

WEEKLY

# Television Digest<sup>®</sup>

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WITH THIS ISSUE: WHITE PAPER, SPECIFICATIONS FOR NEW 8mm VCR FORMAT

APRIL 4, 1983

VOL. 23, NO. 14

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**LPTV LOTTERY AROUSES DEBATE:** Facing its meatiest agenda in several months, FCC gave final approval to low-power TV and teletext as testy commissioners thrashed out widely differing views on those and other major issues. Meeting was marked by several split votes, most notably 4-3 against cable must-carry for teletext. Low-power lost must-carry by wider margin. Chmn. Fowler called meeting toughest he's faced since he took over 2 years ago.

LPTV lottery debate prompted some frank comments by Fowler on affirmative action in which he said awarding preference points to minority applicants discriminates against whites. "Some poor white people, through no fault of their own, will be denied equal treatment," he said. His remarks came after skirmishes on 3 changes in lottery that apparently would have further tilted licensing process away from white men — to include women as a minority and to

### Consumer Electronics

**NEW STANDARD** approved for 8mm VCR, with 90-min. recording time to start, expandable to at least 4 hours. First units possible this year. (P. 10)

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**NAP LOST \$13.9 MILLION** in consumer electronics last year, annual report shows. Wells-Gardner TV sales sagged in 1982. (P. 14)

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**KYOCERA-YASHICA MERGER** in Japan should add new competition in video, computers. RCA Records buying Arista. Webcor eyes Repco. (P. 15)

**DUPLICATORS EXPANDING** as prerecorded cassette sales grow. Forecasts of tape shortage could be blunted by new capacity. (P. 16)

expand geographic area within which present TV station owner would be demerited when applying for nearby LPTV station. Proposals lost, but another weighting factor was adopted which adds newspapers to list of media interests along with TV & radio that count against diversification rating. In most cases, lottery as adopted will give minority applicant 50% preference. Black, Hispanic, Pacific Islanders and some other minorities automatically get 2-1 preference and another 2-1 leaning if they have no other media interests, 1.5-1 if they have 3 or fewer.

To dismay of LPTV industry, which feels low-power won't ever make money until it operates in urban centers, FCC affirmed most of its original 1982 order establishing tiered processing of applications, starting in Tier 1 — rural areas 55 miles outside top 212 TV markets. FCC's new computers will begin analyzing some 12,000 bids to evaluate their fitness and then sometime this fall Commission will begin lottery selections based on weighting system. As many as 4,000 licenses eventually could be granted in all tiers; about 330 LPTV stations already have been granted.

But low-power lost on 2 key votes — to gain cable must-carry and to move rapidly into urban markets. Commission held to its freeze on accepting applications for Tier 2 & 3 bigger markets until it has finished rural Tier 1 pile. Comr. Jones introduced debate on counting women as minorities, position supported by Comr. Dawson. Gen. Counsel Bruce Fein argued Congress was very explicit when it named those groups which would receive preference, and it didn't say women. Comr. Sharp offered modifying compromise that if spouse of LPTV applicant has other media interests it won't be counted against her — or him, as Fowler quickly pointed out — and compromise passed.

But, Comr. Jones also persuaded enough colleagues to accept her suggestion to write letter to Congress asking that it consider adding women to legislative list and to have rulemaking inquiring into reason less than 3% of TV station owners are female.

Choosing an open market approach, FCC authorized teletext services with no mandated technical standard, no cable must-carry rules and no content regulations. Commission opened up vertical blanking interval (VBI) lines 14-18 & 20 to data delivery services which transmit information viewed on TV screen. Commissioners chose to accept status-quo regarding line 21, which is used for closed-captioning for hearing impaired. In 5 years, FCC will revisit issue to see if it should authorize teletext on line 21 as well. In addition, it will phase in use of lines 10-13 for teletext after 1998 to lessen interference problems with other TV sets.

Although most in budding industry have accepted "marketplace standard" — or lack of mandated standard — many fought for must-carry rules which would prohibit cable operator from stripping teletext from retransmitted station signals, including CBS & NBC which are poised to begin nationwide operations (see separate story). During debate, Comr. Sharp proposed teletext must-carry for every broadcast station offering about everything but paging services. Rivera suggested teletext must-carry only for stations that are already must-carries, while Fowler and staff said any must-carry status for teletext would cost cable industry stacks of money for new equipment. No must-carry side won 4-3 with majority of Fowler, Dawson, Quello, Jones.

Jones advocated opening up VBI of already-licensed stations to other groups, giving them opportunity to get into new technologies. In her view, existing licenses needn't cover VBI. Fowler countered that Commission would have to modify all station licenses, which would require full-blown hearings and delay teletext for years. Fogarty said Jones had innovative idea but said its procedural aspects would be "calamitous." Before casting dissenting vote on issue, Jones told fellow commissioners they were voting too early: "Do we really understand this item.?"

NAB Edward Fritts denounced cable must-carry decision, saying it "threatens the expansion, the future and the integrity of all new telecommunications services." Fritts said



ruling was clear disincentive to future users of VBI. "Any broadcast signal that is carried should be carried in its entirety, not in a piecemeal, haphazard fashion. This ruling throws the overall integrity of the spectrum into question," he charged.

Fritts also criticized commissioners' open market approach to technical standards, said it portends problems: "A similar decision was made a year ago regarding AM stereo. To this date, no marketplace consensus is in sight and AM stereo may never become a reality. This is a sorry precedent for teletext." Fritts called on FCC to select single standard for new technologies so industry can provide new services at earliest possible time and for least possible cost.

CBS TV Network Pres. Tony Malara said decision won't interfere with network's plans to begin teletext service April 4. However, he contended Commission's failure to protect integrity of broadcast signal raises serious questions about teletext's future viability, said CBS intends to "vigorously pursue" an appeal for FCC reconsideration of teletext must-carry rules since teletext's development depends upon widest possible potential circulation.

NBC Gen. Mgr. for Teletext Barbara Watson told us network officials aren't happy with must-carry decision: "It was a very close vote and we felt it went the wrong way." Asked if NBC is contemplating challenging decision in court, she said response is still under consideration.

On other cable-LPTV matters, Commission: (1) Said it won't allow low-power stations' signals to interfere with VHF input channel used by most cable systems because only one VHF channel might be precluded from low-power use in any given area. (2) Ruled that same interference ban will apply to input channels of MDS in ITFS stations.

In other actions, Commission: (1) Conditionally granted sale of KSEE Fresno, Cal. from Michael Mathiesen, Octavia Diener & Richard Giddings to Meredith Corp. and dismissed petitions to deny by National Black Media Coalition and TV Advisory Committee of Mexicans. Transfer is conditioned on Meredith submitting to FCC in 30 days amended EEO program detailing how it will hire female & minority workers. (2) Initiated rulemaking to determine if fairness doctrine rules apply to cable operators. In meantime, FCC will continue to apply rules to cable in least intrusive way while proposing that as long as operator makes available access channels for general public use fairness is assured. (3) Initiated rulemaking to extend from 5 to 10 years license period in General Mobile Radio Service (GMRS) and Amateur Radio service as well as extending grace period for renewing expired amateur license from 1 to 2 years. Dates for comments in both rulemakings will be announced later.

**BIG CITIES SEEK TO DEFEAT CABLE BILL:** Unhappy with deregulation of basic service rates, nearly automatic franchise renewal and access restrictions contained in proposed cable deregulation bill (S-66), 21 cities are organizing with aim of significantly amending or defeating measure that embodies compromise reached by National League of Cities and NCTA. That fulfills prophecy of NCTA Pres. Thomas Wheeler, who said on day last month when Senate Commerce Committee failed to approve S-66, that delay "will give our opponents time to organize."

First step in movement occurred last week when cable administrators from 21 cities convened in Washington for what was described as spontaneous meeting chaired by Dallas Cable Dir. Thomas James. They discussed reservations about bill, agreed to lobby their mayors & city councils to pressure NLC to withdraw support for accord. James has already mailed packet of information and minutes of group's March 24 meeting to attendees, along with form resolution opposing bill that cable administrators were to present to city councils for approval. According to James and Sacramento Metropolitan Cable TV Commission Exec. Dir. Robert Smith, several cities already have adopted resolution and forwarded them to NLC hq. Group, which James said now has grown to "more like 50 cities," will reconvene April 21 in Washington.

Movement includes Baltimore, Cincinnati, Chicago, Dallas, Denver, Ft. Worth, Houston, Lakewood, Cal., L.A., Miami, Milwaukee, Nashville, N.Y., Phoenix, Pittsburgh, Portland, Ore., Sacramento, St. Louis, San Antonio, Tucson, Washington. Campaign apparently began in Sacramento March 9 when city sat down with winning cable bidder United-Tribune, joint venture between United Cable of Denver and Chicago Tribune, to sign franchise resulting from 8 months of negotiations.

Sacramento franchise included provision for city buy-out of system, at its book value, upon default by cable operator. Said Smith: "United-Tribune indicated to us that our resolution [for city buy-out at book value] would be preempted by pending federal legislation. They said that was included in the compromise reached just a couple of days before, that any buy-out would be at fair market value. We hadn't heard about the compromise, so we were skeptical and started looking at it and talking to other cities." Since then "our concern has been allayed somewhat" because of language in compromise embodied in S-66 that city can enforce any service or agreement voluntarily offered by cable operator in franchise, Smith said. Sacramento was particularly interested in offer by United-Tribune of grants to community groups to produce cable programs of community interest and studios where those programs can be produced, which Smith said city apparently can enforce under S-66 because they were voluntarily offered.

NLC isn't alarmed by dissension in ranks. Spokeswoman Cynthia Pols said: "It depends on how they go about things. I don't know what their plans are [but] to a degree they are hoping to influence us to change our minds or go back to the negotiating table. At this stage, our decision obviously depends on the extent of the pressure we get." Also important, Pols said, is who exerts that pressure. "We're hearing a lot from cable administrators but not much from the mayors, and that's who we really listen to, not the city employees."

Some opposition to accord by cable administrators could be result of job worries. If measure passes, administering cable franchise in major cities would be simplified and refranchising in many cases would become routine procedure, thereby lessening need for large staff. "I'm sure a lot of the opposition is from people who are scared it means their jobs," one city official said. Added another: "I don't believe they understand it was this compromise or losing everything in Congress."

Wheeler said rebel cities are only significant opponents he knows to S-66. "The opposition now is not so much from telephone companies who are beginning to understand some things but from some individual cities who don't like the agreement with the League, and I think that's to be expected. I'm sure some individual cable operators feel the same way."

"We would like to have a meeting with the NLC board of directors and develop a consensus on what provisions and modifying language must be in a bill" that rebel cities can live with, Smith said. "Our fundamental question is whether there's a need for this legislation. I haven't seen a single newspaper editorial saying to local elected officials 'lay off the cable industry.'" Because rebel cities are represented in Congress by some influential members, including some on House Telecommunications Subcommittee, NLC & NCTA "should listen to us because we believe we can block this bill," Smith said.

**WIRTH TO FIGHT BROADCAST DEREGULATION:** Vowing "strong opposition" to broadcast deregulation bill (S-55) passed unanimously earlier this year by Senate without debate, House Telecommunications Subcommittee Chmn. Wirth (D-Colo.) has written NAB & NRBA announcing "my resolve to resist its passage in the House." However, he said he's open to industry proposals for "legislative reform... other than those which would provide only license certainty for the industry without any protection of the public's interest."

Repeating theme he often has expressed before, as has Rep. Dingell (D-Mich.), chmn. of parent House Commerce Committee, Wirth said any "broadcast reform legislation must assure protection of the public's interest in the use of its airwaves... The value of the spectrum is a



separate issue from the appropriateness of relaxing existing regulatory requirements, but it is an issue which any legislation in this area must address."

He said proposals for payment, "beyond a mere cost of regulation fee," to compensate public for broadcasters use of spectrum "are a very constructive step... I continue to be receptive to balanced proposals and am encouraged by the conceptual framework, which has been advanced... by some segments of the industry, incorporating a spectrum use payment." NAB is adamantly opposed to any spectrum payment beyond cost of regulation fee; NRBA has said it would accept additional payment, although it has never set forth in dollars what it would support.

NAB Pres. Edward Fritts wrote back, agreeing with Wirth that value of spectrum is separate issue from deregulation, added "NAB's views in opposition to a spectrum fee (or, more aptly a spectrum tax) are well known." He pointed out that 1979 study by Congressional Research Service concluded that there is no "legally sure method to collect 'fees' or 'taxes' more than costs of administration."

