufacturers protection from unfair trade

practices before their competitive position is undercut by foreign companies or govts. He said comprehensive list of trade reform proposals would be sent to Congress this summer by Coalition for International Trade & Equity, formed by 21 high-technology companies last Feb. (Vol. 23:8 p16).

**N.Y. MOVE FOR CES:** Chances of Summer Consumer Electronics Show returning to N.Y. in 1985 improved substantially last week when Consumer Electronics Group gave go ahead for show staff to open negotiations for hotel space and date to occupy giant convention center being built on bank of Hudson.

Flurry of controversy over shift that blew up last year (Vol. 22:52 p9) apparently died down — it wasn't big issue during CEG meeting at EIA Spring Conference in D.C. Nod came in form of authorization to explore N.Y. show situation. Formal vote on move is expected to be taken at June meeting, when show staff will deliver full report.

CEG approved plan to provide financial and other assistance to Custom Automotive Sound Assn., group that has successfully persuaded car makers to offer radio delete option to consumers. Associations share many members, and proposal for merger was considered, but dropped because of targeted nature of CASA activities.

In another CES change, CEG cleared purchase of equipment to provide showgoers with plastic credit card-type badges that exhibitors can use to imprint names of booth visitors. Also cleared was establishment of retail data base, information to be collected twice yearly from questionnaires submitted to dealers along with CES pre-registration materials.

Group reaffirmed opposition to change in first-sale doctrine that would give software marketers control over rental of recorded videocassettes and share in rental revenue — proposal for repeal is now being referred to as "rental tax" — as well as to imposition of copyright fee on blank cassettes or VCRs. CEG plans closer cooperation with retail and distributor groups in anti-tax fights. Revoicing of position was reaction to adoption of pro-revision stance by ITA at recent meeting in Hollywood, Fla. (Vol. 23:11 p11).

\* \* \*

Jack Valenti apparently failed to convince board of Video Software Dealers Assn. to endorse revision of first-sale doctrine. VSDA Pres. Frank Barnako said "it took us about 10 minutes to say no" to proposal by MPAA pres. at Washington meeting that VSDA help write first-sale legislation acceptable to all parties. Valenti said MPAA would continue to seek legislation even if Congress fails to act on current bills. Barnako told our sister publication Video Week that VSDA totally supports EIA and Home Recording Rights Coalition. Board spent considerable time lobbying Congress against first-sale legislation and home taping fees.

Meanwhile, ITA Exec. Vp Henry Brief said group won't follow up its vote supporting first-sale modification with lobbying effort, will merely send letter to interested parties.



**SONY NET DOWN:** Sony cited unsettled world economic and international trade conditions, stiff price competition in consumer electronics in reporting 71.4% drop in consolidated net in first 1983 fiscal quarter to Jan. 31 on essentially flat revenue (see financial table).

Sony said sales of its basic product lines were about even with same 1982 period, noted industrial VCR volume was up, said audio was helped by consumer acceptance of digital Compact Disc players. Sony sales in Japan rose 6.4% to \$332.9 million, which about offset 2.6% decline to \$812.9 million overseas.

Video equipment volume, including VCRs & accessories, edged up just 2.4% to \$476.3 million. Total TV sales slipped 2.7% to \$271.1 million, as color edged down 2.3% to \$246.4 million, b&w jumped 83.1% to \$5.32 million, projection systems dropped 31.6% to \$9.18 million, and other TV, including video components, rose 1.3% to \$2.41 million. Sony credited Watchman for b&w improvement. Audio equipment sales fell 5.4% to \$267.4 million. Sales of other products, including office equipment, rose 8.6% to \$131 million. Sony said it sold 510,000 Betamax VCRs in quarter, up 14%, while color TV sales rose 4% to 640,000 and Walkman audio tape players held level at about 850,000.

Sanyo Mfg. Co. posted first profitable quarter of year in fiscal 4th period ending Nov. 30 on 16% sales rise. Earnings for quarter were high enough to put company in black for year, though 12-month sales were off about 1%. SMC, which assembles color TVs and microwave ovens in Forrest City, Ark. plant, said earnings were helped by \$1.4 million drop in interest expense, lower materials costs, administrative & production efficiencies.

Sanyo Electric, SMC's Japanese parent, reported 9.6% drop to \$121.5 million in consolidated net in year to Nov. 30, though sales were up 5.6% to \$4.35 billion. Bulk of revenue gain came from 5.8% rise in VCR sales to \$2.45 million. Sanyo said overseas volume was up 8.3% to \$2.71 billion, while sales in Japan eased up 1.6% to \$1.63 billion. Company said it expects 11% sales increase overseas, 9% rise in Japan this year, looks for 11% profit boost.

Mattel posted \$20.2 million loss in 4th quarter to Jan. 28 on 22% sales decline, showed 8.4% earnings gain on flat sales for year. Mattel blamed loss on videogame industry price erosion, lower unit sales of its Intellivision consoles.

Pioneer posted \$4.4 million consolidated loss in fiscal first quarter to Dec. 31 on 1.3% sales gain. Deficit compares with \$2.7 million profit in same year-earlier period, but was well below \$7.8 million loss in closing fiscal 1982 quarter. Pioneer said increased car stereo and videodisc product volume made up for 8% drop in hi-fi sales. It said videodisc sales were up 50% to about \$23.5 million.

Japan's Shin-Etsu will spend \$30 million to upgrade Vancouver, Wash. IC silicon wafer fabrication facility into fully integrated operation.

Major revision of MCA catalog prices — most extensive in recorded cassette business to date — has dropped price of 61 titles and raised 28 others. It also has raised hackles of distributors because of lack of price protection. Studio notified distributors last week of across-board changes effective April 4 — not enough time to clear inventory of copies at original prices. Suggested retails for 48 titles we've been able to track down have been reduced \$1-\$35, translating to distributor savings of 30¢-\$16.72. Seven remain same, but with 15¢ cut from wholesale. Odd pricing has been replaced by \$10 increments, starting at \$39.95 and ending at \$89.95, resting place of titles that were in excess of \$100. Most expensive releases — those in \$90-\$100 bracket — have fallen farthest.

Shortage of VCRs in Europe this year is seen as strong possibility by U.K.'s Screen Digest, based on Japan-EEC agreement to limit imports. Screen Digest calculates some 5.4 million recorders will be available to EEC market in 1983, including agreed maximum of 4.55 million from Japanese sources in both Japan & Europe, against anticipated demand of 5.58 million units. Screen Digest says it believes EEC "seriously underestimated the size of the market, especially in Britain." In U.S., VCR shortage is seen probable in 2nd quarter, as inventories decline toward danger level in face of 96.2% increase in sales to dealers for 1983's first 9 weeks.

French car radio plant plans of Nissan subsidiary Clarion are running into strong opposition by nation's electronics association. Though it has won tentative approval from govt. because it will be located in economically depressed Lorraine region, industry fears it will threaten jobs of 1,800 now turning out car radios at French plants owned by Philips & Blaupunkt. Govt. response is that Clarion will shift site to Germany or Belgium if rejected by France. Proposal calls for Clarion to invest about \$2.2 million in facility with annual capacity of 200,000 radios, employ about 150.

Motorola is offering to replace up to 2 million 64K RAMs already shipped to customers because tests show they may have higher than expected failure rate. Motorola said suspected ICs were from specific lot produced in one of its Phoenix RAM plants. Failure rate, company said, will depend on application and hostility of environment in which RAMs are used, so actual returns are expected to be in hundreds of thousands. Because of hold on inventory and corrective action at plant, Motorola said, there will be temporary product shortage running into 2nd quarter.

Joseph Di Figlio is scheduled for sentencing April 8 in L.A. Dist. Court after pleading guilty to 3 of 9 charges of extortion & fraud during his tenure as Sampo sales & mktg. vp. Di Figlio changed plea from innocent to guilty of 3 wire fraud charges just before trial was to begin. The 3 charges were based on recordings of interstate phone conversations in which Di Figlio is said to have demanded kickbacks from L.A. area Sampo rep. He is free on \$50,000 bond pending sentencing.



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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>Mattel</b>			
1983-year to Jan. 29	1,341,914,000	42,390,000	1.78
1982-year to Jan. 30	1,134,252,000	39,102,000	1.68
1983-13 wk. to Jan. 29	242,087,000	(20,191,000)	--
1982-13 wk. to Jan. 30	310,605,000	16,706,000	.76
<b>National Semiconductor</b>			
1983-40 wk. to March 6	889,604,000	(21,933,000)	--
1982-40 wk. to March 7	819,861,000	(7,579,000)	--
1983-12 wk. to March 6	261,698,000	(18,504,000)	--
1982-12 wk. to March 7	239,312,000	(8,830,000)	--
<b>Sanyo Mfg. Co.</b>			
1982-year to Nov. 30	274,317,000	913,000	.13
1981-year to Nov. 30	277,143,000	791,000	.14
1982-qtr. to Nov. 30	106,280,000	3,892,000	.56
1981-qtr. to Nov. 30	91,528,000	1,184,000	.17
<b>Sony<sup>a</sup></b>			
1983-qtr. to Jan. 31	1,140,700,000	25,000,000	.11 <sup>b</sup>
1982-qtr. to Jan. 31	1,142,000,000	87,500,000	.38 <sup>b</sup>

Notes: <sup>a</sup>At yen's current rate. <sup>b</sup>Per ADP.**Consumer Electronics Personals**

**Seth Willenson** resigns as RCA Selectavision Videodisc programs & business affairs vp to become vp-program development & planning, United Satellite Communications... **Franklin Caine** named RCA financial planning & services staff vp and asst. treas... **Jim Kawada**, JVC America corporate planning & development mgr., returns to parent in Japan as asst. gen. mgr., Special Equipment Div. (professional video & audio gear, musical instruments).

**Ted Bosu**, ex-Northern Telecom, joins Commodore as mfg. vp; **John Kelly**, ex-Massey Ferguson, named finance vp, both new posts... **Avram Miller**, ex-Digital Equipment, joins Franklin Computer as senior vp responsible for expanding of overseas manufacturing operations... **Joanne Koltnow**, ex-Apple Computer, named Scholastic West Coast software development dir... **Marilyn Wolpin**, ex-Video Business, joins Schwartz PR Assoc. as exec. on CBS videogame & computer software account.

**Norman Stollman** advanced at CBS Records International from administration vp to electronics senior vp, responsible for all foreign video activities, including cooperation with CBS/Fox Video, mktg., distribution and licensing of videogames, accessories, game & computer software... **J.P. Bommel** promoted to RCA Records international mktg., publicity & video mgr... **Michael Fine** resigns as pres. of Ingram Ventures, home video arm of Ingram Books... **Nadine Holt** promoted to production services dir., CBS/Fox Video International... **Hugh Havens** appointed National Video regional merchandising mgr.

**James Oblak**, ex-Jensen, joins Sansui as mgr. of new autosound sales unit... **Gary Hodge** appointed sales vp of new Kraco Consumer Electronics Div., responsible for home telephone equipment... **Lars Frandsen** named Electro Voice international mktg. vp... **Louis Gutierrez** advanced at speaker maker BES to operations vp... **Paul Perez**, ex-Cable Works, named Recoton mktg. dir... **James Robin** appointed asst. editor, Veronica Gunnerson west coast editor for Mart and Telecommunications Retailer magazines.

CBS received \$1.9 million last year as its share in profit of CBS/Fox home video venture, according to annual report. As part of agreement, report says, CBS has loaned venture \$16.75 million, may be called on for additional \$28.75 million over next 2 years. Fox contributed home video business, will put in half of its home video royalties until amount reaches \$39 million, repaying loans from 50% of subsequent royalties. CBS Chmn. Thomas Wyman told security analysts meeting in N.Y. last week that he was "extremely satisfied with results" of CBS/Fox to date "and we see no reason why we should be threatened" for market leadership.

Ad notes: Atari appoints Wells, Rich, Greene for home computers, replacing Young & Rubicam on estimated \$20 million account. WRG had special assignment to develop ads for educational videogame software. Atari is understood to have completed agency review for upcoming telecommunications equipment product line (Project Falcon), is expected to announce winner soon... Epyx appoints Chiat/Day for computer software. Spending this year is expected to be about \$1 million.



WEEKLY

# Television Digest®

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The authoritative service for broadcasting, consumer electronics & allied fields

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**BURDEN OF PROOF ON NETWORKS** if financial interest restrictions are to be removed, commissioners tell NATPE convention. Harris sees 'no pressure' to get issue on agenda. (P. 1)

**CABLE DEREGULATION BILL STALLED** in Senate Commerce Committee, to NCTA's dismay. Mark-up after Easter. (P. 3)

**CABLE OPERATING REVENUES** exceeded \$3.5 billion in 1981 but pre-tax net registered sharp decline. (P. 5)

**FCC BUDGET CAP** raised by Senate Commerce Committee by \$2.5 million. Biggest slice targeted at reducing backlog of VHF drop-ins. (P. 5)

**FULL FCC AGENDA** for this week with LPTV lotteries, ENFIA due action. (P. 5)

**LELAND BILL WOULD EASE** minority access to industry, taking page from FCC advisory group proposals made last year. (P. 6)

### Consumer Electronics

**TELETEXT DEBUT** finds most set makers lethargic, with few if any consumer-priced decoders likely this year. (P. 8)

**FINANCIAL INTEREST DOMINATES DULL NATPE:** Wherever you went during NATPE convention in Las Vegas -- at 2 major panels, in exhibits and hospitality suites, even at gambling tables -- main topic of conversation was FCC rulemaking to permit networks to own and syndicate off-network programming. After 5 days of debate, it appeared that nobody had changed sides. Also getting major attention in suites and hallways were efforts of Metromedia (alone) and consortium of 4 groups to form 4th network on once-a-week, prime-time basis. Metromedia claimed to have signed several stations for movies not sold to networks.

Much of hoopla of previous NATPE conventions was missing. Expensive gifts given out by major syndicators (and some not so major) in years past were virtually non-existent. Most station people were unhappy over scarcity of new programs. Veteran NATPE goer commented to us: "If they [syndicators] had something to sell, they sold. The problem was there wasn't much to sell." Most programmers said they were generally happy with results, one claiming he "wrote more business than ever before." Getting attention among first run shows were Thistle of the Night (actually first introduced at INTV and due to start in Sept.), New Pantomime Quiz,

**MINIMUM VCR PRICING** set on exports to Europe by Japan's MITI in 3-tier format to boost low-end models up to 40%. Thomson to take over Telefunken April 1. (P. 9)

**CONTINUED VCR SHORTAGE** here indicated by minimal rise in Japan's shipments to U.S. in Jan. & Feb. Complete color, b&w exports down. (P. 10)

**SOLID-STATE LASER** videodisc players introduced in Japan by Hitachi as industrial models. Matsushita, Sharp, Toshiba join VHD launch. (P. 11)

**FIRST BETA HI-FI** announced here is \$1,000 portable by Sanyo, which also adds new VCR at \$399. Sony Beta Hi-Fi is \$1,250 in Japan. (P. 11)

**RECORDED CASSETTE** resurgence springs from low prices, economic recovery, high VCR sales. Duplicators near capacity. New retail outlets. (P. 12)

**ATARI REVAMPS** distribution to exclusive regional system, limiting outlets to about 40. Mad scramble in marketplace. (P. 12)

**TAIWAN TV MAKERS** banding under govt. umbrella to design standard chassis for 1984 color exports, digital TV for future. (P. 14)

**FIRST-SALE STRATEGY** to give studios control of rentals now centers on encouraging special video production. (P. 15)



Woman to Woman, Breakaway, Newscope and Love Protection — latter 2 from TelePictures. Largest deal was purchase of 20th Century-Fox's Century II package of 23 movies by 3 independent stations owned by Chicago Tribune — WGN-TV Chicago, KPIX N.Y. & KWGN-TV Denver — for \$3 million.

(Although there was lots of traffic in American TV Syndication suite during NATPE convention, its featured show, Razzle-Dazzle, wasn't purchased by single station. Program is adult game show during which losing contestants are required to disrobe. As result, there's much frontal nudity from waist up. American TV Pres. James O'Daly has offered program free to first station that will put it on air.)

Major controversy is brewing for Feb. 12-16, 1984 (earliest date ever) NATPE convention in San Francisco when all syndicators will be moved from hotel suites to Moscone Center exhibit hall. (In Las Vegas, about half were in Hilton exhibit hall, remainder, including most of largest, in suites.) Many of those in suites — including MCA, Paramount, 20th Century-Fox, Worldvision — maintain they won't move to Moscone Center, will have suites at Fairmont Hotel, bring in program dirs. by bus. This prompted plea from floor at NATPE session that delegates show loyalty to Assn. and refuse to visit majors at Fairmont.

Another sore point for programmers next year will be closeness of NATPE convention to that of INTV -- which began soliciting syndicators at 1982 Washington convention, attracted 43 at Jan. convention in L.A. (NATPE had 249 in Las Vegas, vs. 260 last year.) INTV hasn't decided on site or dates for 1984, but convention will be on west coast around mid-Jan. This will throw NATPE & INTV closer together than ever before (and conventions will be even closer in 1985), putting huge burden on syndicators — which would like merger of the 2 groups. Overtures made by NATPE for some kind of merger were rejected by INTV.

As might be expected, dominant subject was FCC's financial interest rulemaking during panel of 4 commissioners and Mass Media Bureau Chief Laurence Harris. FCC members — Quello, Jones, Rivera, Sharp -- were very careful in their responses to questions to avoid showing bias. "We obviously can't give you a definitive answer," Jones said at one point. "We're really not close to a decision... This seems to be plucked out of the air and put on our plate when we weren't quite ready for it... The chairman is the aggressor" in pushing rulemaking.

Quello and Rivera said heavy burden of proof is on networks to show that rule should be repealed. Quello: "We have a system where everything is working." Rivera: "I think these rules are working and I think there is a burden [on networks] to show why they should be changed."

There's been much speculation that Chmn. Fowler will try to get financial interest issue on agenda before June 30 -- when terms of Sharp & Fogarty (both believed to favor repeal of restrictions on networks) expire -- but Sharp said he doesn't anticipate decision before he leaves FCC. "If it happens, I'll be ready," he added. Harris said he feels "no personal pressure" to get rulemaking up for vote "at any particular time." As for last week's oral argument before Commission, Harris & Sharp said it probably won't have much impact on FCC's ultimate action. Washington attorney John Lane, who participated in oral argument and also was on NATPE panel, said cases are seldom won or lost in oral argument. Quello said that he planned to ask that NATPE panel discussion be made part of official record at FCC.

Crowd (panel of commissioners was sparsely attended, as were most other sessions) was sharply split on issue of network ownership of syndicated programming. NATPE was criticized from floor for coming out against networks without polling members, while others suggested independent poll of affiliates to determine if they really support networks.

Asked if deregulation had harmed children's TV, Rivera replied "absolutely," said that FCC has sent message to industry that it doesn't really care about children's TV. Rivera criticized speech in which Fowler indicated FCC has more relaxed policy on programming for children than official position adopted in 1974. Sharp said he doesn't "hold to the notion" that licensees must program so much for children and/or so much public affairs. However, he warned that if licensees don't serve children "then regulation may come back with a vengeance." Quello was applauded when he said children may be better served by watching Good Morning America than Captain Kangaroo.



Closing joint NATPE session featured opponents & proponents of changes in financial interest rule, came 2 days after FCC panel. At pro-con panel, question of networks warehousing programming if they get back in syndicated business dominated discussion -- pros insisting there'll be no warehousing, cons insisting it's a myth to think there won't be, and that independent stations would be hurt. Richard Wiley, CBS Washington counsel, said charge of warehousing is based on "far-fetched assumptions" that just won't happen. Countered Michael Gardner, counsel for programmers' Committee for Prudent Deregulation: "Anyone who thinks there won't be warehousing... must believe in Santa Claus... You can't cry wolf if you're the wolf." He charged networks' motives "go to corporate greed and not the public interest."

CBS TV Network Pres. Tony Malara said claim networks will warehouse programs is based on "a doomsday scenario... The independents should welcome [the networks] as 3 new suppliers that will make a continued investment in the high-quality programming." However, INTV Pres. Herman Land (who was last-minute fill-in for ex-FCC Chmn. Dean Burch) charged "there is a mammoth effort at a power grab by the networks designed as an effort to save free TV" which, if successful, will do great harm to independents. Responding to questions raised at earlier panel about true support of networks by affiliates, NBC Affiliates' Chmn. Fred Paxton told closing panel that only 5 NBC TV affiliates voted against network position and that all 5 are in program production business.

During "Open all Night" panel on late night programming, moderator Stan Marinoff, WISN-TV Milwaukee and new NATPE pres., said that "we are advocating putting sex on the air," got no response when he asked audience for show of hands as to who would air Playboy Channel. Gary Lieberthal, Embassy Telecommunications, said that stations don't have to use "sexploitation" to get late night audience. Playboy Channel Pres. Paul Klein was hit of panel, however, when he aired "News According to Playboy" segment on visit to condom factory. All details about their intended use, etc., were included, along with interviews with several female workers.