Fritts also disputed Wirth's interpretation of S-55. NAB pres. said bill limits codification of deregulation to radio, retains public interest standard and continues to permit petitions to deny renewals. NRBA hadn't responded at press time.

Wide-ranging bill to deregulate TV-radio has been introduced by Rep. Swift (D-Wash.), member of House Telecommunications Subcommittee. Measure, rewrite of bill Swift proposed in last Congress, would end FCC ascertainment and program log & record keeping requirements, prohibit Commission from attempting to limit length or number of commercials, and replace comparative renewals with 2-step process under which incumbent licensees would have renewal bids considered separately and before competing applicants. Bill also would extend license terms for both TV & radio stations to 10 years (currently it's 5 for TV, 7 for radio), shorten application process, eliminate petitions to deny (considering such complaints at renewal), and extend exemptions of equal time rules to all political coverage except paid advertisements. New Swift bill repeats last year's effort to guarantee license renewal to broadcasters who provide significant informational & local programming, leaves way new public interest standard would be quantified up to FCC; original bill proposed controversial "point system" as way to evaluate broadcaster's performance. Swift said existing standard is too vague, that "objective, measurable quantitative scale" is needed, and that change in public interest standard must go hand-in-hand with deregulation of broadcast industry.

Company that lost out in Houston cable franchising fight has been awarded \$6.3 million in damages by 5th U.S. Circuit Court of Appeals. Court found Houston Mayor James McConn conspired in late 1970s with one winning bidder, Gulf Coast Cable TV, to divide city into 5 franchise areas to be served by Gulf Coast, 4 other local bidders. Appeals Court ruled that Affiliated Capital Corp., which entered bidding process late, was damaged \$2.1 million by conspiracy. Amount then was tripled because it stemmed from antitrust lawsuit. Interesting is fact that Gulf Coast is being bought by Warner Amex Cable, where officials are deciding if 6th largest MSO must pay damages.

Alcoa-NEC DBS earth station venture intends to dominate world market for satellite micro receivers — and in refutation of conventional manufacturing doctrine, plans to build its hardware in U.S., which it sees as world's prime DBS market, according to Dennis Fraser, corporate vp-gen. mgr. of NEC America's Best. Equipment Div. and exec. vp of Alcoa-NEC Communications. He told our affiliated publication Satellite Week that DBS timetable requires finances be in place and relationships be known within next few months. "When that sheet gets pulled off this DBS bed it's going to be amazing who's making love to whom," he said. Asked about USCI, so-called "first start" company, he said: "I'm not sure they'll be the first start... I think there's some activity that would indicate that someone else may be equal to it earlier." He declined to comment on suggestion that this entrant could be Comsat's Satellite TV Corp., planning its own early-entry system. STC also refused comment. Fraser said basic DBS receivers should come to market at "less than \$350" retail.

Teamsters Union figure Allen Dorfman forced Ind. businessman Ferris Traylor to lose control of Horizon Communications, cable MSO operating in 9 midwestern states, by foreclosing on loan made to Horizon from Teamsters Pension Fund. That's allegation in federal suit Traylor has filed in Chicago against Teamsters and estate of Dorfman, who was murdered in Jan. Dorfman, who controlled Teamster's pension fund for years, made loans from fund of \$12.8 million to Traylor from 1967-69 for construction of cable systems. Traylor alleges Dorfman associate Sam Block extracted additional 2% commission on loans, later demanded that Traylor turn over to him 2/3 interest in Horizon or Traylor and his children would be killed. Traylor refused, and in May 1969 pension fund called in loans, forcing Traylor into default, suit alleges. Traylor is seeking to regain control of Horizon from pension fund.



**CBS LAUNCHES NATIONAL TELETEXT:** FCC approval in hand, CBS begins transmitting Extravision, its 100-page ad-supported teletext service, to affiliates April 4. CBS Teletext Vp Albert Crane told us network's teletext operation has "overwhelming" backing of affiliates — "well into 90%." They seem undaunted by fact that there are virtually no teletext decoders in America's homes and that it will be months before any affiliates will have equipment & staff to begin producing local portion of service.

Although CBS & affiliates are still working out details, Extravision most likely will be something of an equal partnership regarding financial arrangements and national vs. local material. Network begins service with 15-20 advertisers that participated in test on KNXT L.A., including TWA, GM, Merrill Lynch, Toyota, National Car Rental, Goodyear Tire. CBS hasn't decided on rate card and won't charge advertisers until summer.

Affiliates also will sign up advertisers once local portion is begun. However, Crane estimates it will take 3-6 months to purchase & install equipment and hire staff to create local pages, says only handful of CBS stations will likely be generating local material by year end. Equipment will cost \$125,000-\$150,000 per station, which Crane said is less than a color camera. Stations' biggest expense will be staff.

CBS estimates 5% of TV homes will have decoders in 2-3 years. According to Crane, teletext's growth will approximate that of home computers & videogames — although it will start slowly, he thinks it will zoom in later years. In 3 years, he expects decoding equipment will add only \$100 to cost of TV set, pushing penetration levels above 12%. Network also plans to begin "closed user group" service, using up to 10% of Extravision to transmit scrambled pages which would contain proprietary business information. Recipients would need only TV sets & decoders capable of unscrambling signal.

Other electronic publishing news: Time Inc. expanded its experimental teletext service from 40 to 400 homes in Orlando & San Diego. Tests will continue well into 1984, with national service expected to begin late in year... NBC affiliates will decide when network's national teletext service debuts at May affiliates meeting. Service is scheduled to start this summer... J.C. Penney Co. is buying videotex operations of Minneapolis' First Bank System, plans to form joint ventures with financial institutions to expand service... Starting in Nov., Videographic Systems of America (VSA) will sell professional teletext decoders priced at \$1,375, decoding boards for \$561... Manufacturers Hanover Trust contracted with Videodial to run facility to test consumer videotex equipment using Videodial software.

Lorimar, major supplier of TV programs, is buying Kenyon & Eckhardt ad agency for \$21 million cash, more later if certain conditions are met. K&E had \$500 million in billings last year, is country's 22nd largest ad agency, will operate as autonomous subsidiary of Lorimar.

**SAUTER FIRES BACK AT TV GUIDE:** Society of Professional Journalists/Sigma Delta Chi gave its highest honor — Distinguished Service Award — to TV Guide article "Anatomy of a Smear," a move CBS doesn't like one little bit. Article dealt very unfavorably with CBS Reports documentary on Vietnam War "The Uncounted Enemy: A Vietnam Deception." As result of program, Gen. William Westmoreland, Army Chief of Staff during Vietnam War, sued CBS for \$120 million, charging libel.

Saying that CBS has "not in the past commented on this article," CBS News Pres. Van Gordon Sauter wrote SPJ/SDX that, because of award, "it [Anatomy of a Smear] deserves closer examination... For the sake of brevity, I shall confine myself to 3 examples of inaccuracy, each of which vividly illustrates a shocking disregard for the truth" by TV Guide. Examples he cited were quotes in article by George Allen, ex-CIA dir., CBS News consultant Samuel Adams, and former Army Col. Gains Hawkins, a Vietnam commander. Sauter included statements to CBS News from all 3 saying they had been misquoted and that their statements were taken out of context by TV Guide.

"The authors [of TV Guide article] defined their parameters as addressing only the manner in which that broadcast was produced," Sauter wrote. "Yet, the magazine, in an unwarranted conclusionary leap, titled the article 'Anatomy of a Smear.' That title was featured on the issue's cover and nowhere in the article can one find support for the conclusion that the broadcast was a 'smear.' The smear was directed by the editors of TV Guide at CBS News." He said letter wasn't intended "to impugn SDX in any manner [or] the value of your prizes or the method by which they are determined... but to call attention to the article itself."

SPJ/SDX Pres. Stephen Dornfeld, Knight-Ridder Newspapers Washington bureau, said he hadn't seen letter. "Our board doesn't review the decisions of the judges and their decisions are final," he told us. He added that accuracy & truth obviously are 2 criteria to be used by judges.

NAB has sent 9-page questionnaire to member stations to help develop "long-range strategic plan to... take full advantage of the number of anticipated changes in telecommunications technology and services which will affect the broadcast industry." Questions cover NAB leadership and membership involvement, emphasis that should be placed on dealing with govt. at all levels, importance of such issues as deregulation, First Amendment rights, spectrum allocation, etc. Independent research firm Communication Strategies Inc. will compile report on answers.

Disney Channel will be available to "more like 5 million homes and growing" when service starts April 18, said Pres. James Jimirro. He had expected 4 million at start, 8 million after year, now thinks 10 million will watch in year. Some 313 systems are affiliates, including MSOs Rogers, Continental, Sammons, GE, TCI.

**NO RESPONSE TO NAB ON CUBA:** NAB still is looking for response from FCC & State Dept. on its "options paper" submitted last Jan. recommending ways U.S. could counter jamming of U.S. AM radio signals by Cuba. At briefing last week, at which related issue of Radio Marti was avoided, NAB said it could be time to force issue. Warning came at meeting of station managers, engineers, lawyers & others, called by NAB's "All-Industry Cuban Interference Task Force." NAB's 7-page paper suggested permitting AM stations to increase power for nighttime broadcasts, U.S. withdrawal from ITU until problem is resolved, and direct negotiations between U.S. & Cuba.

AM owners & operators from southern Fla., most hurt by interference, called on NAB to take tougher stance. "We've got a radio war on our hands," argued Fred Walton of WKAO(AM) San Juan. "This [interference] is hurting the hell out of us." NAB officials admitted problem is worsening and agreed to explore pressing FCC harder for permission to increase nighttime power of AM stations, change directional antennae, or interfere back.

Task Force refused to discuss issue of Radio Marti, said govt.'s effort to set up propaganda station aimed at Cuba from Fla. came long after Cuba began interfering with U.S. AM signals. Task Force Chmn. Cullie Tarleton, Jefferson Pilot Bestg., said Cuba is trying to make Radio Marti main issue, but he said Cuban interference with U.S. stations has been off-&-on since 1961.

"Radio Marti is a new issue, another issue. We are concerned with the problem of Cuban interference with our operations — and that's where we're focusing our attention," Tarleton said. Many broadcasters fear that Cuba will seek to jam U.S. commercial frequencies in retaliation for Radio Marti. NAB is opposing legislation proposed in Congress to create the station unless American stations are protected and compensated for time lost by jamming.

Spinning off from Chicago-based Kirkland & Ellis, ex-FCC Chmn. Richard Wiley will take some 3 dozen lawyers from firm's Washington office to form new law firm Wiley, Johnson & Rein, effective May 1. New firm is being formed because Chicago office has been retained by AT&T, causing "a tremendous amount of conflicts with our communications practice," Wiley told us. Among those clients causing conflict who are expected to go with new firm are Comsat, CBS, GTE, Xerox. Wiley said split with K&E "is very amicable... We'll maintain good and friendly relations with Kirkland & Ellis," which will maintain separate Washington office. Joining Wiley firm will be Philip Johnson, whose resignation as chmn. of Commodity Futures Trading Commission is effective May 1, and Dennis Dutterer, CFTC gen. counsel. Among those coming from K&E are Bert Rein, Russell Eagan, John Bartlett, Lawrence Secrest (administrative asst. to Wiley at FCC), John Quale, Philip Permut (deputy chief of FCC Common Carrier Bureau under Wiley). Wiley, Johnson & Rein will have hq at current address of K&E — 1776 K St. NW 20006.

**Amended rules for fining of cable systems** which make unauthorized use of aeronautical frequencies have been adopted by FCC. FCC now can impose fines on system without first notifying operator of violation.

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**SONY'S NAB BLAST:** Countering trend of NAB equipment exhibits to become smaller and more subdued in recent years, Sony will pull out all the stops at April 10-14 Las Vegas convention in its drive to become the major power in broadcast equipment.

Not only will Sony's exhibit be largest at NAB, but Sony Broadcast Pres. Neil Vander Dussen says it will be biggest display by anybody in history of NAB. Sony's main exhibit, dominating principal entrance to Las Vegas Convention Center exhibit hall, will encompass 14,000 sq. ft., with 2nd display of 2,000 sq. ft. in audio section of hall. Combined space is more than 5 times as large as Sony's exhibit at last year's show in Dallas.

Sony is breaking with tradition by displaying on show floor 2 major "products of future" which normally are shown in private suites at NAB if at all. In what Sony calls first public display of HDTV, with both live & taped demonstrations of 1,125-line widescreen system, including camera, VTR & 100" projection TV. In addition, Sony will demonstrate latest version of its developmental 1" digital VTR. Vander Dussen said demonstrations will be designed to "get people thinking about them, and help spur standardization."

Product display will be heavily geared to new versions of Sony's 3 VTR formats. Betacam line will be greatly enlarged, featuring 3-tube Plumbicon as well as Saticon mixed-field tube versions, smaller & lighter than earlier models. Also shown will be new portable field playback unit for 1/2" tape as well as complete Betacam studio, including recorder, player & editor, and facilities for intermixing Betacam system components with other types of recorders & cameras.

Sony's big news in 1" VTRs will be BVH 2500, with dynamic tracking on all heads, permitting its use to store 200,000 still frames or for animation, and as standard VTR. Sony's pitch will be that it's bargain at \$100,000, since it adds unique new features to basic BVH 2000 (at \$60,000-\$65,000).

U-matic 3/4" recorders will be upgraded with new playback electronics, claimed to provide quality improvement equal to one generation. Sony will have retrofit kit to update existing 3/4" machines. Highlighting audio equipment will be professional version of CD digital disc player and 24-track digital audio recorder.

\* \* \* \*

Camcorders and new 1" VTRs also will be featured by other manufacturers, and RCA may have digital VTR demonstration in private suite. RCA will unveil Hawkeye camcorder featuring color playback in the field, 1/2" editing system, and hints at surprise recorder product. RCA will share its floor space with RCA Americom, showing satellite network services.

Bosch, which will double size of its exhibit, will push its 1/4" Quartercam camcorder, weighing under 17 lb. and costing \$40,000-\$60,000 complete. New feature of Bosch Telecine will be "grain reducer" which compensates for graininess of film, adding about \$30,000 in cost to its \$200,000 telecine system.

Ampex will have NAB premiere of 2 new 1" VTRs — production unit and portable weighing less than 15 lb. — both introduced last Sept. at IBC, and is believed to be saving some product announcements for show.

Harris will add Digifont character generator, engineered jointly with Chyron, to its digital still store system.

Using language reminiscent of that used by AT&T during days when FCC was deliberating whether to permit competition in domestic long-distance market, Intelsat officials last week told Washington reporters that proposed Orion private Atlantic satellite system would "skim the cream" off Intelsat's revenues and would, in words of one executive, be "in strong contravention" of Article XIV(d) of Intelsat Agreement. Briefing was called to provide details of actions taken at board of governors meeting in Sydney earlier in March, but reporters pressed mainly for answers about Orion. Eventually, Intelsat's Deputy Dir. Gen. for Administration Francis Latapie curtailed questioning, refusing to answer or permit his staff to answer question about what Intelsat could do specifically should FCC decide to authorize Orion against Intelsat's wishes. Also disclosed at briefing: U.K. has told Intelsat that it must permit direct access to space segment by Mercury Communications. This move makes U.K. first member country to approve direct access by carrier other than an Intelsat Signatory.

**ABC's Thorn Birds** surpassed *Winds of War* in ratings, making it 2nd most popular miniseries, behind *Roots*. *Thorn Birds* achieved 41.9 rating & 59 share nationally, according to ABC, compared with record 45 rating for *Roots*. Network's latest offering became top-ranked miniseries in terms of number of households, attracting average 34.9 million homes each min., while 110 million viewers saw some part of series. Advertisers paid \$150,000 for 1/2-min. spots during *Thorn Birds*, less than those aired during *Winds of War*. ABC has right to rerun series.

FCC has set April 28 for en banc hearing on children's TV programming & advertising practices. Comr. Rivera announced Chmn. Fowler was reopening inquiry into children's TV (Docket No. 19142) during House Telecommunications Subcommittee hearing March 16. In letter to Subcommittee Chmn. Wirth (D-Colo.), Fowler said he planned to hold hearing to reacquaint commissioners with issue, promised final report by early fall. Those wanting to participate must contact FCC by April 8. Commission is accepting additional written comments until hearing, with replies due May 13.

**Needed—3,000 transponders:** Expanding telecommunications needs will require equivalent of 3,000 transponders by year 2000, according to report requested by NASA. Capacity envisioned by National Research Council report will require use of new frequency bands plus reduced orbital spacing — which will be mandated by FCC, perhaps as early as April, we're told.



## Personals

William Schwartz, Cox Communications pres., also becomes CEO June 1, succeeding Clifford Kirtland, who will step down as chmn., remain a dir. until end of year; chmn. slot won't be filled "at this time," Cox spokesperson said... Derk Zimmerman, Group W Satellite Communications, will return to WFLD-TV Chicago as vp-gen. mgr. when Metromedia takes over April 13 in purchase from Field Communications; Kevin O'Brien, WXIX-TV Cincinnati, moves to Metromedia's WTTG Washington April 11 as vp-gen. mgr., succeeding Allen Ginsberg, resigned

Donald Carswell advanced to senior vp-financial planning & analysis, NBC... Jennie Trias named dir.-children's programs, west coast, ABC Entertainment; Noel Resnick to assoc. dir... FCC Comr. Joseph Fogarty addresses Yale U. students Tues. on "Current Federal Regulatory Issues in Perspective," New Haven; he speaks to Nev. Telephone Assn. Thurs. in Reno; Comr. Anne Jones speaks to Ga. Telephone Assn. Wed. in Savannah... Marcy Tiffany, ex-Senate Judiciary Committee, appointed exec. asst. to FTC Chmn. James Miller, succeeding Carol Crawford, now chief of FTC Bureau of Consumer Protection.

David Braun, General Foods, appointed chmn. of ANA TV Ad Committee... New vps at NBC: David Bivins, finance & administration, TV network; Jay Michelis, corporate creative services; Brian Frons, daytime programs, NBC Entertainment... Jack Parris appointed vp-gen. mgr., KGUN-TV Tucson, succeeding Scott Vaughan, resigned for "personal reasons"... Douglas Brown promoted to vp-western region, Malrite Communications, new post... Jack Connors, ex-WGEM-TV Quincy, Ill., appointed station mgr., KTTC Rochester, Minn.

Sylvia Westerman, ex-NBC & CBS News, joins UPI as vp-special projects... West Coast Bureau Chief Phil Brady and Managing Editor Earl Casey promoted to vps, Cable News Network... Gary Klein, ex-Group W Cable, appointed vp-human resources, John Blair & Co., new post... Kathleen Cherney, vp-administration, Subscription TV Assn., also named exec. dir.; Assn. moves to 1910 S St. NW, Washington 20009, 212-232-3183... Rep. Cardiss Collins (D-Ill.) and NBC Vp Jay Rodriguez are among speakers at April 16 Hispanic Telecommunications Symposium in L.A. sponsored by NAB... Edward Gottlieb forms management communications counseling firm Edward Gottlieb Inc., 55 Park Ave., N.Y.

Robert Caird, ex-HBO, named vp-affiliate sales, Disney Channel... Alan Levy, ex-Group W Satellite Communications, appointed mgr.-corporate information, HBO; Barbara Myers & Neal Litvack promoted to Cinemax marketing dirs... Robert Gumer, L.A. attorney, joins Columbia Pictures TV as assoc. dir.-business affairs.

William Thomas promoted to mgr., CATV products, Zenith; Richard Colie to regional sales mgr. for Cal., Nev., Ore. & Wash... Patricia Rooney advanced to Communications Products Group mktg. mgr., Scientific-Atlanta; Tina Mayland to ad mgr. for

Group... Jean McGurdy named Hanna-Barbera current programs vp... Edina Gilmore, ex-Frankfurt Communications, named United Satellite Communications mktg. services dir... Edward Wollack named ABC TV Network central division vp & sales mgr.

Marv Rockford promoted to news dir., KOA-TV Denver... Donald Howe, ex-WCPO-TV Cincinnati, joins WLWT there as local sales mgr... Bruce Lewis promoted to vp-gen. mgr., KMEG Sioux City, succeeding Robert Donovan, retired.

Seth Willenson, ex-RCA Selectavision, appointed vp-program development, United Satellite Communications; Andrea Sporer, ex-MGM/UA, named vp-business affairs & gen. counsel... John Carlson promoted to dir.-finance, General Instrument Discrete Semiconductor Div... Earl Brian promoted to chmn., Financial News Network, succeed Jeremy Wiesen, resigned to become professor at N.Y.U.

James Gilligan, ex-Xerox Corp., appointed vp-gen. mgr., Home Sports Entertainment; Bernard Seabrooks joins as programming dir.-exec. producer, both in Pittsburgh; Ed Frazier & Glenn Gurgio, both ex-ON TV in Dallas, join Home Sports Entertainment as vp-gen. mgr. & program dir.-exec. producer, respectively, Dallas office... Richard Madden, Ohio U. Telecommunications Center, appointed Best. Services deputy dir., CPB... Gayle Nelson, ex-FCC Gen. Counsel's Office, joins NPR as asst. gen. counsel.

William Riker, ex-Showtime Entertainment, appointed engineering dir., NCTA... Tony Malara, CBS TV Network pres., is featured speaker at Fla. Assn. of Bests. broadcast day April 29, Fla. State U., Tallahassee... Robert Griffith appointed dir. of Conrac Alston Div., which designs & produces telecommunications equipment... Janet Massullo, ex-C-COR Electronics, appointed sales engineer, General Instruments RF Systems Div.

Edina Gillmor, ex-Frankfurt Communications, named dir.-mktg. services, United Satellite Communications... George Smith promoted to Viacom Best. Group finance & administration vp... James Long, Alan Nesbitt, James Masucci and Richard Shepard named Capital Cities Best. Div. vps.

Burt Bacharach & Carole Sager will entertain June 15 during NCTA convention in Houston... Allie Sherman, ex-N.Y. Giants coach, appointed vp for sports, Warner Communications... Ronald Coleman, ex-Pepper, Hamilton & Scheetz, joins Washington law firm Finley, Kumble & Wagner... Frank Heyer, ex-Conrac, joins Ikegami Electronics as mgr.-sales & engineering, graphic displays and TV monitors.

Selling cable in shopping mall stores -- considered by many executives as industry's answer to penetration problems, especially for pay services -- has attracted new believer in Heritage Communications. Des Moines-based MSO has bought 17% interest in pioneering American Cable Connection (ACC), founded by Daniels & Assoc., will open 10 Connection Point stores of its own and will design & furnish what Daniels projects will be hundreds of stores in chain within few years.

# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended March 18 (11th week of 1983):

	MARCH 12-18	1982 WEEK	% CHANGE	MARCH 5-11	11 WEEKS 1983	11 WEEKS 1982	% CHANGE
TOTAL TV#.....	321,601	307,038	+ 4.7	298,835	3,589,733	3,311,430	+ 8.4
COLOR#.....	227,482*	205,407	+10.7	208,181*	2,509,289*	2,190,669	+14.5
MONOCHROME....	94,119	101,631	- 7.4	90,654	1,080,444	1,120,761	- 3.6
PROJECTION TV...	2,145*	1,076	+99.3	2,221*	27,765*	17,216	+61.3
HOME VCR.....	48,738*	25,269	+92.9	43,887*	614,133*	320,221	+91.8
COLOR CAMERAS...	4,668*	3,768	+23.9	4,686	61,755*	51,657	+19.5

Color TV 5-week moving average: 1983--232,541\*; 1982--200,727 (up 15.8%).

Home VCR 5-week moving average: 1983--53,734\*; 1982--30,181 (up 78.0%).

# Excludes projection TV. \* Record for period.

**STANDARD APPROVED FOR NEW VCR GENERATION:** In unprecedented display of unanimity, 122-company multinational 8mm Video Standardization Conference last week announced in Tokyo it had reached agreement on broad new standard for next generation of home VCRs. In Japan, there were forecasts that first of new-type recorders could reach market late this year — and models undoubtedly will be available in 1984.

Standard is flexible, bare-bones skeleton for establishing wide variety of compatible instruments, leaves plenty of room for manufacturers to offer own features, and for future improvements in such areas as sound, playing time, special features. Because of their significance, we have included all released specifications and Conference statements as special White Paper with this issue.

Basic specifications call for tape width of 8mm (0.315 in.), with 90-min. recording time in NTSC system, 60-min. in PAL -- both expandable — on cassette approximately same size as audio cassette (3.74x2.46x0.59", slightly smaller in length & width and slightly thicker). Flexibility is built in for tape type (metal-powdered or metal-evaporated) and audio recording (conventional longitudinal and helical FM, with space reserved on helical track for digital PCM).