At session on public interest groups (before audience of less than 50), National Black Media Coalition Chmn. Pluria Marshall said that "NATPE needs to get its act together... There is so little about black folk and black involvement at this convention." He and Abby Kenigsberg, L.I. Coalition for Fair Media, said that nothing makes public interest groups more active than feeling that they're being ignored. Kenigsberg said N.Y. network-owned stations have been much more responsive to coalition than have independents and that her group is considering filing petitions to deny license renewals of some independents.

CBS Senior Vp Gene Mater said "we have never turned down" group that wishes to meet with CBS officials. Ed Jones, WDVM-TV Washington program dir., decried small crowd at session, said that "pressure groups are not going to go away. If anything, they are going to grow and become more intent." Stewart Hart, KNTV San Jose, said that all stations must go through "sensitizing" in dealings with public interest groups. He added that demands of some groups are "too outrageous" to get positive results.

**CABLE BILL HITS SNAG:** Fast-track action on cable deregulation bill (S-66) was derailed last week when sponsor Sen. Goldwater (R-Ariz.) suddenly moved at Senate Commerce Committee mark-up session to delay consideration until after Easter recess. "Although I believe I have the votes, it might be wise to put it off," said Goldwater at March 22 meeting after Committee Democrats complained they had had only one day to review bill amended to embody NCTA/National League of Cities compromise. What Goldwater meant, insiders told us, was that bill could have passed on 10-6 party-line vote, considered bad form for such compromise measure.

NCTA Pres. Thomas Wheeler and several Assn. board members -- who had rushed to meeting after NCTA board approved compromise -- expressed sharp surprise & disappointment. "This will give the opposition time to regroup," Wheeler said. NCTA's 30-member board had been summoned to Washington for special meeting to review accord approved previously by NLC board (Vol. 23:11 p1).



Fear was that delay would give cable opponents time to lobby for amendments or altered language weakening bill. Several large cities such as N.Y., Sacramento & Dallas, already displeased with accord, are organizing; letter from N.Y. officials circulated at session sharply criticized bill. National Telephone Cooperative Assn. announced opposition, said it would begin lobbying senators.

Commerce Committee staffer said Democrats had some problems with bill, particularly its mandate that telco wanting to offer traditional CATV services must be franchised, pay franchise fee. Some also have misgivings about codifying rate-deregulated enhanced services for cable. "Basically, we're extending much of Computer 2 to the cable industry," another key aid said. Sen. Hollings (D-S.C.) believes that "telephone companies as common carriers should be able to offer cable services without getting franchised because they are already tarified at the state or local level," staffer said. Hollings' stance, he added, is that cable & telcos should be able to offer as many services as they want with minimal regulation: "If cable is facing competition locally, they should be able to go to the cities and ask to be totally deregulated."

Some industry officials said Hollings' approach could kill S-66 because, as one said, "total deregulation is a nice dream but it's politically unfeasible. He's creating a smokescreen that could defeat everything that's been done." We're told Hollings is drafting bill to create telco universal service trust fund which would "keep local rates down," staffer said. He explained Hollings believes that "only way to do that is with a subsidy. The question we're discussing right now is getting them [telcos] that pool of money, where it comes from and how it's directed."

Chances of bill's passage sharply improved later in week when USITA said it doesn't oppose measure. USITA's only concern was bill's definition of basic phone service, and that's been resolved. Referring to statements by some cable interests that telephone industry may have been responsible for delayed mark-up, USITA spokesman said: "The attention is entirely misplaced. Our interest is basically the issue of basic telephone service." AT&T spokesman said: "This bill involves cable and doesn't apply to the telephone industry," indicating it also doesn't oppose passage.

National League of Cities "had some definite concerns" about bill moving speedily through Committee but no major problems with way compromise was transformed into legislative language, spokesman said. "We didn't object to them marking up the bill" spokesman added, but "we are somewhat pleased to have more time to tighten up the language."

Also improving bill's acceptance, insiders said, were some aspects of cable/cities compromise that were either dropped from bill or diluted. For example, they pointed out, bill exempts classical master antenna and SMATV systems from definition as cable systems, meaning such systems won't need franchise.

Electronic edition of Communications Daily has become first industry newsletter to be transmitted over CBS's Extravision experimental teletext service. From Television Digest Inc. editorial hq in Washington, March 15 edition of Daily was telecommunicated to Extravision newsroom in L.A., where it was edited into 7-screen electronic digest, comprising index, major news stories, notebook items and personals column. Each screen carried color logo of Communications Daily. Test was timed to permit teletext edition of Daily to be demonstrated to N.Y. security analysts. CBS official said "the material was very well received." Albert Warren, editor & publisher of Communications Daily, commented: "Communications Daily is proud to add another electronic publishing first. Ours was the first newsletter to be broadcast experimentally over a satellite data link, the first to be published electronically on the NewsNet data base system, and now we have become the first to pioneer the new medium of broadcast teletext."

"One of these days I'm going to have a [TV] network, one way or the other," said Ted Turner. Talking to reporters at NATPE convention, he said at one point "we had a deal" with CBS Pres. Thomas Wyman, although no price was discussed. "Wyman and I could have worked together like 2 peas in a pod." Asked if William Paley, who retires as CBS chmn. at end of month, vetoed deal because Turner would have acquired more stock in CBS than Paley owns, Turner replied: "You said that, I didn't." He said that while no talks with networks currently are under way, he's talking to 2 other major communications companies and that "joint venture" with Metromedia is possibility (other company was identified as Gannett).

Sen. Goldwater (R-Ariz.) & Rep. Wirth (D-Colo.) will be luncheon speakers during NCTA convention June 12-15 in Houston. Wirth, chmn. of House Telecommunications Subcommittee, speaks June 13; Goldwater, chmn. of Senate Communications Subcommittee, June 14.



**CABLE REVENUES UP, INCOME DROPS:** Cable registered 60% increase in operating revenues to about \$3.5 billion in 1981 over 1980, FCC said in latest report that puts industry's total assets at \$7.9 billion, up 78%. Commission's annual assessment of state of industry, compiled from information supplied by operators in mandatory reports, notes that net income before taxes was about \$40 million in 1981, down from about \$160 million in 1980, only category showing decline.

Sharp drop in net income isn't surprising, several industry figures said. They pointed to 2 factors: (1) Hectic pace throughout industry to build new systems, many in large urban centers, and rebuild existing plants, for most part upgrading older 12-channel systems. Building boom resulted in dramatic rise in number of communities served — 8,678 in 1980 with about 17 million subscribers, 11,944 in 1981 with about 24 million subscribers, according to FCC data.

(2) High interest rates that prevailed in 1981. "You have to remember that 1981 had probably the highest interest rates we've seen. When the cost of money is 20-22% that really cuts into your profits," one executive said. FCC report said industry spent about \$400 million for financing in 1981 on total long-term debt of about \$2.6 billion.

Total operating expenses were \$2.4 billion, leaving operating income of \$1.2 billion or a 33.4% operating margin before expenses of depreciation/amortization, interest, taxes. Pay cable revenues were \$1.17 billion, nearly 1/3 of total revenues. National average monthly subscriber fee for basic service was \$7.94 in 1981, ranging from average low of \$6.50 in Vt. to high of \$20.01 in Alaska. National average installation fee was \$18.32, ranging from \$11.45 in R.I. to \$40 in Virgin Islands. National average monthly rate for pay cable was \$9.56.

FCC report underscores point that cable is capital-intensive, low profit margin business. Report puts cable's pre-tax profit margin at 1.1%, pre-tax return on assets of 0.5%. On per-subscriber basis for 1981, cable's net income before taxes was \$1.70 out of total operating expenses of \$101.31.

This may be last such FCC analysis of cable industry. Notice of proposed rulemaking is pending at Commission to abolish requirement for reporting of most financial, subscriber data. If that's adopted, cable systems would have to report only EEO data, some ownership information, official said. (Similar financial report required of broadcasters was dropped earlier this year.)

**Daytime Bcstrs. Assn.** has found ally in Sen. Pressler (R-S.D.) of Senate Communications Subcommittee, who last week introduced bill to extend hours of AM daytime broadcasters to 2 hours before sunrise and 2 hours after sunset wherever signals wouldn't interfere with those of nighttime clear channel stations. Proposal, introduced in House by Rep. Weber (R-Minn.), would allow larger rural area stations, including several outlets in S.D., to broadcast more locally oriented programs, DBA contends.

Cap on fiscal 1984 proposed budget for FCC was raised by Senate Commerce Committee before bill was approved and sent to full Senate. Committee agreed to raise ceiling by \$2.5 million to \$88.9 million for new fiscal year, which begins Oct. 1, targeting funds to speed up processing of backlog as follows: (1) \$900,000 more for VHF drop-ins if authorized, with money reverting to FCC general coffers if not used; (2) \$750,000 more for cellular radio license application processing; (3) \$550,000 more for FM drop-ins; (4) \$500,000 more for field offices; (5) \$300,000 more for general FM license applications; (6) \$150,000 more for access tariff proceedings; (7) \$110,000 more for 900-MHz paging. Also added was extra \$50,000 for telecommunications training exchange program that will bring delegates from People's Republic of China to U.S. Committee had asked FCC to explain how processing of backlog might be speeded up and what kind of funding it would take. FCC then replied with long list of goodies. Funding was part of bill to reauthorize FCC for another 2 years. Final action on proposal is still to come in both houses of Congress.

NCTA has attacked FCC decision granting telcos automatic waiver of telco/cable cross-ownership rule if proposed cable system is in rural area as defined by Census Bureau. In case filed in U.S. Court of Appeals, D.C., Assn. argues FCC's adoption of Census definition of rural was wrong because it's unsupported by evidence in record of Doc. 80-767. In proceeding, Commission rejected definitions of rural proposed by parties on both sides and adopted Census criteria which define as rural all areas outside of: (1) Places of 2,500 inhabitants, incorporated or unincorporated. (2) Other territory, incorporated or unincorporated, included in urbanized areas. NCTA argues that's contrary to underlying principle of cross-ownership ban that telco can own cable system only in areas that demonstrably are financially unfeasible for independent ownership based on population density.

FCC has full agenda March 31. Among long-awaited items to be considered: (1) New channels for cordless phones. (2) Lotteries to award LPTV licenses. (3) Reconsideration of corporate changes at Comsat. (4) American Bell's plans to offer customer premises equipment. (5) Nationwide paging networks. (6) Reconsideration of ENFIA decision. (7) AT&T's cellular capitalization plan. (8) Reconsideration of LPTV decision. (9) Fairness doctrine and political cablecasting requirements on cable systems. (10) Teletext rules. Staff has recommended marketplace decision on teletext, which commissioners will go along with. However, in controversial recommendation, staff also wants to reserve one line of blanking interval for hearing impaired for indefinite period.