Although initial use undoubtedly will be in portables — both single package with camera and separate tiny recorder — even Japanese manufacturers have started to drop pose that new standard will never replace 1/2" Beta & VCR formats. In answer to our questions, Conference members told us expansion of recording time to 4 hours is "definitely possible" and manufacturers are free to submit proposals for expansion through use of thinner tape and slower tape speed for approval by Conference. Further major increases in playing time could come with introduction of vertical-domain (perpendicular) tape coatings, possibly to be introduced within 3 years. Non-portable units "definitely" will appear within 4-5 years, but probably not within next 2, we were told.

Conference is composed of VCR, camera, tape & component makers — 97 from Japan, 25 foreign, including DuPont & 3M from U.S., Agfa, BASF, Bosch, Grundig, Philips, Telefunken, Thomson, Thorn from Europe — took just one year to come up with system. In typically Gallic move, France at last minute effectively counted itself out of standard when nationalized Thomson-CSF proposed to Conference last Nov. that "Timeplex" baseband recording system — of type used in broadcast & professional VTRs — be adopted for SECAM color standard. As result, Conference issued no 8mm standard for SECAM, said its coordination committee would start deliberations on Thomson proposal at its April meeting.



New 8mm VCRs aren't covered by Japanese quota & minimum-price pact with EEC, Conference official said in answer to our question. Asked whether there had been agreement for Japanese manufacturers to hold up on exports to Europe until domestic makers there are ready to go on market, he said there had been no deal but negotiations on that point were possible.

Major accomplishment in new standard — aside from fact that it's first time any such group has been able to agree on any consumer electronic product standard — is potential increase in recording density to at least 3 times that of existing systems, although with first 90-min. units improvement will be only about 20% (see table of recording economy elsewhere in this issue). Writing speed (speed of revolving head past tape) for NTSC version is 3.8 meters per sec., compared with 5.8 for VHS, 6.1 for V2000, 7 for Beta.

Manufacturers & marketers were reluctant to comment publicly on new standard for fear of upsetting current market, but they privately hailed accomplishment. There were forecasts that solid-state cameras were ready to arrive in quantity, could be combined with 8mm VCR in what ultimately will be 2-lb. package about size of SLR camera, or fielded in 2-piece portable system in which recorder itself could be clipped Walkman-style to user's belt.

Although cassettes at first are expected to be relatively expensive, they should come down with quantity production because they use significantly less raw material in both tape & housing. Prerecorded tapes in new format are expected to await extension of playing time and introduction of home units.

Design for tiny cassette is particularly ingenious. For low cost and simplicity, it's to be made without tape guides, but with wide mouth for variety of loading mechanisms, "recognition holes" (a la V2000) for automatic detection of tape type & thickness, grips for use in automatic changer. System's 3 audio systems permit low-cost lightweight portables to have simple longitudinal track, at same time making possible high-quality stereo FM sound similar to Beta Hi-Fi, with large tape area reserved for digital audio. Longitudinal cue track is available for future uses.

"We can take pride in the fact that thus far we have reached a successful conclusion," Conference's coordination committee summed up in statement released at Tokyo news conference March 28, adding: "VTR has already developed into a large market, and this is the first time a standard has been achieved in such an established market as VTR — a remarkable outcome indeed."

**COMPACT, MATSUSHITA IN TUBE IMPORT FIGHT:** Matsushita Corp. of America (MECA) found gaping color TV tube loophole in U.S. Tariff Schedule, and labor-industry group COMPACT is moving quickly to have it closed before trickle of tube imports turns into industry-threatening flood.

Opening is in special classifications for imports of complete color TV kits and color subassemblies containing color tubes, which, ironically, were inserted in schedule in 1977 as added protection for U.S. industry to insure Japan's adherence to spirit of export quota agreement it signed that year. Color TV tube imports are dutiable at 15%, but rate for kits that include tubes is just 5%, same as for finished set.

In procedure for which MECA received advance blessing from Russell Arnold, Customs Special Classification Branch chief, company is shipping color tubes from parent in Japan to its chassis manufacturing plant in Tijuana, Mexico. Tubes & chassis in equal numbers but separate cartons are then imported in single shipment designated as complete kits and assembled into finished sets at plant in Franklin Park, Ill. for resale by subsidiaries Panasonic & Quasar. MECA detailed plan in June 26, 1981 letter to Arnold, was told that "on the basis of the information submitted" such shipments would be "dutiable at the rate of 5%."

Commerce Dept. figures show that 120,400 such kits were imported from Mexico last year, mainly in 2nd half, and indication is that virtually all came from MECA's Tijuana plant. Per-kit average value was about \$121, compared with average price of \$53 for all finished chassis

imports from Mexico. That would put indicated average price of included tube at \$68 -- in keeping with understanding that mainly 13" tubes are involved -- with total value of \$8.19 million. That would mean MECA paid \$409,300 in duty on its tubes, saving of \$818,600 from tariff tab if tubes had been shipped directly from Japan to Franklin Park. That, of course, excludes any saving MECA may get by buying in Japan, or incremental profit earned by Matsushita's tube plant.

COMPACT's agitation is understandable. U.S. color TV plants owned by Japanese, Taiwanese & Korean producers account for about 30% of U.S. production, and represent entire non-captive market for domestic tube plants. Loss of that business could force GE or North American Philips out of tube manufacturing -- only RCA and Zenith are large enough color set producers to justify tube production on in-house basis.

COMPACT already has taken first step to turn off MECA's tube pipeline. It has restated situation in letter to Customs, asked for formal classification decision. If Customs sticks to already stated position, COMPACT can challenge that in Court of International Trade or lobby in Congress for Tariff Schedule change. Latter is more likely course, as suit could drag on for years.

This won't be first such tube loophole battle for COMPACT. Last year, it challenged bid by Sanyo Mfg. to have its Forrest City, Ark. plant designated as free trade zone. Concern was that SMC could import tubes duty free, then pay only 5% duty on foreign value of complete sets it assembles for sale here. Foreign Trade Zone Board approved SMC request, but stipulated that full duty would be levied on imported tubes unless sets containing them were exported.

**1982 COLOR SALES STARS—REMOTE, CONSOLES:** Consoles showed first year-to-year increase in share of color TV market in 1982. This possible beginning of comeback in big-screen shared recession year spotlight with record penetration of another step-up feature -- remote control -- as highlights of EIA breakdown of 1982 color TV sales to dealers.

Remote was runaway best seller last year, featured in 422,000 more sets than in 1981, included in record 34.7% of color mix, up from 31.6%. Biggest increase for remote came in consoles, where sales jumped 16.3% to 1.15 million, to account for 47.2% of total, up from 41.9%. In portable-table, remote-equipped set sales rose 10.3% to just under 2.8 million, for 31.3% share, up from 28.8%.

Sales revival for large-screen color in 1982, which holds out promise of better things to come, is welcome sign for financially distressed set makers. Modest 3.1% rise in console sales to 2.43 million is first such year-to-year increase of any kind industry has seen since 1978, and .2 point rise in share of overall color TV mix is first in history. Even better news for those offering 25" color monitor/receivers and component systems is 8.5% jump in big-screen table models. But, even if upscale shift in color mix continues, any profit relief may be short lived. Sharp, Teknika and Toshiba all put toe in console waters last year, will be going in deeper in 1983, and are scheduled to be joined by Sampo.

Color market today breaks down into 3 major categories: Under-19", 19" and over-19". While sizes within smallest classification outperformed rest of market, drop posted by mid-sized 14-17" models left overall classification with sales of 2.71 million, up just 0.2% from 1981, and 23.9% share of market, down from 24.2%. Biggest seller, 19", had unit sales increase exactly matching industry's 1.9% average, was left with unchanged 52.4% share. Sales of big-screen table models & consoles combined rose 3.7% to just over 2.7 million, for 23.7% share, up from 23.1%.

In b&w, breakdown shows that little besides small battery portables (including combinations) and 12" commodity models moved through distribution chain last year. Both rose in volume as sales of other sizes collapsed, and they combined to account for 91.6% of 1982 monochrome action, up from 84.5% in 1981.



# Here's how TV market broke down last year:

## 1982 TV SALES TO DEALERS PRODUCT MIX

	Unit Sales	% Change	1982 % Mkt. Share	1981 % Mkt. Share
<b>COLOR</b>				
12" & under.....	641,800	+ 4.8	5.7	5.5
13".....	1,557,500	+ 4.0	13.7	13.4
14-17".....	510,700	-14.4	4.5	5.3
18-19".....	5,953,800	+ 1.9	52.4	52.4
20" & over.....	276,600	+ 8.5	2.4	2.3
Consoles.....	2,425,900	+ 3.1	21.3	21.1
Remote control..	3,942,000	+12.0	34.7	31.6
<b>Total color.....</b>	<b>11,366,300</b>	<b>+ 1.9</b>	<b>100.0</b>	<b>100.0</b>
<b>MONOCHROME</b>				
6 & under.....	1,146,000	+27.0	19.9	16.3
7-10".....	203,000	-40.1	3.5	6.1
11-12".....	4,135,000	+ 9.4	71.7	68.2
13-&-over.....	282,000	-45.6	4.9	9.3
<b>Total monochrome....</b>	<b>5,765,000</b>	<b>+ 4.0</b>	<b>100.0</b>	<b>100.0</b>

Higher VCR prices are on way in Europe as result of Japanese agreement to put 4.55 million ceiling on shipments this year, set minimum prices on EEC-bound exports. In U.K., Sony said it expected retail prices to go up about 20% in June, in keeping with expected impact of Japan's Ministry of International Trade & Industry 3-tier pricing floor for shipments of leader, step-up & deluxe VCR models (Vol. 23:13 p9). Monthly VCR rental charges in U.K. are expected to go up about 10%, putting average charge at about \$25. Still uncertain is how, if at all, MITI intends to exert control over pricing of VCRs assembled in Europe. Sony is making Beta in Germany, and J2T Holdings (JVC, Telefunken, Thorn EMI) puts VHS models together in Germany & U.K. They are currently assembled almost totally from Japanese parts, but that should change as more locally made supplies become available. Other Japanese plants will be on stream this year, along with German Matsushita-Bosch venture, and next year Thomson-Brandt and Akai are expected to be turning out VHS units in France. Philips, meanwhile, says it plans to hold price line on its V2000 VCRs.

Era of 8-track is finally winding down after 13 years, cassette having taken over. Major record makers have all halted regular issues of new releases in format, though most indicate that some established hit albums may be put on cartridge on highly selective basis in future. CBS & RCA have halted in-house production, are having cartridges they sell to tape club members duplicated on outside. Commerce Dept. figures show imports of 8-track car stereo players sank 41.3% last year to 617,500, while shipments of cassette autosound rose 3.8% to 9.25 million.

Average owner of personal computer spent \$608 on software when he bought unit, laid out additional \$430 for more during first year of ownership, according to Frost & Sullivan study. Report estimates software sales will jump to \$1.2 billion in 1985 from \$274 million last year, based on expectation of major rise in computer sales. But survey doesn't necessarily reflect buying pattern that will emerge as home computer sales take off. Responses were from owners of systems of at least 32K-byte capacity, and while operators of such low-end models as Commodore VIC-20 and Timex were included, so were those running multi-station systems as well as business-only personals such as TRS 80 II. Latter group includes purchasers of high-cost professional accounting, finance & management software packages. Study says mail order accounted for 39% of software sales, computer chains 30%, independent specialty retailers 22%, other types of outlets 1-2% each. Details on report #1134 from: F&S, 106 Fulton St., N.Y. 10038.

Compact Disc Group to promote digital audio disc format in U.S. has been formed by hardware & software suppliers with cooperation of RIAA & NARM. Player marketers enrolled include Denon, Hitachi, Kenwood, Kyocera, NAP Consumer Electronics, Onkyo, Pioneer, Sansui, Sharp, Sony & Toshiba. Record company members: A&D, Capitol, CBS, Chrysalis, M&K, Mobile Fidelity, MCA, Motown, Polygram, Soundstream, Telarc, Warner. In Europe, Philips said it will start producing players this summer for resale by 24.5%-owned affiliate Grundig. Philips said it's discussing joint CD player production venture with France's Thomson-Brandt, but T-B said no agreement is imminent.

**NAP, W-G REPORT:** North American Philips posted \$13.9 million loss from consumer electronics operations last year, representing \$19.3 million swing from \$5.4 million profit in 1981, company said in annual report. It shows sales from segment, which include picture & receiving tubes, were down 2.6% to \$967.4 million. For year, NAP had 4.5% rise in consolidated sales to \$3.17 billion, but net from continuing operations dropped 6.3% to \$75.6 million (Vol. 23:6 p16).