TCI Communications must pay \$7,500 fine for unauthorized use of aeronautical frequency at its Forest Acres, S.C. cable system. FCC earlier imposed fine but TCI appealed, said use of 108.625 MHz was inadvertent, only occurred few times and for that reason only "a nominal forfeiture should be imposed." Mass Media Bureau denied appeal, said fine must be paid in 30 days.



**LELAND OFFERS MINORITY OWNERSHIP:** Special FCC advisory commission proposals to help minorities own piece of communications industry would become law under legislation unveiled by Rep. Leland (D-Tex.) at Capitol Hill forum on minorities in media. Black industry experts, FCC Comr. Rivera and others happy with proposal called on Congress to act on measure quickly.

Announcement came during day-long session sponsored by "Communications Braintrust," group formed to advise Congressional Black Caucus on industry issues. Leland bill would amend tax law to raise limit on value of used equipment that can be basis for investment tax credit. Present limit is \$125,000 on used property, permitting maximum tax credit of \$12,500. Leland bill would put limits at \$5 million & \$500,000 for minorities.

Proposal also would allow tax certificates, now granted by FCC to sellers of broadcast properties when sale is to minorities, to be issued for sales to minorities of non-broadcast properties such as mobile radio systems, cellular radio, MDS & common carrier systems. Bill is co-sponsored by House Telecommunications Subcommittee Chmn. Wirth (D-Colo.) & Reps. Rangel (D-N.Y.), Swift (D-Wash.), Mitchell (D-Md.), Collins, others.

Meanwhile, black broadcasters are pressing for action on minority ownership bill introduced in Feb. by Rep. Collins (D-Ill.) with letter-writing campaign to key congressional leaders. Aides said Wirth is wary of proposal.

NAB has petitioned U.S. Court of Appeals, D.C., to affirm Copyright Royalty Tribunal action setting 3.75% royalty rate for post-Malrite cable distant signals. NAB said Court should dismiss NCTA's appeal of rate because: (1) CRT wasn't bound by FCC's earlier predictions about effects of eliminating distant signal rules, that in any case those predictions aren't inconsistent with CRT findings about marketplace. (2) There's substantial evidence in record that broadcasters aren't compensated adequately by increased ad revenue gained from cable carriage.

"Classic censorship and prior restraint." That's way RTNDA described contempt order against CBS by New Orleans Federal Judge Adrian Duplantier. Judge had ordered CBS to turn over pre-broadcast script of 60 Minutes segment on allegations of police brutality. CBS refused, has appealed contempt ruling. Duplantier and several other New Orleans judges have hired lawyer to represent them after Justice Dept. refused to prosecute case.

WVUE New Orleans (ABC affiliate) is being sold to Belo Bestg. by Gaylord Bestg. for about \$50 million, subject to adjustments. Howard Stark was broker for Belo. Gaylord official said company wants to upgrade to larger markets (New Orleans is 34th).

WCEE (Ch. 13) Mt. Vernon, Ill. has gone on air, raising operating U.S. TV stations to 1,115 — 634 VHF, 481 UHF. William Varecha is owner-gen. mgr.

WEEKLY

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**Cable Health Network chose new pres.,** Bruce Johnson, concluding 4-month search. Following recent pattern of Warner-Amex Cable and others, Johnson comes from outside cable industry, has background in broadcasting -- including KOOL-TV Phoenix, RKO, Starr Bestg. & Shamrock Bestg. -- most recently had own investments & acquisitions counseling company. Former CHN Pres. Jeffrey Reiss becomes vice chmn., sharing title with Arthur Ulene, continues as CEO. Johnson will be responsible for day-to-day operations of 24-hour ad-supported service, Reiss told us, while Reiss will explore new programming & media opportunities in areas of male sports fitness, child care, aerobics -- in videodisc, videocassette & DBS.

**Request for outtakes of segment of CBS's 60 Minutes** has been denied by Cal. Superior Court judge, who also refused to grant CBS request to dismiss case. Outtakes were sought by attorney for Lynwood, Cal. doctor who has sued CBS for \$30 million, alleging he was libeled by telecast Dec. 9, 1979 on insurance fraud. Trial is scheduled to start April 22.

**First expansion of Nielsen sample** since its national service started in 1950 was initiated last week with addition of 150 new Audimeter-equipped homes. Total of 450 new meters will be installed by year's end, bringing total sample size to 1,700 homes from 1,250. Longer-range plans call for eventual increase to 2,000.

**Andrew Mellon Foundation** is contributing \$2.15 million for R&D for new PTV programming on arts & humanities.



## Personals

**William Diefenderfer**, chief counsel of Senate Commerce Committee, joins Washington office of Columbia, S.C.-based law firm McNair, Glenn, Konduros, Corley, Singletary, Porter & Dibble April 25; **Gerry Kovach**, Committee gen. counsel, will succeed Diefenderfer... **Jeffrey Rohlfs**, ex-Bell Labs, joins Washington consultants Shooshan & Jackson April 18... **Casey Spangler** promoted to station mgr., KSNB Garden City, Kan., succeeding **David Roberson**, now operations mgr. of co-owned KSNT Topeka.

**Dolores Morris** promoted to dir., children's programming, East Coast, ABC Entertainment... **Jack Stokes** named deputy broadcast editor, AP... **Dick Hollands**, vp, Bestg. Div., Wometco Enterprises, resigns April 1 to pursue other interests... **James Griffin**, dir.-broadcast operations, and **John Long**, sales dir., WJLA-TV Washington, named station vps.

**John Conomikes**, gen. mgr. of Hearst TV, promoted to corporate vp & gen. mgr. of Best. Group, succeeding **Franklin Snyder**, who retires at end of year... **Edward Wollock** advanced to vp-sales mgr. for central region, ABC TV Network, Chicago hq... WNEW-TV N.Y. promotions: **Nicholas Langone** to vp-local sales mgr.; **Richard Witkin** to vp-dir. of commercial operations; **Edward Petrosky** to vp-dir. of traffic... **James Aldendorf**, ex-WTSP-TV Tampa-St. Petersburg, moves to KTSP-TV Phoenix as business mgr... **William Applegate**, ex-WNEV-TV Boston, appointed news dir., WLS-TV Chicago.

**Paula Gigante** promoted to regional dir.-affiliate relations, NBC; **Barbara Watson**, ex-Booz, Allen & Hamilton, appointed gen. mgr., NBC Teletext... **Gary Rockey**, ex-WRCB-TV Chattanooga, named program mgr., KTSP-TV Phoenix... **Dick Kantor** promoted to business mgr., WTTG Washington, replacing **Kenneth Becker**, who moves to parent Metromedia TV as controller... **Stephen Merren**, ex-MMT Sales, joins KSNW Wichita as local/regional sales mgr... **Beverly Chain** named dir.-Office of Communications, United Church of Christ, succeeding **Everett Parker**, retiring Aug. 31.

**William Brazzil** promoted to vp in charge of broadcasting, Wometco Enterprises, succeeded as vp-gen. mgr., WTVJ Miami, by **Morton Cohn**; **David DeArmond** promoted to vp-gen. mgr., WLOS-TV Asheville, N.C., replacing **Cohn**.

**Pamela Brady** advances to dir.-subscriber information services, HBO; **Joe King** promoted to regional dir., L.A., southwest & mountain states regions... **Ann Farhat** joins Washington law firm Farmer, McGuinn, Flood, Bechtel & Ward... **Spencer Carter** named Group W Cable employee communications mgr.; **Joyce Werner**, project control & visibility mgr.; **Timothy Shea**, Chicago project mgr.; **William Pittman**, north Cal. dist. mgr.; **Laura Liswood**, north Pacific dist. mgr.

**Joseph Reilly** named exec. vp, N.Y. State Bcstrs. Assn... **Martin Miller** appointed independent sales mgr. in Chicago office of Seltel... **Richard Shepard**, WKBW-TV Buffalo gen. sales mgr., adds title of vp,

Bestg. Div., parent Capital Cities Communications. **Robert Fischer** appointed sales vp, Tulchin Studios, N.Y... **Marie Hagerty** advances to mktg. mgr., Blair TV Market Development Div.

**John Fedak** ex-Western Union, appointed vp-engineering & system operations, Ford Aerospace Satellite Services... **William Dwyer** named pres., TIE Industries subsidiary of TIE/Communications... **Jerry Sherman** advanced to vp-corporate communications, Gulf & Western Industries... **Robert Moss**, ex-Storer Communications, named mgr., Coachella Valley TV Div., Palmer Communications, replacing **Norman Smith**, who will continue as consultant.

**Morton Fink**, ex-Warner Home Video pres., joins United Satellite Communications as exec. vp; **John Casey**, ex-pres. & gen. mgr. of Western Union Field Services Div., named senior vp-operations; **David Gordon**, ex-vp-gen. mgr. of ON-TV in Chicago, becomes senior vp-mktg... **Richard Green**, ex-dir., CBS Advanced TV Technology Lab, appointed dir.-engineering development, PBS... **Norman Feuer**, ex-KBZT(FM) San Diego, appointed pres., Viacom Radio Div... **Sid Kaufman** appointed dir.-technical planning & labor affairs, CBS Sports.

**John Hannon** moves from parent Comsat to vp-gen. counsel of subsidiary Satellite TV Corp.; **Warren Zeger** promoted to vp-planning & business development... **Loretta Swit** of MASH will receive Silver Satellite Award from AWRT at May 3-7 convention in Toronto; speakers include NBC correspondent **Jessica Savitch**... **Norman Stollman** named senior vp, CBS Electronics.

**Day Patterson**, ex-Cablevision Systems, appointed gen. counsel, Group W Satellite Communications... **Bruce Blackwell** promoted to dir.-satellite services, Video Corp. of America, new post... **Gerry Jordan** advanced to vp-programming, ON TV; **Kenneth Papagan** to vp-production & creative services; **Charles Plunk** to vp-mktg... **Peter Prideaux** promoted to dir.-optical fiber R&D, Valtec... **James Epstein**, ex-Spectacor, appointed vp-programming, PRISM... **Lex Walters** promoted to Alaska gen. mgr., McCaw Cablevision... **Robert White** elected pres., National Academy of Engineering, succeeding **Courtland Perkins**.