Though it notes industry suffered from low margins stemming from severe competition, report offers little in way of specifics. It does say NAP had improved market share, lower earnings from color TV & display tube operation, higher sales & earnings from receiving tubes. NAP said that last year's consolidation of domestic color TV assembly operations at Greeneville, Tenn. plant did provide "expected initial cost reductions and economies of scale."

Unfavorable market & economic conditions also affected results of electrical & electronic components segment. NAP said operating profit there fell 11.1% to \$99.4 million on 4.7% sales drop to \$717 million.

Report shows NAP spent \$74.7 million on R&D last year, up from \$52.1 million in 1981, says lab is working on digital TV "concepts & components developed by N.V. Philips" to adapt them for U.S. market, also is participating in worldwide Philips effort to develop high definition TV system.

Wells-Gardner annual report shows its TV assembly operation posted operating profit of just \$276,900 last year, down 78.1%, on 33.7% sales drop to \$5.69 million, while earnings from videogame arcade and display monitors slipped 10.3% to \$10.1 million as sales declined 1.6% to \$69.7 million. Figures indicate that 2nd half TV sales were down 61% to just \$1.84 million, while monitor volume fell 40.6% to \$25.3 million. W-G had overall 29.7% drop in net to \$5.4 million last year on 5.1% sales decline to \$75.4 million (Vol. 23:11 p14).

Report says decline in TV results stemmed from 2nd half inventory reduction of its sole customer, Teknika Electronics, indicates expectation of 25% average rise in shipments to Teknika starting April 1. W-G states it signed renewed assembly agreement with Teknika last Feb. Teknika's parent, Japan's General, supplies W-G with most components it uses for assembly of TVs & monitors.

Sales to W-G's 2 biggest arcade monitor customers dropped 5.1% to \$30.9 million, as shipments to Bally rose 21.5% to \$24.1 million, while those to Atari dropped 46.5% to \$6.79 million — report says Atari canceled \$9.86 million in orders following decision to start own production of X-Y game monitors. Sales to Teknika were down 39.5% to \$5.28 million.

W-G's long chassis order lead time made it impossible for company to react quickly to 2nd half slowdown in arcade monitor shipments, report says. As result, company closed year with \$9.8 million

inventory, up from \$5.38 million at end of 1981. All inventory for TV production is owned by Teknika, so isn't shown on W-G balance sheet.

W-G says its sales of data monitors were up substantially in 1982; 13" color display, medium & high resolution monitors and page reader are being added to line this year. Company says it also expects to ship first X-Y arcade monitors this year.

**STILL-FRAME AUDIO ON LV:** Sony last week demonstrated attachment which adds sound to still-frame picture on its industrial optical videodisc player. First model, shown in N.Y., provides up to 10 sec. sound in freeze-frame mode, making possible 15 hours of sound with still pictures on single disc.

Designed for point-of-purchase, instructional and other uses where still frames are employed, system uses digitally encoded sound combined with video signal. Digital signal for 10 sec. of audio is encoded on 8 video frames preceding still picture, stored in external adaptor, played back along with still frame. Sony says length of audio accompanying single frame is expandable to 40 sec.

Adaptor for existing Sony Laservision players will be available this summer for \$1,500. Sony says still-picture & sound recording will be simplified by use of new still-frame 1" VTR, to be unveiled at NAB convention in Las Vegas next week (see separate report in Broadcast section).

Pioneer, meanwhile, said figure we reported last week on life of its laser pickup was incorrect. Report was based on data supplied by Hitachi on claims for life of its new solid-state laser videodisc player pickup as opposed to tube-type pickups (Vol. 23:13 p11). Pioneer said pickups of both its consumer & industrial players have life in excess of 5,000 hours — same as that claimed by Hitachi for its semiconductor pickups. Pioneer also said it was unfair to compare Hitachi's industrial player with its Pioneer's consumer type — we did so only because prices were roughly comparable. Hitachi has another more expensive model whose weight & size are less than half that of Pioneer's industrial model, has 3-sec. access time.

Sony also introduced last week new industrial 3-tube mixed-field camera with claimed 650-line resolution, 57dB signal-to-noise ratio, shorter 2/3" Saticon tubes at suggested price of \$9,000, described as 1/3 the price of equivalent high-quality cameras. Camera body weighs 8.3 lb. without lens.

Matsushita will demonstrate first commercially available optical videodisc recorder, using 8" disc and designed for industrial market, next week.

Major price cut in Sony's 2" portable b&w Watchman was announced in Japan, presumably will be reflected here next week when company unveils new line. New Watchman model will sell in Japan for about \$165, vs. \$230 for predecessor, which has been discontinued. Sony said it sold 70,000 on domestic & export markets since Japan introduction in March 1982, plans to produce new model at rate of 20,000 monthly.



**PARKER SUES ATARI:** Seeking to block Atari's new exclusive distribution plan (Vol. 23:13 p12), Parker Bros. filed suit in Alexandria, Va. Dist. Court, charging Atari is violating Sherman & Clayton Acts by foreclosing & lessening competition and attempting to monopolize software business. However, temporary injunction, issued early in week, was vacated April 1 by Judge Bryan, leaving Atari free to put distribution changes into effect.

Parker said Atari arrangements "with 40 of the less than 100 effective wholesale distributors available" will cause "immediate, substantial & irreparable injury," and effects of contract offer alone "are already being felt." Negotiations with at least 26 of Parker's accounts cost it "well over \$15 million in sales cancellations," March 25 petition noted. Parker said it lost \$1 million March 22, \$400,000 March 23, \$880,000 March 24.

Parker concedes Atari about 40% of 1982 market, believes that "because they will be terminated unless they sign the agreement, the wholesale distributors feel compelled to sign it." Reportedly, Atari offers inducement other than fear — 25-40% discounts on some games, compensating for portion of losses distributors may incur when they unload competing inventories. Parker asked that Atari be forbidden from fixing software prices or offering any discount or rebate as means to sell contract.

Atari plan gives distributors 3-year exclusive, cancels national deals with such firms as Softsel, Ingram Books and WEA, Warner records & videocassette distribution arm. WEA had picked up line last June. Sources close to Atari confirmed speculation that Warner executive Leon Knize designed approach.

Game business conditions indicate some falloff in sales could have been expected in any event. Data Age said sales of its nationally advertised Journey Escape cartridge were below expectations. Company blamed excess product on market, said it had trimmed workforce. Quaker Oats, which jumped into game market last spring through acquisition of U.S. Games, may be in process of jumping out after less than year of involvement. Quaker said it has trimmed USG's promotion budget, halted output of new programs, will continue to ship from stock while reassessing market situation.

Impact has already started spilling over into newer, even more competitive, market for computer games. Installed base of only about 2 million true home computers makes going tough for dozens of companies now offering programs on cartridges & discs. They're also discovering that many of million or so who bought computers last year are balking at paying \$10-\$20 more for programs than they used to pay for videogames. Result is start of price cutting wave that should begin to crest at June CES in Chicago.

Nor is distress restricted to home game market. Current issue of coin-op trade magazine Replay says distributors report collections from arcade games down 15-50%, depending on locations, points to signs that production & sales of new video coin-ops may be down as much as 75% from last year.

**CES N.Y. SHIFT HITS SNAG:** Move of Summer Consumer Electronics Show back to N.Y. in 1985 is now highly doubtful because city may not be ready to handle event (Vol. 23:12 p14). Planned location is new giant convention center being built on Manhattan's West Side on Hudson River, which was slated for completion in May 1984. But word now is that opening is going to be year late at very least.

Convention Center Development Authority has construction & cost problems. Biggest headache is discovery of cracks in rod-holding steel balls that are heart of frame design. They are being recast. Mismanagement also is being charged, and state may step in, involving further delay while reins change hands. Center officials acknowledge hall won't be finished on time, say they won't set new timetable until uncertainties have been resolved. Outsiders say up to 2 extra years might be needed.

Construction snafu disclosure came only 2 weeks after EIA Consumer Electronics Group board authorized staff to start negotiations with Center, hotels & unions, to lay groundwork for moving show in 1985. Formal approval for shift was expected to be voted in June. It now appears that Chicago will be home for at least next 3 Summer CES events, and CEG isn't in any hurry to give up its 1986 option on McCormick Place.

**KYOCERA BUYING YASHICA:** In move that is expected to add yet another name to video ranks, Kyocera has agreed to acquire financially ailing camera maker Yashica in \$38.2 million stock swap.

Yashica is about only major brand Japanese photo equipment without presence in VCR market, and merger with Kyocera should change that. Kyocera already is involved in consumer electronics through ownership of Cybernet and KLH. It also is major private label supplier of computers & printers, while Yashica is producer of office equipment.

Other merger activity: RCA has agreed to acquire 50% interest in Arista Records from German parent Berthelsmann, subject to Justice Dept. approval, terms undisclosed. RCA said Arista would remain independent, though distribution would be taken over by RCA Records. Arista lost about \$11.9 million on sales of \$53.5 million last year... Webcor seeks to take over Repco, Orlando producer of mobile radio equipment. Webcor, which already owns 20% stake, wants control, but merger proposals have been turned down by Repco management, Webcor said in filing with SEC. As result, Webcor said, it plans to launch proxy fight.

AT&T is promising \$12 million ad campaign for later this year telling consumers they have option to buy phones they are now leasing. Offer is part of FCC filing AT&T made last week that is aimed at winning elimination of state regulation of Bell System this year rather than in 1984. AT&T also said it would limit telephone sale & rental price increases for at least next 2 years, and that monthly rental of basic rotary phone would be held to \$1.50, with customers able to buy it for \$20.



**DUPLICATORS EXPANDING:** New surge of demand (Vol. 23:13 p12) is resulting in wave of expansion by cassette duplicators. Growth isn't on scale of 1980-81, when there were half-dozen majors and several medium-sized facilities in business, but is in marked contrast to 1982.

Biggest duplicator Columbia/Bell & Howell has most ambitious plans, will spend \$500,000-\$750,000 to increase number of slave VCRs by 40%, could add more later in year if business remains strong. CBS/Fox Video is installing 80 units, all VHS stereo models, has moved to 3-shift operation — same level of activity as Technicolor Videocassette, also said to be seeking more VHS capacity. Video Corp. of America, other remaining major, is cautiously optimistic, will "expand a little bit," according to Exec. Vp Thomas DeMaeyer.

Beta format isn't sharing in new-found prosperity. Old 2-1 ratio favoring VHS at Columbia/B&H is being pushed to at least 70-30. Company is leaving room for Beta Hi-Fi, but notes consumer players aren't available yet.

If current buying pattern holds, 1983 could be 8-million-tape year, according to one duplicator. Growth might finally shore up declining blank tape prices, now in \$6.50 range for large order of T-120s. "There could be a shortage by the 2nd half," according to major supplier, also looking to 7.5-8 million recorded cassettes.

But new capacity and new sources are becoming available. TDK's latest Japanese plant now is producing 2.5 million T-120 blanks per month, 50% of rated capacity, should be at 5 million by year's end. Facility ships tape pancakes to Ga. plant for final assembly for U.S. market. Hitachi Maxell and Fuji, which completed expansion last year, are cranking out 6 & 7 million a month respectively. Konishiroku Ampex, which restricted activities last year to loading pancakes sourced from Ampex, has completed integrated plant, is now operating at half its million monthly capacity, expects to hit full stride by midyear, clearing way for exports to U.S.

In Korea, Sunkyong Magnetic has established itself as major 2nd-source supplier of pancakes to loaders in Hong Kong & Taiwan, is gearing up for significant exports of complete cassettes. Giant Korea conglomerate Samsung also is eyeing market. Subsidiary Saehan Media loads videocassettes for sale at home, is preparing for tape production, with emphasis on export. It already has sounded out duplicators in U.S. with offer to supply either cassettes or pancakes, is understood to be willing to take on duplication as subcontractor.

Taiwan too will be factor. Largest producer there is CMC Magnetics, which has completed construction of integrated plant. It's thought to be producing about 100,000 complete cassettes per month, could expand to produce tape for 10 million cassettes monthly, and company intends to be prime supplier to loaders there as well as export marketer of finished product.

**RCA STOCK SALE:** In 2nd biggest open market stock transaction in history, Allied unloaded 7.2% interest in RCA it picked up through acquisition of Bendix. While profit was made on sale, per-share price was below going rate, and Allied had said it was looking for premium (Vol. 23:8 p16).