## Obituaries

**Robert Edell**, 61, veteran Storer Communications public affairs vp, died suddenly March 17 after being stricken with spleen disorder. He had hernia surgery 2 weeks ago but returned to work apparently recovered. Edell joined Storer in 1955, left in 1965 to join Crowell-Collier Bestg., then ABC year later as affiliate relations regional mgr. He returned to Storer in 1967. Wife, son, survive.

**Jerry McElroy**, 47, Fritts Bestg. gen. mgr., and his wife, **Mary Jane**, 47, were killed March 20 in fire in their Indianola, Miss. home. Couple apparently died of smoke inhalation. McElroy was in process of buying WNLA-AM-FM Indianola from NAB Pres. **Edward Fritts**.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended March 11 (10th week of 1983):

	MARCH 5-11	1982 WEEK	% CHANGE	FEB. 26- MARCH 4	10 WEEKS 1983	10 WEEKS 1982	% CHANGE
TOTAL TV#.....	298,835	272,943	+ 9.5	398,986	3,268,132	3,004,392	+ 8.8
COLOR#.....	208,181*	177,290	+17.4	269,175*	2,281,807*	1,985,262	+14.9
MONOCHROME....	90,654	95,653	- 5.2	129,811	986,325	1,019,130	- 3.2
PROJECTION TV...	2,221*	1,060	+109.5	2,314*	25,620*	16,140	+58.7
HOME VCR.....	43,887*	29,168	+50.5	58,444*	565,395*	294,952	+91.7
COLOR CAMERAS...	4,686	5,546*	-15.5	4,840	57,087*	47,889	+19.2

Color TV 5-week moving average: 1983--227,939\*; 1982--196,053 (up 16.3%).

Home VCR 5-week moving average: 1983--55,744\*; 1982--31,238 (up 78.4%).

# Excludes projection TV. \* Record for period.

**TELETEXT DEBUT FINDS SET MAKERS LETHARGIC:** With CBS planning to launch teletext service as soon as FCC gives go-ahead -- which could come as early as this week -- NBC scheduling start this summer and regular service existing or imminent on cable, spot survey of TV set manufacturers reveals they're not ready to supply decoders or receivers, and many of them not particularly interested. Most said, in effect, "call back next year."

Statements that reasonably priced decoders would be available this year seem, in light of our poll, to be more dreams & puffery than reality. If anybody wants to catch commercial premiere of CBS's Extravision electronic magazine, he'll have to pay around \$2,000. Survey brought echoes of great hopes and fond predictions expressed 10 years ago in U.K. that decoders would add \$50 to price of TV set soon, dropping to perhaps \$10 when chip was developed. Situation here is complicated by fact that FCC will make "marketplace" decision, permitting use of several systems -- with the 2 networks using industry-recommended NABTS, others such as Taft Best. using British system.

Prime movers in decoder manufacture now aren't TV makers but specialty companies. Videographic Systems of America (VSA), owned by French consortium of teletext-related firms, has announced it will have prototype set-top converters and decoder boards for built-ins by June, start manufacture in fall. Board designed for NABTS standard (to be used by CBS & NBC) has 5-page, 64K memory, 3 CPUs, uses Thomson chip, will cost set makers \$275 in quantities over 10,000 (translating to ridiculous \$825 addition to set's retail price). Set-top converter, with video or RF feed to set, will be \$600-\$1,400, depending on quantity. Professional decoders for stations will sell for \$1,375 starting in Nov. VSA estimates prices to manufacturers will come down by mid-1984 to \$300 for set-tops, \$100 for boards if volume exceeds 100,000 units.

Canada's Norpak is only North American company making decoders, charges \$1,700-\$2,000 on special order, plans NABTS home prototype for fall, production in early 1984. It says it's talking with several American & Japanese TV manufacturers. Norpak decoders won't be "competitive at the bottom line," official said, adding that company wants to be considered "Cadillac of decoders." Which brings up question of who will be the Chevy. We find few contenders in sight.

Only 2 TV manufacturers can be listed as having potential 1983 commitment to teletext. GE is mentioned in CBS press release as planning to introduce home decoder this year. "We are in it," GE representative said, "but we have no comment beyond what we have already announced" (which was that "we will be in it"). Clarification is promised later this year.



The other is Zenith, which will equip all 1984-model chassis (to be introduced in May 1983) with RGB and baseband video inputs to accommodate teletext converters and other video peripherals. High-end sets will have jacks to accommodate home computers, VCRs, etc., and should be able to accept decoders if plug configuration matches; lower-priced models will be adaptable by service technician, who installs input jack. Video jacks also will be designed to accept output of cable TV converters which use video instead of RF — a type which Zenith and some other sources now offer cable systems.

Zenith is currently using Norpak boards in supplying NABTS decoders to Time Inc. for its cable teletext experiments in San Diego & Orlando, is committed to supply decoders for Taft Bestg.'s service on WKRC-TV Cincinnati using British system. Zenith says it will have decoders for British system available "within a month after the FCC makes its decision," offer them for other systems (such as NABTS) in accordance with "component availability and market demand." Company had no estimate of prices. In England, Mullard is selling teletext chips which it's understood make possible teletext receiver at about \$150 above standard retail price of TV set. It's expected that these will be used in Zenith set for Taft system, but they're not applicable to NABTS system.

Matsushita is developing home decoder terminal for Time Inc. Not yet designed, instrument possibly also will be usable as home computer, has reported target wholesale price of \$150-\$200 in 1984 (Vol. 22:51 p14), but Time spokesman said no cost estimates are currently available. Matsushita would be free to sell same terminals to operators of other cable teletext systems. Time hopes to supply 5,000-page unit to cable subscribers at \$10-\$15 monthly. Matsushita's U.S. TV set arms, Panasonic & Quasar, gave no concrete plans for broadcast decoders. Cable operators, such as Time, will be using full-channel teletext rather than vertical interval used by broadcasters -- which means decoders for cable and broadcast types won't necessarily be compatible.

Among comments by set makers: (1) RCA, parent of NBC which plans teletext start this summer: "Converters will be available in 1983." Pressed for details, RCA said it had no plans to offer them before 1984, presumably meant consumers might buy them elsewhere. (2) Panasonic: Referred calls to Matsushita. (3) Matsushita: Plans to start decoder production in 3rd quarter 1984, has no idea of cost — "we don't have that kind of plan; the market is in its infancy -- at first it will be very expensive, because the chips aren't designed for it. But teletext should become an essential part of services to the future home, so it will have to be cheap." (4) Quasar: "Nothing on stream for the next 4 years... [It's] a developing market and fairly expensive." (5) Sony: "We're studying possible applications... but we're not in a position to disclose our marketing plans. (6) Sanyo: "We have no plans to include teletext presently... It's too early to tell."

**EEC VCR EXPORT PRICES SET BY JAPAN:** Japanese have put finishing touches on 2nd part of agreement to minimize VCR competition in 10-nation EEC by adopting export floor price system that it's understood will boost Japanese ex-factory pricing 20-40% on some models. Move resolves 2nd of 3-segment trade restraint pledge made last month, which included promise to limit unit exports of VCRs & kits to 4.55 million this year, continue holding down shipments in 1984 & 1985, allowable number to be keyed to market demand (Vol. 23:8 p10).

Still unknown is how Japanese will follow up on Part 3, which calls for them virtually to guarantee sale in Europe of 1.2 million V2000 format VCRs being produced there by Philips & Grundig. Philips, which claims V2000 holds about 20% share of European VCR market, says that restrictions on Japanese will enable it to hike production 30-40% this year.

Export price was not where EEC trade officials wanted Japanese control exerted. Their stated preference was for Japanese to set minimum pricing at wholesale level in Europe, and to keep those tags in line with those on competing V2000 VCRs. Japanese, however, ruled that out because there was no way to force such unaffiliated European marketers as Blaupunkt, Telefunken, Thomson-Brandt's German & French subsidiaries and Thorn EMI to toe Tokyo-dictated line.

Price restrictions will be policed by Japan's Ministry of International Trade & Industry. While MITI declined specifics, it's believed 3-tier format has been adopted, putting minimum



export price of about \$295 on leader models, \$360 on step-ups, \$420 on deluxe units. Price floor appears to have maximum impact at leader level, considering some models were shipping from Japan for as little as \$210 last year. Figures from Japan's Finance Ministry show that average value of VCR exported last year was about \$426, with average of about \$443 on those sent to U.S., \$420 to rest of world. But pricing dipped sharply as year progressed. In Dec., overall export pricing average was down to \$367, with U.S.-bound at \$378, others at \$367.

Japanese pricing followthrough comes in wake of notice that Philips and other V2000 marketers are withdrawing VCR dumping complaint filed with EEC against Japan last Dec. MITI said it also has been told France will drop VCR import restrictions April 1. Imports of Japanese VCRs have been held to trickle since last fall when France ordered all shipments cleared through small inland customs post. Japanese grew annoyed with French refusal to commit to restoration of normal import procedures, reportedly warned other EEC members their markets would have to absorb more VCRs if French failed to back off. Though it's probably only coincidence, in French cabinet reshuffle last week trade minister who was responsible for setting up VCR import blockade was one of only 2 members left without role in new govt.

Thomson-Brandt's acquisition of 75% interest in Telefunken's consumer electronics business received anticipated blessing from German Cartel Office last week, and deal is expected to be completed April 1. Agency earlier had rejected Thomson's bid for Grundig. Now in control of number of VHS VCR brands (Thomson also owns Germany's Nordmende & Saba), nationalized French company says it plans to set up own VHS assembly plant, start production next year. It's not clear, however, whether Thomson will go it alone or seek participation of J2T Holdings. Thomson will get one-third interest in European video manufacturing venture with JVC & Thorn EMI when it buys Telefunken.

Thomson's planned move into VHS output appears to mark end of what Philips insists is continuing effort to lure Thomson into V2000 camp through joint production arrangement. Package deal would also make Thomson producer of CD digital audio disc players. Philips acknowledges interest in increasing its 24.5% stake in Grundig, says it has offered to do so, and that next move is up to Grundig.

**JAPAN KEEPS LID ON U.S. VCR EXPORTS:** Japan's holddown on VCR exports to U.S., which started as inventory reduction move last June and ran through rest of year, continued in opening months of 1983 — which means no immediate relief from current supply shortage. Finance Ministry figures for Jan. & Feb. show only modest increase in U.S.-bound VCR shipments, as well as significant decline in exports of complete color and b&w TVs.

Japanese VCR exports to U.S. rose only 17% in Jan. to 197,900, edged up 15.7% in Feb. to 241,800, for 2-month total of 439,800, up 16.3%. Figures include professional along with consumer models, but even disregarding that, Jan.-Feb. export total fell well short of 463,100 needed to replace VCRs EIA reported sold to dealers in that same period (Vol. 23:11 p11).

In TV, total Japanese shipments dropped 47% in Jan. to 58,500, were off 16.7% to 82,700 in Feb., for combined total of 141,200, down 32.6%. Two-month color shipments were off 29.6% to 105,100, as Jan. dropped 42.6% to 45,200 and Feb. showed 15.2% decline to 59,900. For b&w, Jan. shipments of 13,300 were down 57.9%, Feb. off 20.3% to 22,800, for total of 36,100, down 51.5%.

Color export breakdown indicates Japanese may be boosting production of their assembly plants in U.S. at expense of complete set exports. Shipments of complete color TVs sank 55.8% in Jan. to 24,600, declined 46.6% in Feb. to 25,900, for 2-month total of 50,500, off 51.5%. In contrast, exports of color chassis & kits were up 20.7% to 54,600 on cumulative basis, as Feb. shipments jumped 53.1% to 34,000, offsetting 10.5% Jan. decline to 20,600.

Some 5.5 million RCA shares (7.2% interest) are being offered by Allied Corp. through Oppenheimer & Co. on incentive fee basis. Allied is seeking 20-25% premium on shares it inherited when it bought Bendix, which purchased them in 1981 in what was widely regarded as start of takeover bid (Vol. 23:8 p16).

Import impact adjustment assistance eligibility probe has been opened by Labor Dept. for workers losing jobs producing color TV tubes at Corning plant in Bluffton, Pa. Earlier this month, Corning said it would shut facility down by mid-year, idle 460 (Vol. 23:10 p11).



**FIRST SS LV PLAYER:** Era of semiconductor laser videodisc player arrived in Japan last week as Hitachi announced 2 LV models which it insisted were designed only for OEM sales on industrial market. Although one model is designed to sell in \$800 range in orders of more than "several thousand," Hitachi insisted its only consumer videodisc format is CED, which it will continue "as long as RCA" is in CED camp. Hitachi is major supplier to RCA, makes its VCRs and projection TVs.

Both of Hitachi's LV players have claimed pickup life of 5,000 hours vs. 2,000 hours for tube-type lasers used in Pioneer & Sony players. Hitachi claims 6-sec. access time for its low-end player vs. 16-sec. for Pioneer consumer model. Unit weighs 22 lb., 7 lb. less than Pioneer's, measures 17.1x4.4x16.7" compared with Pioneer's 20.6x5.7x15.8". It draws 30 watts, half of Pioneer's power consumption. Hitachi unit has computer interface, not found on Pioneer consumer player.

Hitachi's more elaborate unit has same dimensions as low-end model, weighs 2.2 lb. more but far less than Pioneer & Sony industrial units, has 3-sec. access time, consumes 40 watts (vs. 130 & 95). Pioneer is believed to be preparing to introduce player with solid-state pickup. Japanese say introduction of CD player, which has semiconductor laser, will speed up availability of pickup designed for videodisc.

Matsushita, Sharp & Toshiba, meanwhile, have announced plans to join April 21 launch of VHD videodisc system in Japan. Though it has been somewhat hesitant supporter of system developed by subsidiary JVC, Matsushita will be first to offer 2 player models — full-feature remote at \$629, about same price as similar units announced by others, plus more basic model at \$545. That Matsushita's marketing stress will be at low end was indicated by company plan to produce those at 5,000 monthly rate, while holding monthly output of deluxe version to 500. Sharp, too, will have basic unit at \$545, but will offer add-on to provide random access at \$165. Toshiba's will be high-end model at \$620.

**Stereo TV multichannel sound rulemaking** has been dropped from this week's FCC agenda. Proposal for marketplace decision has been approved by Commission's Mass Media Bureau, referred to Office of Science & Technology, which was reviewing it at week's end. Delay is likely to be welcomed by industry, which is rushing to complete tests on 3 proposed systems, hopes to finish them in time to submit recommendations before FCC closes file (Vol. 23:11 p15).

NEC is joining Sanyo as supplier of both VHS & Beta VCR formats, but unlike Sanyo, NEC has no immediate in-house VHS production plan. NEC says it will buy VHS VCRs from unnamed Japanese maker for sale in Argentina & Australia by its marketing affiliates there. NEC said it will study addition of VHS VCRs to video line it markets in other countries, indicated it can start own production if volume warrants.

**FIRST BETA HI-FI:** Sanyo last week became first Beta group member to introduce and price Beta Hi-Fi recorder for U.S. market, while Sony announced its first model will be on Japanese market April 21. Sanyo also replaced its former \$399.95 VCR leader — lowest-priced model available in U.S. — with more deluxe unit at same price.

Sanyo's Beta Hi-Fi recorder with helical-track FM stereo sound is portable in vertical boom-box configuration with tuner-timer built in, 5-function wired remote, 11-day one-event timer, weighing 15 lb. with battery at \$1,000 suggested list, delivery this summer.

Among 44 other new products in fall line shown at Newport Beach, Cal. sales meeting was successor to sold-out under-\$400 VCR, this one similar to former \$450 model, containing same features as predecessor (scan, freeze, 3-day timer) plus wired remote pause. Also introduced was 4-head front-load special-effects VCR with wired remote at \$550. VCR line now has 6 models, holdovers being front-load model at \$450, wireless random-access tuning version at \$650, 2-piece portable \$600 (tuner-timer \$200).

New camera from Sanyo is 1/2" Saticon unit weighing 3.53 lb. with 50 lux sensitivity, 6-1 manual zoom lens at \$700.

New Spectra Tech TV series with many features of Sanyo's component line, including video & audio in & out jacks, was introduced, first 2 models being 13" at \$330, digital remote version \$380, with 2-year parts & labor warranty. Sanyo introduced its 2nd 25" set, table model in Spectra 2000 series with full-function remote, 112-channel tuning, at \$700.

Sony's first Beta Hi-Fi model will be priced at about \$1,250 in Japan, same range as conventional high-end models, features fast playback with sound, noiseless swing search, Betasecan, remote control, has 2-week, 4-event programmer. Launch will be accompanied by 7 stereo music videocassettes produced by CBS/Sony.

Portable personal computer to be introduced by Radio Shack this week at \$795 is battery portable, fits in briefcase, has full typewriter keyboard, LCD that shows 8 rows of 40 characters. It comes with 32K ROM programmed for word processing, telephone directory & dialing, communications, scratchpad, 8K RAM. Version with 32K RAM will sell for \$995. RS also has joined ranks of personal computer marketers offering hard disc drives. Company has introduced 12M-byte system for new Model 12 business computer at \$3,495 (Vol. 23:11 p16). Also new is Arenet, \$399 board add-on that allows linking up to 255 Model 12 or Model II computers into interconnecting network.

International harmony that marked worldwide launch of compact digital audio disc (CD) system is coming to quick end. Philips said it's backing call for doubling EEC duty rate on imported players to 19% to keep Japanese from flooding market. Philips says European player makers need relief to give them time to increase production efficiency to level necessary to meet import competition.



**RECORDED CASSETTE BOOM:** Sparked by new low prices on programming, fanned by recovering economy and soaring VCR sales, recorded videocassette sales are bursting into flame, with duplicators producing at near-capacity, new video stores opening and mass merchants starting to try hand at program sales.

There may be no stopping idea whose time has come. Latest convert to low-priced major releases is Warner Home Video, offering Best Friends and Lovesick as "perfect couple movies" at \$39.98 suggested retail. Titles will be released May 11, just 3 months after theatrical debut of Lovesick, which has grossed about \$15 million so far. WHV, without pres. since resignation of Mort Fink, had reduced prices of 22 old features and 3 new minor titles to \$39.98 few weeks back, will soon have 50 budget titles out of 236 in catalog.

MCA Videocassette said 38% of its catalog is priced at \$39.95, 21% at \$59.95, 7% at \$69.95, 23% at \$79.95, 9% at \$89.95, remainder being tested at \$49.95.

Recorded cassette business appears to be healthier than at any time in last 18 months. MGM/UA Home Video National Sales Dir. Saul Melnick said he gets reports from some distributors of 3-5 new store openings per week, and check with other studios confirms strong activity. Importance of lower prices, of course, is that they permit stores to widen inventory, necessary as more titles are released. It's understood Curtis Mathes has upped suggested minimum for TV stores carrying tapes from 250 to 400 titles, windfall for Fotomat-owned Video Services of America which has distribution exclusive.

Catalog strength is indicative of market strength: It's up for everyone, in some cases running at twice level of 6-8 months ago. Video Cassettes Unlimited, Santa Ana, Cal., claims catalog represents 90% of sales and sell-through is 35% ahead of last year's pace. Media Home Entertainment Sales Vp Paul Culberg claims older titles have accounted for 48-50% of sales in last 3 months. Meanwhile, MHE is dropping prices of 16 titles to \$29.95 April 1, will give distributors credit for inventory.

Pricing changes are beginning to attract kind of sales outlets long sought by studios -- mass merchants. Discount chains, convenience stores and the like have heard siren song before, but emphasis on rental steered them away from recorded cassettes. Sears, Penney and Pacific Stereo, last then owned by CBS, tried and then dropped tapes within last 2 years.

Now sell-through has brought signs of turnaround. MGM/UA Home Video will be testing \$29.95 Strawberry Shortcake at more than 50 locations in major metropolitan area, with stores divided among several chains, according to Saul Melnick. Other mass-merchandiser efforts in works involve 100-store N.Y.-New England discount chain; 203-store Minneapolis-based Target discount dept. stores; 50-outlet Meijer Thrifty operation. Many of these are in pilot test, involving a few stores, with sales at discount.

Question now is when orders will be filled. Sudden jam at duplicators is forcing some minor delays in delivery, may lead to round of plant expansions. Situation is ironic given recent duplicator consolidation, with U.S. Video, Columbia Videocassette and Eagle now out of business. Retail & duplicator squeeze affects B titles as well as A's. MCA Videocassette Pres. Gene Giaquinto told us he's out of stock on 15 titles. "It's becoming a real problem getting it done" at Technicolor Videocassette, he said.

Downward plunge has to put pressure on CED & Laser vision disc prices, in some cases now equal to or higher than cassettes. "I wouldn't be surprised to see something happen in the CED camp," studio executive told us -- "they're talking about it." But there are several arguments against disc cut: (1) Manufacturing costs remain high. (2) Dealers sell everything, even at prices above list. (3) RCA "showcase" accounts already get 75 days to pay, equivalent to discount. As for custom-pressed titles, marketplace still is too much of unknown. "We really don't have a feel for it," said Giaquinto, thus will stick to RCA-established pricing for first titles due out this summer.