Bulk of selloff came March 30, in block of 5.37 million shares at \$23.50 each moved by Salomon Bros. to group of institutional investors. Price was 75¢ below March 29 NYSE close. Allied said it received \$129 million for RCA holdings that Bendix bought for \$98.4 million in 1981 in what RCA at time felt was beginning of unwanted takeover attempt. Sale to institutions eases RCA concern that stock might again fall into unfriendly hands.

Superscope posted \$4.2 million loss in closing 1982 quarter, \$11.5 million loss for year, both more than double deficit reported in same 1981 periods. Sales were down 21.6% in quarter, off 16.4% for year (see financial table). Officials have declined comment on persistent reports company is involved in merger negotiations. Among indicated potential suitors are N.V. Philips, which acquired all Marantz foreign assets and brand rights from Superscope in 1980, and unspecified Japanese video equipment maker.

Video Station restated results for year to Sept. 30 to show \$600,000 pre-tax loss instead of \$337,000 profit. Cal.-based video software retail store operator & franchiser said shift represented \$400,000 cut in value of rental cassette inventory it carried on books at cost, but auditor ordered it lowered to actual resale value. Rest is potential liability from State Equalization Board ruling that VS should have paid use tax on rentals for last 3 years.

ITT Corp. will be new official name of International Telephone & Telegraph if holders approve change at May 11 annual meeting.

**Video software notes:** Average Laservision disc should sell 5,000-10,000 copies in year on market, according to Pioneer Artists. Paramount reissue of Star Trek 1 at \$39.95 will include 12 min. which were deleted from 130-min. theatrical version. Segments were restored to fill out ABC network telecast, prompting puzzled calls from cassette owners... Home View Network, ABC venture to feed movies overnight to VCRs owned by subscribers, has been renamed Telefirst Entertainment Recording Service. Test marketing is to start early next year... Disney May 15-Aug. 15 promotion offers 4 features at \$39.95, 2 at \$29.95, includes baseball cap with each cassette.

Atari's new telecommunications line isn't likely to be on display at Summer CES, which opens in Chicago June 5. Firm's new AtariTel Div. (Vol. 23:12 p13) had teaser exhibit at Western Telecommunications Showcase in San Francisco last week, displaying only bedsheet-wrapped sign reading "The Wraps Are About To Come Off." Officials at show said company wasn't planning to unveil prototypes of products it will market in 1984 until late this year.



**RCA'S MONITOR PUSH:** Gearing to growth of computer, RCA last week launched major expansion into video monitor business, both OEM and own-brand. To underscore commitment, company changed name of its Picture Tube Div. to Video Component & Display Div.

RCA will participate in this "huge incremental business" across-board, according to Exec. Vp Roy Pollack, who indicated Consumer Electronics Div. would announce line of monitors for home & personal computers in fall. For OEMs, company will offer both off-shelf & customized products, including everything in monitor line from tube-only through tube & yoke or complete chassis to complete system in cabinet.

RCA has been active in b&w monitor business as supplier to Tandy, which has purchased more than 100,000 units — but new effort will stress color monitors, include high, medium & low resolution types. Effort will involve not only new Div., but Solid State, Electro-Optics, Service Co. and Consumer Electronics operations. Sales to various industry segments will be direct (OEM) and through various RCA operations (Consumer, Electro-Optics, Service Co.).

Pollack estimated that 1.1 million color & 3 million b&w monitors would be sold this year, numbers increasing to 4.5 million & 6 million in 1990, outstanding trend being shift to larger screen sizes. In dollars, annual sales should grow from current \$400 million to \$1.6 billion.

Low-volume items will be produced at new Div.'s hq in Lancaster, Pa., high-volume at Marion, Ind. picture tube plant. Video Component & Display Div. is headed by Charles Quinn, former Consumer Electronics Div. operations vp, whose promotion to Picture Tube Div. vp-gen. mgr. was announced in Feb. (Vol. 23:9 p16). Robert Lorch, ex-Picture Tube Div. planning & services vp, has new post of div. vp-video display monitor products.

FCC approved 10 new duplex channels for cordless phones last week, assigning space in 46.6-47 MHz and 49.6-50 MHz, but said allocation was only for 5 years, or until it finds permanent home. Industry had asked for those, plus 15 more in 74-75 MHz band. In rulemaking proposal for 900 MHz mobile telephone Private Radio Communications Service, issued at GE's request last Jan. (Vol. 23:4 p19), FCC indicated that PRCS might share frequency with cordless phones.

Instant replay comes to videogames. Feature is included in arcade game, Charlie Chuck's Food Fight, just released by Atari. After successful completion of play level in which player is involved in extremely close call, words "Let's See That Again — Instant Replay" flash on screen, followed by high-speed rerun of critical action.

First Toshiba color set with FST (flat square) picture tube is 20" top-of-line remote monitor with video-audio jacks, stereo sound, introduced in Japan at \$900. Tube was first shown in Tokyo last Dec. (Vol. 22:48 p11).

**VCR ECONOMY RANKINGS:** With formal ratification of 8mm VCR specs, videotape achieves new level of efficiency. Even in initial 90-min.-per-cassette format announced in Japan last week, tape consumption is reduced by about one sq. ft. per hour, as compared with previous most efficient format (slowest VHS speed).

This represents increase of about 20% in tape efficiency. However, with use of metal or evaporated tape, system is said to provide 3-fold increase in recording density — so obviously other shoe hasn't been dropped in terms of slower tape movement and hence far greater efficiency.

Here's table showing tape efficiency in approximate sq. ft. per hour of major consumer systems, with original U-matic & quad recording systems included for comparison — 8mm system uses less than 25% as much tape as original Beta I, less than 5% of tape of U-matic and less than 0.6% as much as quad broadcast system.

System	Speed (ips)	Tape width	Sq. ft./hour	Recdg. time*
8mm.....	0.56	8mm	4.5	1.5
VHS-EP.....	0.44	1/2"	5.5	8.0
Beta III....	0.53	1/2"	6.9	5.0
CVC (Funai)	1.26	1/4"	7.9	1.0
VHS-LP.....	0.66	1/2"	8.2	5.3
Beta II....	0.79	1/2"	10.3	3.3
V2000.....	0.92	1/2"	11.5	8.0
VHS-SP.....	1.31	1/2"	16.4	2.7
Beta I.....	1.57	1/2"	20.5	1.6
U-matic**..	3.75	3/4"	93.8	1.0
Quad**.....	15.00	2"	750.0	750.0

\*In hours, longest available tape.

\*\*At original standard speed.

Low cost modems, in demand by rapidly growing ranks of home computer owners, could be on market next year. TI currently has single chip modem IC on market for use at relatively slow 300-baud data transmission rate handled by inexpensive computers, and General Instrument, Motorola and National Semiconductor are expected to sample customers with similar product soon. IC could result in 50% cut in average retail price of modem to about \$75, lower cost of phone-linked home security systems and other telecommunications equipment.

CBS & CBS/Fox Video won dismissal of most of Lorimar's claims in lawsuit TV & movie producer brought in effort to cancel home video rights agreement (Vol. 23:1 p6). Lorimar originally licensed rights to CBS Video, and reassignment to CBS/Fox venture leaves them in hands of studio competitor, Lorimar complained. N.Y. Federal Dist. Court ruled contract language provides "in unequivocal terms that the agreements are clearly assignable."

Microwave oven shipments by U.S. factories & importers dropped 10.2% in Feb. to 291,000, were up 2% to 603,000 for first 2 months of year, AHAM reports. Totals include oven-range combinations.

WEEKLY

**Television Digest**with  
**Consumer Electronics . . .**  
(ISSN 0497-1515)**PUBLISHED BY TELEVISION DIGEST, INC.**Albert Warren . . . . . Editor & Publisher  
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Randall Wells, Wells-Gardner consumer products production vp, adds responsibility for industrial product production, succeeding Vp Arthur Greenslade who retires after 48 years with company... Nick Knoll resigns as NAP Consumer Electronics Laservision market development dir. to join Commodore as mktg. dir... Michael Koss, Koss mktg. dir., named vp.

Jose Menendez promoted at RCA Records to operations exec. vp; Don Ellis named vp for U.S. & Canada; Lawrence Gallagher advanced to sales vp... Daniel Montano, First Wilshire Securities Management, named Video Station chmn., replacing George Atkinson, who continues as pres.; Gilberto Padilla named exec. vp & treas., taking posts of Treas. Keith Bjelajac and Exec. Vp Edward Atkinson, both resigned; Herbert Fischer, founder, resigns as pres. of ADI Appliances Div. Major Video Concepts to join Sound/Video Unlimited as senior vp-mktg. & sales, new post.

Steven Pletcher resigns as RCA Solid State mktg. & international operations vp to join GE subsidiary Intersil as worldwide mktg. & sales vp, replacing Fred Beck, resigned... Daniel Terpack advanced at Hewlett-Packard from Personal Computer Div. gen. mgr. to same post at new Portable Computer Div., responsible for calculators & computers... George Hegg named 3M Memory Technologies Group vp... John Butler advanced at Sperry to vp-gen. mgr. for joint ventures in Japan... John Carlson named General Instrument Discrete Semiconductor Div. finance dir.

**Financial Reports of TV-Electronics Companies**

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

Company & Period	Revenues	Net Earnings	Per Share
Acton			
1982-year to Dec. 31	24,625,000	896,000	.17
1981-year to Dec. 31	22,642,000	131,000	.03 <sup>a</sup>
Superscope			
1982-year to Dec. 31	46,909,000	(11,520,000)	--
1981-year to Dec. 31	56,176,000	(5,240,000)	--
1982-qtr. to Dec. 31	12,804,000	(4,211,000)	--
1981-qtr. to Dec. 31	16,324,000	(1,754,000)	--
Telepictures			
1982-year to Dec. 31	46,421,400	4,427,700	.75
1981-year to Dec. 31	22,119,700	1,477,100	.40

Note: <sup>a</sup>Adjusted.

**TANDY TRIMS SALES PLAN:** Falling home computer prices are forcing Tandy to back away from experimental sale of redesigned version of its Radio Shack color computer through RCA distributors. As announced last July (Vol. 22:30 p13), Tandy changed cosmetics on computer and some accessories, offered it to distributors under TDB brand for Tandy Distributor Products.

Tandy indicated it was unable to achieve goal of signing about 60 independents -- RCA-owned distributors were involved in program. Biggest problem, it's understood, was posed by price cuts that swept through computer industry in 2nd half, lowering tags by up to 50%. Tandy, which has based success on maintaining margins in its controlled Radio Shack stores, would have had to lower prices on its own-brand computers if it matched industry declines on those it sold to independents. Tandy picked RCA distributors for computer test because it already supplies many of them with TV antennas.

Personal portable computer with built-in word processing, direct-connect telephone modem, introduced by Radio Shack last week at \$795 (Vol. 23:13 p11) is being produced in Japan for company by Kyocera.

Cable TV & videocassettes, along with VCRs & videodisc players in some cases, would be sold side-by-side in retail store franchise chain planned by Daniels & Assoc., whose American Cable Connection (ACC) has first outlet in Greeley, Colo. Heritage Communications, which developed PhoneCenter concept for AT&T and built more than 1,500 centers, recently purchased 17% of ACC, plans to open 10 outlets in major markets. Some 50 franchises have been sold by ACC.

Phone-fed videogame service is planned by Gameline, company recently launched by William Von Meister, founder of Source computer data bank. Gameline is slated to unveil complete program in N.Y. May 5, will sell modem-expansion module that plugs into Atari 2600 videogame console, feed games to subscribers for fee.



WEEKLY

# Television Digest®

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APRIL 11, 1983

VOL. 23, NO. 15

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**PRODUCTIVITY IS THEME** of NAB convention, but other issues will dominate, including continued deregulation, threat to must-carry posed by teletext rules. (P. 1)

**INTERVIEW WITH FOWLER:** FCC Chmn. says his era good for broadcasters, defends FCC progress and decisions in pre-NAB interview. (P. 4)

**JONES SURPRISES COLLEAGUES,** announces she'll resign FCC seat by May 31. (P. 5)

**DEREGULATION ON HILL:** Top-secret discussions between House and Senate committee staffers yield progress. (P. 7)

**ABC'S VIDEO LOSSES** will continue through '83, with total corporate profit unchanged, Pierce tells security analysts. (P. 7)

**CABLE-CITIES COMPROMISE** jeopardized by National League of Cities action seeking major changes making accord less favorable to cable. (P. 8)

**ALBERTO-CULVER MAY SUE** networks & NAB, is seeking 15 sec. piggybacks in 30 sec. spots. (P. 8)

**NAB TO PETITION FCC ON TELETEXT** decision, asking reconsideration of cable must-carry. Unified industry radio structure proposed. (P. 9)

**NAB'S PRODUCTIVITY THEME TO BE OVERSHADOWED:** NAB's 61st annual convention, which began yesterday and runs through Wed., has as theme "Productivity... Let's Work Together" -- subject of drive by broadcast industry to increase productivity of American industry. However, productivity doesn't come up officially until closing joint session Wed. (following annual panel of FCC members), and traditional broadcast issues -- such as deregulation (see separate story), First Amendment parity, spectrum management, localism, must-carry, new technology, etc. -- are sure to guarantee background status for convention's theme.