**ATARI GOES EXCLUSIVE:** Atari is revamping its distribution, adopting traditional exclusivity pattern followed by major consumer electronics lines, has notified distributors of its videogames & computers that they'll have to rid themselves of competing products if they want to continue. Directive from the Warner Communications subsidiary specifies only one distributor per market. Mandate goes into effect April 1, with chosen few -- probably 40 throughout U.S. -- given as little as 90 days to clear shelves of other inventory.

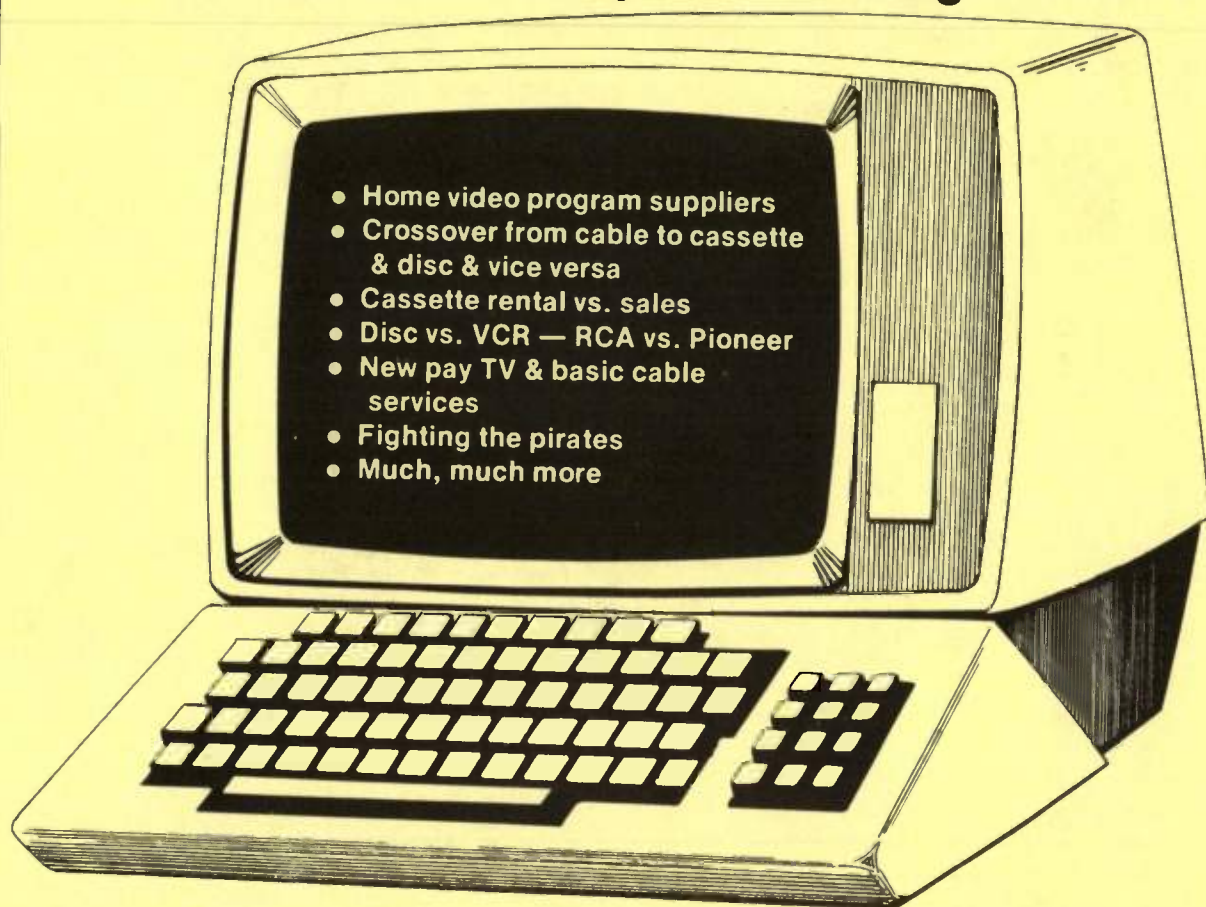
Directive has created mad scramble in marketplace. It's understood company narrowed choice in Houston to 2 distributors, then decided it wanted Commtron, one of several that had been dropped in first elimination. "Everybody's getting screwed," griped one contestant. "If you get the line, you've got to give up 50% of the business. If you don't get it, you've got to give up the other 50%." Atari's only comment is that plan "is going fairly well," official saying "we felt it made sense," presumably as way to gain control over product marketing. At same time, Commodore is terminating most of its factory reps, creating corporate district sales force to deal with retailers & distributors in major markets.

Distributor who said he'll try working with Atari on exclusive basis calls 34-page contract he must sign "the toughest, most ludicrous I've ever seen," believes "they really mean it -- it's very onerous and very complete," down to brand of joysticks. About only negotiable point is date for disposition of competing brands. Intriguing sidelight to controversy that Warner executive thought to have played key role is Leon Knize, consumer electronics veteran who was responsible for 2 cassette rental schemes offered & withdrawn by Warner Home Video last year. Retailers fought tooth & nail. Atari source didn't know of his involvement, and we weren't able to reach Knize at press time.



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**GE TO TELEPHONES:** GE is No. 1 in radio, No. 1 in tape recorders, expects to move quickly to No. 2 in home telephones following introduction of 5-model line in June, according to Audio Electronics Products Dept. Gen. Mgr. Jack Trani, who unveiled upcoming offerings at meeting in N.Y. last week.

Trani said GE estimates total home phone equipment market represented \$600 million in industry sales in 1982, is looking for rise to \$800 million this year. He put industry sales of telephone handsets last year at about 5 million, said GE expects market to hit 16 million in 1987, when cordless phones will be \$400 million business.

Start-up line has pair of wired desktop or wall-hung electronic keypad phones at \$43 & \$60 suggested retail, latter with 12-number memory; similar units in combination with FM-AM digital clock radio at \$100 & \$116; cordless at \$200, with 2-channel capacity, consumer-settable code to block out dialing signals from unauthorized handsets. Phones are being sourced from Japan & Korea, phone-clock radio combo will be assembled in GE's Singapore plant.

Trani said line is only start of broad range of personal communications products GE will be introducing, indicated next will be keypad phones with tone generator for use with private long-distance networks. Product launch, he stated, would be backed with multi-million dollar ad campaign. GE will offer one year full warranty on cordless phones, 2 years on all others.

\* \* \* \*

Webcor sales of telephone equipment jumped 61.4% to \$10.5 million in 9 months to Dec. 31 and were \$3.3 million higher than in all of fiscal 1981, company says in prospectus for recently completed secondary offering. Sales of other major lines dropped sharply, however, with electronic watch volume down 57.9% to \$4.9 million, calculators off 54.2% to \$9.3 million.

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**Game notes:** Coleco says it shipped 450,000 Colecovision game consoles, 300,000 Atari-compatible expansion modules in first 9 weeks this year. Company shipped only 500,000 consoles in all of 1982. Coleco also said it would be contracting some subassembly to producers in Far East, but main production effort would continue to be at Amsterdam, N.Y. plant... Atari says national sampling of 2,000 coin-op videogame players shows average quarter-dropper is well-adjusted teen with B-or-better grade average who hits arcade 1-3 times monthly, staying 30 min. or less and spending no more than \$1 per visit... Broderbund has introduced first 2 computer game cartridges, both in Atari format. Titles are Choplifter at \$45, Serpentine at \$40... Thorn EMI says its looking to acquire worldwide marketing & distribution rights to home computer games designed in U.S. & Canada.

Proton will introduce its 2nd TV product this spring -- 19" monitor-receiver, containing tuner & speaker, at about \$790. First product was component TV system.

**TAIWAN COLOR PROJECTS:** Faced with overseas color TV market competition on basis of price from Korea and on technology level from Japanese, U.S. & European manufacturers and 9 major Taiwanese set makers have joined govt. sponsored consortium in 2-pronged effort to meet both challenges.

More immediate project is effort to develop standardized basic color TV chassis that producers will be able to start building into export models next year. Aim is achieving major cost savings through standardization of parts production & purchases, and in equipment needed for automated assembly. Though chassis will be same, manufacturers are expected to maintain line individuality by adding step-up features and different cosmetics.

Longer-range effort covers design of digital color TV chassis for production by local industry. Effort will be headed by Electronic Research & Service Organization of Taiwan's Industrial Technology Research Institute, which will provide facilities, equipment and engineering aid.

Each participating manufacturer will lend engineers to projects. Those involved: AOC; Chung Hsin, Tatung affiliate that formerly restricted sales to home market but is now moving into exports; Kolin, now licensee of Mitsubishi; Shinlee, licensee of Sony; Sampo; Tatung; Teco, currently producer of data display and arcade game monitors; Taiwan subsidiaries of Matsushita & Sanyo.

Creation of cooperative TV development project was foreshadowed here last year in interview with Sampo Chmn. M.P. Chen. At that time he said nation's electronics exporters were "facing non-stop competition" in both price & technology, indicated Taiwan would have to develop new govt.-backed R&D strategy or face loss of its position in international markets (Vol. 22:27 p13).

**Challenge to CES as industry showcase for video software** will start next month when Video Software Dealers Assn. begins inviting studios & independents to exhibit at its Aug. 28-31 convention in San Francisco. VSDA expects to have 50 booths on 15,000 sq. ft. show floor, is pricing space at \$1,000-\$3,000. "CES is not even going to notice" if studios don't show at that EIA-sponsored event, we were told by Video Cassettes Unlimited's John Pough, head of convention committee. "We're not trying to take any thunder away from CES," he said. Several major software marketers didn't have exhibits at last Winter CES in Las Vegas, though most no-shows had hospitality suites and receptions.

Canada's Electrohome lost \$100,000 from continuing operations in 1982 but racked up \$1 million deficit from discontinued consumer electronics sales & marketing unit, company indicated in results for year (see financial table). Under licensing agreement, Electrohome turned consumer product sales rights over to Mitsubishi Jan. 1, continues to be involved in TV as contract assembler, and own-brand marketer of industrial equipment (Vol. 23:3 p15). Restated figures indicate Electrohome lost \$1.3 million on consumer electronics sales of \$49 million in 1981.



**FIRST-SALE STRATEGY:** New approach to rewrite of first-sale doctrine to give studios control of rentals will argue that move is necessary to encourage production of programming designed primarily for video. With most feature films already available, only way business can grow is if producers feel it's safe to invest in new product, and they'll do so only if business "is really split into 2 markets" — sales & rental — according to copyright attorney Bruce Lehman of Washington firm Swidler, Berlin & Strelow, representing 20th Century-Fox.