Adding weight to this theory will be appearances by 6 FCC commissioners, plus 18 members of Congress, none of whom is scheduled to talk about productivity. NAB Chmn. William Stakelin told us he expects main topics to be "deregulation, both radio & TV," along with reaction to speech of Chmn. Wirth (D-Colo.) of House Telecommunications Subcommittee on Tues. radio luncheon.

### Consumer Electronics

**IF THIS BE RECESSION...** Industry evaluates strongest first quarter in history, ponders what recovery will mean. Price hikes weighed. (P. 14)

**'NEXT GENERATION'** in projection TV viewed by manufacturers -- more compact, better pictures, lower prices. But not for '83. (P. 15)

**ERASABLE LASER DISC** demonstrated by Matsushita for office automation use. Consumer application seen far off, in digital form. (P. 16)

**BETA MOVIE SCRUBBED** from Sony show, could be casualty of 8mm standard. Thomson-Philips battle seen behind SECAM VCR stalemate. (P. 16)

**STATE OF U.S. VIDEOGAME** industry to be probed by ITC. Customs grappling with way to separate computer & game imports. (P. 17)

**NEW PRICE-CUT WAVE** in home computers puts Commodore & TI models at \$100, creates doubts over marketing plans for new models. (P. 18)

**CED SALES DOUBLE** last year's in first quarter for both player & disc, RCA says. Gene Kelly spokesman in major 2nd quarter promotion. (P. 18)

**NAP SUES BALLY TO COLLECT** back royalties on sales of MPU-based Pac-Man arcade games. (P. 19)

Just over 4,500 broadcasters had pre-registered for convention 10 days ago, up slightly from Dallas year ago and well over pre-registration figure for Las Vegas in 1981, and NAB predicts total attendance will be 4-5 times official registration. Number of exhibitors (more than 550) and space utilized (about 280,000 sq. ft.) will set records, according to NAB officials.

As we went to press, major problem had developed — Teamsters Union and electrical workers in hotels were threatening a strike. Hotel culinary workers and convention hall employees won't be affected by strike. Las Vegas Convention Bureau and hotel executives have assured NAB that all hotels will be "staffed thoroughly" even if strike occurs while NAB convention is under way. From Las Vegas, NAB Pres. Edward Fritts told us Fri.: "The latest information we have is that there will not be a strike during our convention."

Despite best efforts of NAB TV Vp Jane Cohen and Taft Bestg., there won't be debate of relative merits of teletext standards, British (backed by Taft) vs. North American (backed by NBC & CBS, others). Taft had sought to put subject on formal agenda but backers of North American system said no.

In his maiden convention speech as NAB pres. yesterday, Fritts stressed accomplishments of Assn., need to work with govt. and former adversaries to plan for future telecommunications needs and to make sure that broadcasters aren't frozen out of new technology. In prepared text, Fritts said: "We built this industry. We have the experience, knowledge and expertise. We must not be precluded from participating and leading it into the future. Broadcasters must be able to compete on an equitable, equal footing with all other technologies... Localism must be preserved, protected and maintained. Likewise, we must insure the integrity of the spectrum... The future of communications depends upon thoughtful, intelligent spectrum allocation for existing services... I pledge to you that NAB will exhaust every resource to insure that you are not precluded from having the opportunity to compete in the new environment and that unfair advantages will not be extended to a privileged few."

Citing past gains in deregulation of broadcasting, Fritts warned "additional deregulatory steps must be taken carefully. A headlong rush to deregulate everything will only lead to trouble... Our technology, indeed our entire system of broadcasting, has been structured on basic premises -- single system standardization, localism, spectrum integrity. Today, we have reason for alarm. Government's push for deregulation appears to be taking an unfortunate, potentially damaging, turn." He cited spectrum allocations, proposal to add up to 1,500 FM stations, FCC's failure to mandate single AM stereo standard, FCC introducing "one item after another weakening" localism, and "down the road could be the prospect of elimination of must-carry rules. That would be intolerable."

Today, Fritts said, NAB is reaching out to work closely "with those who have been adversaries to [help] guide our future. We find ourselves working in concert on a variety of levels with cable, public broadcasting, the print media and other groups from whom we once maintained our distance. We see that as technology evolves, our interests blend."

In Sun. speech following Fritts, Distinguished Service Award winner Vincent Wasilewski, NAB staffer for 33 years and pres. 17 years until his resignation last summer, said "fortune has smiled on me. I have no regrets for roads not taken." He had some advice for his successor and the NAB: "First, I advise you all to maintain a healthy skepticism of government... Amid all the smiles and handshaking and backslapping, there is much truth in the observation that no man's life, liberty or property is safe when the legislature is in session. Witness the bureaucratic and bipartisan destruction of the Radio and TV Codes which were good for the public, good for broadcasters, and good for government..."

"Second, I urge you never to stop fighting for broadcasting's freedom because we are, in a sense, custodians of the people's freedom... My final piece of advice — to get anything worthwhile done, unity is necessary. In fact, I regard the outstanding accomplishment of my 17 years as president of NAB as keeping all you contentious bastards in the same boat... But, we may be facing a greater period of fractionalization and wracking readjustment, a period when it may look as if the centrifugal force of the developing technologies will cause us to fly apart."



At today's TV session, TIO will unveil its latest Roper study which shows that viewers continue to give TV high marks in news coverage and that medium retained its No. 1 ranking as "primary and most believable news source" by widest margin ever. TIO has commissioned Roper studies every other year since 1959 and latest showed 65% listed TV as source of most news, with newspapers distant 2nd at 44%, radio 3rd with 18% (total is over 100% because of multiple answers). Overwhelming majority of respondents (2,000 in Oct., 2,000 in Dec.) said that TV is doing good job in meeting nation's overall news needs. Among other key findings:

(1) Most viewers believe social & occupational groups such as blacks, elderly, working women, clergy, etc., are portrayed fairly on TV. (2) Watching TV as a group is most frequent family activity other than having main meal together. (3) Large majority said that network TV reporters are "careful and fair" in investigative news reports. (4) Local TV stations continue to hold large lead over local govt., newspapers & schools for good performance. (5) TV remains leading source of information about state & national political candidates, is 2nd leading source behind newspapers for information on local candidates & elections. (6) 77% agreed that having commercials is fair price to pay for free TV.

A feature of Tues. TvB session will be discussion of "TV Station Advertising Now That the NAB Code Is Dead." It will feature NAB Senior Vp-Gen. Counsel Erwin Krasnow, antitrust lawyer Jay Greenfield. Panelists include: David Henderson, pres. of Outlet Bestg.; Blake Byrne, TV vp, LIN Bestg.; Thomas Cookerly, pres., Allbritton Communications; James Coppersmith, vp-gen. mgr., WCVB-TV Boston; Frank DeVito, senior vp, Young & Rubicam; William Moll, pres., Best. Div., Harte-Hanks; James Sefert, Cosmos Bestg. pres.

As is customary, NAB usually saves best until last day, hoping to keep broadcasters in Las Vegas through end of convention. This year's closes with Wed. luncheon speech by FCC Chmn. Fowler (who also is expected to hold news conference, as will Sen. Packwood [R-Ore.], chmn. of Senate Commerce Committee) followed by entertainment by comedian Bill Cosby. Fowler will stress opportunities being opened for broadcasters in non-broadcast and related services and new technologies (see separate story). Earlier on closing day at joint session of TV-radio delegates, Packwood will speak, answer questions. He will be followed by presentation of Grover C. Cobb Award to Jack Rosenthal, pres. of Harrisclope Bestg., for industry service in relation to govt. activities. NAB Exec. Vp-Gen. Mgr. John Summers will moderate FCC panel with Comrs. Quello, Fogarty, Dawson, Rivera & Sharp (Comr. Jones will be attending bilateral RARC conference in Ottawa). Next up will be productivity panel featuring videotaped message from President Reagan, live appearances by AFL-CIO Secy.-Treas. Thomas Donahue, Labor Secy. Raymond Donovan and Howard K. Smith, industry spokesman for productivity campaign.

Mon. afternoon will feature 4 sessions including members of Congress: (1) "Cable Copyright and Must Carry: Will Congress Finish the Job?" — Sens. DeConcini (D-Ariz.), Gorton (R-Wash.), Leahy (D-Vt.), Mathias (R-Md.), and Reps. Kastenmeier (D-Wis.) & Moorhead (R-Cal.). (2) "National Defense: A Policy Transition" — Sens. Riegle (D-Mich.), Stevens (R-Alaska), and Reps. Daniel (D-Va.) & Dickinson (R-Ala.). (3) "Deregulation: Will Congress Break the Logjam" — Sen. Pressler (R-S.D.) and Reps. Leland (D-Tex.), Rinaldo (R-N.J.), Tauzin (D-La.). (4) 2nd panel on deregulation with Sens. Inouye (D-Hawaii) & Kasten (R-Wis.) and Reps. Collins (D-Ill.) & Tauke (R-Ia.).

Among other highlights: TV Mon. — luncheon speech by Senate Majority Leader Baker (R-Tenn.), study for NAB by McHugh-Hoffman on TV viewing, sessions on TV deregulation and cable copyright. Radio Mon. — FCC deregulation, emergency broadcasting with Comr. Dawson. TV Tues. — 4 concurrent sessions on "Making Money with Teletext," presentation by TvB on sales department compensation & composition, address by FIC Chmn. James Miller, children's TV, "The Hostages, the Terrorist and the Broadcaster," localism. Radio Tues. — 4 concurrent workshops starting at 7:30 a.m., ending with legal clinics at 10:15 p.m.; in between, Wirth speaks at lunch, during which Benny Goodman and Lum & Abner will be inducted into Radio Hall of Fame. Engineering Achievement Award will be presented at Tues. lunch to Joseph Flaherty, CBS Best. Group, followed by speech by George Brown, retired RCA exec. vp.

**'LOOK AT ALL OF THESE NEW PROFIT CENTERS'—FOWLER:** FCC decisions have opened up vast new areas of opportunity and smart, modern-age broadcaster will do more than just send out entertainment signal, said FCC Chmn. Fowler, now in 3rd year of heading Commission. In wide-ranging, pre-NAB convention interview with Television Digest editors, Fowler gave his administration high marks for opening up new money-making fields for broadcasters, denies there has been too much deregulation, and criticized industry for refusing to negotiate on spectrum fees.

Fowler also defended FCC's decisions to leave AM stereo & teletext standards to marketplace, claimed "the reason we do have AM stereo at all today is because of that decision." He predicted courts would have issued stay if Commission had selected any single system, noted that manufacturers are producing receivers which work with all systems: "We didn't claim that the marketplace would sort the process out immediately, but it would be a lot faster than having nothing happen because of litigation."

On legislative deregulation for broadcasters (see separate story), Fowler said industry is "foolish" to refuse to negotiate on spectrum fees: "I see Chmn. Packwood waiting there, open, flexible. I see Chmn. Wirth in the same boat. I see broadcasters wanting significant long term deregulation. And it strikes me that maybe there's some sort of a deal. There's every reason to think that significant far-reaching deregulation is within the broadcasters' grasp. I'm just saying that the broadcasters have their heads in the sand if they think they're going to get significant deregulation without talking about a use fee of some kind."

"Look at all of these profit centers we are creating," said Fowler: "It may be possible in some circumstances that the profit centers that you are able to create from the use of your SCAs and your vertical blanking intervals could rival the profits that you derive from your main signal. So, it's a new world. I think it's an exciting world for broadcasters and they ought to be opening their eyes to all of the new profit opportunities that are available."