Formerly chief counsel to House Copyright Subcommittee, Lehman will be handling Fox strategy and scheduling House & Senate appearances of Telecommunications Div. Pres. Steve Roberts. Date of Senate hearing now is May 5, but could be shifted to April 29, Lehman said.

Studios will try to take advantage of new Capitol Hill concern about replacement for smokestack industries. "Nothing could be more 'new technology' than the videocassette industry," Lehman says. Also in Hollywood's favor is fact studios have 2 years to persuade Congress, not the 6 months left at tail end of last session when first sale and home taping emerged as single issue. "We were already on the downhill slope... The case was not clearly made," Lehman said, adding that it probably will take year for legislation to germinate. "I think we do have more allies... We're very upbeat on this."

Lehman maintains studios are "talking about only the slightest modification" of first sale, said position "isn't a foot in the door" to alter entire concept. Main point: Technology has forced changes in copyright law. Fox, Disney and others will attempt to make under-\$40 experiments part of their strategy. Lehman claims drop in prices "makes our case" by underlining "rollercoaster" nature of marketplace where only few titles sell through, majority must be rented, suppliers amortizing costs through high prices. "The market will never stabilize" without revision, he said.

Fairchild Semiconductor is closing MOS IC plant in San Jose, Cal., consolidating production at other facilities. Company said it's cost reduction move caused by excess capacity, indicated that about 270 of 460 jobs there would be lost. Fairchild also said it has laid off about 500 at Korea IC plant, leaving 800 employed, recently announced it was shutting down its Optoelectronics Div., which has 150 workers in Santa Clara, Cal. Last fall, company said it was launching worldwide workforce reduction, would cut 22,000 payroll by 2,000-3,000. Latest wave, company indicated, will leave it with about 17,000 workers.

NATM accounted for 7.1% of all national brand color TV sales to dealers last year, solid 14.1% market share in territories where its stores are located, buying group told member retailers at annual convention in Miami. In VCR, NATM said, it accounts for 7% of branded sales nationally, 13.4% in its marketing areas. Group will be offering private-label TV to members for first time this year, using Capehart brand acquired in mid-1982. It's understood sets are being sourced from Taiwan's AOC.

**MATSUSHITA, ZENITH REPORTS:** Matsushita sales in North America were up only slightly in fiscal 1982 (to Nov. 20), and value of production here was down because of cut in color TV output to trim inventory, Japanese firm says in annual report. Matsushita announced consolidated results for year last month (Vol. 23:9 p15).

Report says Matsushita's VCR sales — including those of subsidiary JVC — rose 30% last year, which is below 46% industry-wide sales gain for 1982 reported by EIA-Japan. Matsushita said it matched industry's flat sales in video cameras, added that its videocassette operation ran at capacity last year and is being expanded. In color TV, company said its sales in Japan rose moderately, while overseas volume held level.

Zenith has equipped top executives with golden parachute to ease fall if they're pushed out or have to bail out of company following its acquisition. Disclosure in notice for April 26 annual meeting points to "wave of corporate takeovers," says that "to alleviate the distracting effects of any potential change in corporate control," company has agreed to provide cushion of 12-42 months severance pay to 9 key employees should they be terminated by new management. Those covered would also get 2 years of paid medical insurance.

Under separate part of agreement, designated employees will receive compensation to "redress the inequitable impact that a tender offer may have" on Zenith stock & option shares they own. Among those entitled to such termination benefits: Chmn. Revone Kluckman, Exec. Vps Walter Fisher & Karl Horn, Senior Vps Robert Hansen & Jerry Pearlman.

Moody's said it was lowering rating on 2 Zenith debt issues by notch because of unsatisfactory results from color TV business that stem from low prices, intense competition. Affected were Zenith convertible debentures and industrial revenue bonds on its Springfield, Mo. color plant.

Safety hazard aspect of increasing use of microprocessor-based controls in home appliances is under review by Consumer Product Safety Commission. MPUs are now used to regulate temperature, timing and function cycles in growing number of small & major home appliances, and agency is concerned that fire, shock and other hazards may be created if chip fails while product is operating. CPSC says it wants to study potential for problems now, before MPU use becomes more widespread. It has asked UL to join with it in information exchange, is considering survey of manufacturers.

Standard language interfaces are being adopted by Japanese producers of low-priced home computers. Machines, expected to appear on market there by 4th quarter, will use Microsoft Basic originally developed for IBM personal computer, have same keyboard controls, memory expansion modules, accept same controls & accessories. Use of common standards is expected to boost demand by eliminating consumer confusion, simplify market entry by software producers.



## 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
Chris-Craft Industries			
1983-6 mo. to Feb. 28	40,626,000	3,412,000	.46
1982-6 mo. to Feb. 28	37,876,000	7,346,000	.89 <sup>a</sup>
1983-qtr. to Feb. 28	17,581,000	816,000	.10
1982-qtr. to Feb. 28	17,187,000	2,181,000	.26 <sup>a</sup>
Comcast			
1982-year to Dec. 31	62,838,000	6,526,000	.95
1981-year to Dec. 31	39,456,000	4,895,000	.72 <sup>a</sup>
Electrohome <sup>b</sup>			
1982-53 wk. to Dec. 31	162,500,000	(1,100,000)	--
1981-52 wk. to Dec. 31	183,500,000	8,500,000	1.64 <sup>c</sup>
Microdyne			
1983-13 wk. to Jan. 30	5,723,000	441,000	.10
1982-13 wk. to Jan. 31	5,696,000	592,000	.13
A. C. Nielsen			
1983-6 mo. to Feb. 28	332,890,000	21,059,000	.94
1982-6 mo. to Feb. 28	310,642,000	19,590,000	.87 <sup>a</sup>
1983-qtr. to Feb. 28	170,813,000	11,342,000	.51
1982-qtr. to Feb. 28	158,976,000	11,188,000	.50 <sup>a</sup>

Notes: <sup>a</sup>Adjusted. <sup>b</sup>In Canadian dollars. <sup>c</sup>Restated.

## Consumer Electronics Personals

Walter Williams promoted at GE to pres. of Information Services unit, replacing Gregory Liemandt, resigned to join Wyle Corp.; Paul Van Orden, Consumer Products Sector exec. vp, adds interim duties as Housewares & Audio Business Div. gen. mgr., pending selection of replacement for Williams... Jeffrey Blackmer advanced at Panasonic Audio Video Systems Div. to east region govt. mktg. mgr... Hirozo Yamada, former Hitachi OEM Business Dept. gen. mgr., more recently consultant, retires after 48 years with company... Judy Fleming promoted from product information mgr. to mgr. of news & information, RCA Consumer Electronics.

Morton Fink, ex-Warner Home Video pres., joins United Satellite Communications as exec. vp... Lawrence Hilford, CBS/Fox Video, named to replace Fink as RIAA Video Council chmn.; Sheldon Vogel, Atlantic Records, named RIAA chmn.; Stephen Traiman, RIAA exec. dir., named vp... Jack Craig, ex-RCA Records, named pres., Chrysalis Records... Steve Roberts, Fox Telecommunications pres., named to board of parent 20th Century-Fox Film... Kathie Van Brunt, ex-Polygram Pictures creative affairs vp, appointed programming dir., Vestron Video... Donald Streun joins National Video as exec. vp... James Brown, ex-CBS/Fox Video, joins Embassy Home Entertainment as western regional sales mgr... Rodger Kenney joins Video Crossroads International as training dir. & equipment specialist... Stacey Clarfield promoted to operations scheduling mgr., VCA Teletronics.

Mark Yoseloff, Coleco product operations exec. vp, adds responsibility for planning & control operations and management information systems... Paul Meyer promoted from finance vp to operations

planning & control senior vp... Alfred Moye, former U.S. Education Dept. deputy asst. secy., joins Atari Home Computer Div. as national educational sales mgr... Bonnie Pettengill named Starpath ad & creative supervisor.

Reese Haggott promoted to gen. mgr., Alpine Electronics of America, continues as exec. vp of Alpine/Luxman audio marketing unit; David Delgrosso joins as east region sales mgr. for Luxman... Larry Stowe promoted at Empire Scientific from vp-gen. mgr. to pres., replacing Ernest Benz, who continues as chmn; Joe Greco, ex-Nikko Audio, named national sales mgr... Steve Caldero promoted at JBL Consumer Div. from west region sales mgr. to national sales mgr... Jon Duncan, ex-Panasonic, joins Hitachi Audio Div. as west region sales mgr.

William Orr resigns as Orrox chmn., will continue as consultant... Dean Langford named mktg. vp, Lee Toole appointed national accounts mktg. vp, GTE Communications Products... Richard Bennett, ITT senior exec. vp, assumes operating responsibility for Engineered Products Group, replacing Exec. Vp Gerard Seelig, now on special assignment under Bennett, in restructuring of components operations; Wayne Oliver, ITT Cannon pres., named to head ITT Components North America, replacing James von Harz, also shifted to Bennett's staff... Gilbert Amelio resigns as Fairchild Microprocessor Div. gen. mgr. to join Rockwell as Electronic Devices Div. pres.

## Obituary

Rocco Laginestra, 56, RCA senior vp, died at his Franklin Lakes, N.J. home March 21 after brief illness. A 19-year RCA veteran, he served as NBC vp and as RCA Records pres., shifting to corporate operations staff as vp in 1974. He most recently had overall responsibility for worldwide marketing and international activities, as well as acquisition, divestiture and corporate real estate operations, reporting directly to Chmn. Thornton Bradshaw. Two sons, 3 daughters survive.

**Ad notes:** Activision appoints Tatham-Laird & Kudner as 2nd agency. Half of firm's \$40 million videogame software account remains at J. Walter Thompson... Mattel will promote Burgertime video & computer game software in sweepstakes promotion in cooperation with McDonald's and Eastern Airlines... Dishwasher settled ad challenge from BBB by agreeing to include clarifying data in any future ads in which it claims its Perfect Path audio cassette head cleaner will restore perfect performance to recorders.

BASF adds its first premium grade chrome videocassettes, has repackaged entire line. Premium cassettes, available in TC-20, T-120, T-160, L-500 & L-750, are priced to retail for about \$4-\$5 more than standard, according to Mktg. Dir. Mark Dellafera. Packaging emphasis is on silver graphics, to underscore use of chrome, rather than ferric oxide. Current VCR sales boom, Dellafera said, has caused BASF to hike its estimate for 1983 unit sales to 2.7 million.