Predicting "unparalleled prosperity" will soon arrive in U.S., Fowler asked broadcasters "isn't there a difference under the Reagan FCC? We believe the pie's going to get bigger, it's going to get richer, and that healthy profit margins are in the public interest." But Fowler said Commission was also working as fast as possible to introduce new competition (low power TV, VHF drop-ins, 80-90 decision on additional FM stations): "80-90's going to be up pretty soon, very soon. It's being put into final draft I think right now. VHF drop-in is going to be a while longer. Part of the reason we're having problems... is we have a shortage of engineers. [Also], we have more applications on file for low power than all the radio and television stations that have been granted in history. I don't feel like apologizing. I don't want to sound defiant about that, but I think we've done a very good job."

Fowler rejected criticism that FCC plans to indulge in too much future deregulation, said Commission is trying to "eliminate a lot of the regulation which falls into 2 categories -- it never made any sense and still doesn't or it made sense maybe at one time but does not now. So, if you eliminate things like the 3-year rule, if you eliminate content regulation, if you narrow character inquiries, if you permit broadcasters to be parts of new technologies instead of having rules that say [they] can't, I've got to believe that [the NAB] would be one of the first to endorse that."

Fowler said fee should be applied to all users of spectrum, including telephone companies and private radio carriers, and could be small enough to be well worth benefits of statutory deregulation: "If I were a broadcaster -- and I come from the broadcasting ranks and I'd like to remind folks that I do -- I would certainly want to look at it. I mean, for example, if it turns out that as an FM broadcaster in a medium market I make a check out to the federal government once each year for \$4,500 and I have acquired significant renewal protection against challengers, I have eliminated all content regulation, I have eliminated business conduct regulations that the Commission has imposed, [then] I find myself coming out further ahead just from a bottom line standpoint in terms of the amount of money I pay to my employees to comply with all of that."

Fowler touched on several other subjects. Must-carry: "There are some commissioners who feel that must-carry is something we ought to consider and consider soon. I think at some point



we will have to confront the issue. And my own personal view is that — and I've stated this before — is that it is tied in my mind with full copyright liability, and I have so testified. Then, I think it would be important to have a transition period of, say, 5 years." Teletext must-carry: "I felt that teletext is clearly a service that is separate and distinct from the main broadcast signal, and it is a video data service, period. Indeed, it's interesting to note that in some ways you might argue that had the Commission required teletext to be carried, it would be the ultimate derogation of the must-carry rule. It means that the main broadcast signal disappears from the screen when you put on teletext."

Children's programming: "We have new commissioners and it [is] important for them to hear firsthand the viewpoints and the intensity levels of the various parties [and] to update the record through the oral presentations. It's a difficult issue. It is not an easy one. And so I think it is important for us to look at it and make a decision." When will 7-7-7 come up? "This year, hopefully. I just can't predict exactly when because I don't know right now, but it's something that is right at the top of the chart." Fowler's relations with Congress: "They have improved tremendously. There have been some disagreements on policy and I'm sure we'll have some down the road and that relates to the way people view the world and those things are inevitable, but personal relations are just excellent." White House pressure on financial interest: "None. And I would take a lie detector test with F. Lee Bailey."

Note: Text of broadcast portion of interview is reprinted in today's (April 11) Communications Daily. Copies are available in Las Vegas. Tomorrow's Communications Daily will publish Part 2, which also will be available at NAB convention.

JONES TO RESIGN 'TO DO SOMETHING ELSE': FCC Comr. Anne Jones surprised her colleagues and her personal staff by announcing last week that she planned to resign no later than May 31. She had told most of her staff late April 6, other commissioners next morning, just before she went public with decision at start of FCC meeting. "I decided to go public because I didn't want any appearance of conflict," Jones told us. "It's just prompted by a desire to do something I intended to do 13 years ago — and that is to return to the private sector... This seemed as good a time as any."

Despite repeated rumors over last year that Jones planned to resign, especially after her marriage to investment banker William Sprague, her announcement came as complete shock to colleagues. Said Comr. Dawson: "It's devastating... She was heir apparent to [Comr.] Joe Fogarty [whose term expires June 30] on common carrier matters. Both of them leaving at the same time will be a great loss to the Commission."

"Damn, what a surprise," commented Comr. Sharp, who stands to gain most from Jones' resignation. Sharp's term also expires June 30, at time FCC will drop from 7 to 5 commissioners. Now there will be slot open, and Sharp will be considered likely nominee if he seeks reappointment (both Jones & Sharp are Republicans). Sharp wouldn't comment on that likelihood.

Just 2 weeks ago, Jones also had left us with clear impression that she intended to serve out her term, which ends in June 1985. (Dawson also has been target of rumor resignations, but she told us last week that she expects to stay the course; her term ends in 1988. "I'm beginning to learn a lot and like what I do," she said.) Adding more to surprise of Jones' timing was fact that she was scheduled to be member of U.S. delegation to Regional Administrative Radio Conference starting in June in Geneva. Conference is mandated to allocate frequency in Western Hemisphere for direct broadcast satellites.

Jones entered govt. in April 1968 with SEC, rose to dir. of management investment before being named gen. counsel of Home Loan Bank Board in 1978. She was sworn in as FCC member April 2, 1979. When she joined Commission, she said she had originally planned to stay in govt. only 2 years and would never become career public servant. "Now it's stretched into 15 years," she added last week in explaining why now is good time to leave. Jones is only FCC member who won't be at NAB convention in Las Vegas this week; she'll be attending bilateral conference in Ottawa.

In her 4 years on FCC, Comr. Jones won many fans among Commission-watchers for her blunt approach to issues, her refusal to "go along" with staff recommendations, her readiness to contradict her colleagues. Here's collection of some of her comments on issues, as reported previously in Communications Daily:

On RCA's rejected transponder auction: "Are we telling them to come back with a different procedure and then we'll decide if that one's all right? We are giving a strong signal that a common carrier can use an auction mechanism to arrive at a price that is not cost-based," Jones said. "The discrimination you say is present -- who can complain about it. Seems to me that the fairest auction procedure is the way RCA did it; everyone knew what they were paying... Another question I think we have to look at: What's the difference between a long-term lease and a sale. Let's face it, resellers can go out and get exactly the same price the builder will get. But that's not the issue here. We're talking about communications policy."

On entering govt. service in April 1968, Jones said she would be "a revolving door type," planning to return to Boston within 2 years to practice security law; she ended up staying with govt. 15 years.

On changes in way FCC regulates consumer electronics: "The chances are so great that an organization like EIA may have to step in and perform some of the more active clearinghouse, and even verification-testing, jobs heretofore done by the Commission."

On interim DBS: "I want to remind you [that] in my office, we refer to this as the 'pits' -- a preliminary, interim, temporary system... Having authorized the construction of what could be several hundred million dollars worth of satellites, and having promised an exciting new TV medium, would the Commission then have the courage to determine that a 'permanent' DBS system was not in the public interest and hence relegate several hundred million dollars worth of newly authorized hardware to the scrapheap?"

On sales of satellite transponders: "Right now there is no better plan... I'm not so sure I'm not copping out on my job. Right now, with this order, there's a real danger that we're keeping out deserving applicants who don't have the wherewithal to apply."

On FCC's rejection of Bell Packet Switching tariff: "This action, unfortunate in its own right, is made much worse because of the precedent it sets... I am appalled that we have taken this profound, initial step with so little real discussion or understanding. It is ironic that the Commission which prides itself on being deregulatory has casually set the precedent for Commission jurisdiction over billions of dollars worth of investments over which it has never before chosen to exercise oversight."

On Comsat's DBS application: "I see no advantage at all to granting this. I'm totally opposed to the idea."

On why she changed her position on FCC involvement in EEO enforcement: "The Commission is in a better position than the Equal Employment Opportunity Commission to encourage progress... [but] I find it hard to believe that the quality of broadcast programming is influenced by the sex or race of the station's staff."

On cable: "When one considers the array of services which cable can provide to the public, it seems almost incredible that for years the [FCC] deliberately regulated this technology in such a way as to hinder its development."

On STV: It's "high time that the Commission stop overregulating... new services on the basis of their assumed threat to established services and give them instead reasonable opportunity to realize their promise of new and expanded service in the public interest."

Oak Industries withdrew its FCC application to construct & operate DBS system, said it still plans to participate in DBS, gave no details. Oak, which has been hurt financially by difficulties in its equipment business, said in Oct. that it was shelving plans, announced in July, to launch an interim DBS service via Telesat Canada's Anik satellite and to construct satellites of its own for continuing service.

NAB staffers already have contributed \$11,250 to TARPAC this year. Only broadcasters from N.Y. state (including networks, rep firms, etc.) contributed more in 1982.

Fiftieth anniversary of Communications Act of 1934 will be marked by Federal Communications Bar Assn. next year; activities have yet to be determined.



**HILL PROGRESS ON DEREGULATION:** Much progress on broadcast deregulation reportedly has been made in top-secret discussions between staffers from Senate Commerce Committee and their counterparts from House Telecommunications Subcommittee, according to knowledgeable Washington sources. Focus of bill reportedly has been S-55, passed by Senate but which House Subcommittee Chmn. Wirth (D-Colo.) has said he will "resist" if spectrum fee isn't added (Vol. 23:14 p4).

Participants in talks were tightlipped in answer to inquiries. Said House staffer: "All I'll say is we've had some discussions." Senate participant was asked about report that tentative agreement has been reached calling for "massive deregulation." His response: "Massive means total deregulation to me and I wouldn't say we're going that far."

Another view from Senate side: "We are in discussions with them [House staffers] but we are not at liberty to discuss [details] because they are changing from day to day." Asked about Hill talks during interview with Television Digest last week (see separate story), Chmn. Fowler said: "I happen to know that right now there are serious discussions, not frivolous, between the Wirth & Packwood [R-Ore., chmn. of Senate Commerce Committee] staffs on significant deregulation. It behooves broadcasters to take this seriously. This may be a historic opportunity."

NAB source said "the most remarkable thing is that the talks are going on... They clearly have been instructed [by Packwood & Wirth] to stay at the bargaining table and there's a possibility of a whole lot of deregulation that didn't appear possible before from the House." This source said there's no way that repeal of fairness doctrine & equal time will be included, while it's good bet that spectrum fees of some type will.

Late last week, NAB heard speculation that talks had progressed so far that Wirth planned to give details -- including proposed fees -- at Tues. speech before radio lunch at NAB convention. If that is or was situation, NAB tried to discourage such a talk on grounds it wouldn't be time or place. "All he would get would be a knee-jerk reaction that would be mostly unfavorable," we were told. Added a member of NAB board: "There's no way that any backroom deal can be worked out that the broadcasters will buy... until S-55 gets a full shot in the House."

NAB is adamantly opposed to payment to FCC of anything above cost of administration, but there has been some talk in Washington that NAB is wavering and seeking compromise on fees. NAB Pres. Edward Fritts denied this, said it would "fly in the face... of all instructions we've received from the board." He said NAB is concentrating its efforts on bill introduced last week by Reps. Tauke (R-Ia.) and Tauzin (R-La.), both members of telecommunications panel.

Tauke-Tauzin bill would codify radio deregulation already undertaken by FCC, which is being challenged in court, and extend same deregulation provisions to TV. It would eliminate comparative renewal process,

guaranteeing renewal unless licensee had seriously violated Communications Act &/or FCC rules. It also would allow broadcasters to transfer stations without prior FCC approval, although sale would be subject to review if objection is raised. Bill doesn't call for spectrum or user fees, makes no change in equal time or fairness doctrine requirements. Measure also prohibits FCC from requiring broadcasters to:

(1) Provide locally produced news & public affairs. (2) Adhere to particular programming format. (3) Limit amount, length, scheduling or frequency of commercials. (4) Maintain program logs which conform to certain format. (5) Ascertain.

**ABC SEES MORE VIDEO LOSSES:** ABC will continue to pour large sums of money into Video Enterprises and that Div. will continue to lose money this year, ABC Pres. Frederick Pierce told security analysts in N.Y. last week, while earnings from overall operations should roughly equal those of last year. Combined revenues of 3 networks should be up 15-17% in 1982, Pierce predicted, and TV stations should increase 13-14%. Olympics & elections make 1984 revenue possibilities even stronger, Pierce said, forecasting 3-network revenue growth of 20%. After that, he said, annual growth rate will be 11-13%.

ABC projects \$27 billion ad marketplace in 1987 -- \$10 billion for networks, \$16 billion for stations, almost \$1 billion for cable. Rate of decline of network share already is tapering off, Pierce asserted. "I personally don't feel for a moment that the trends are inevitable or irreversible." New "low-cost" prime-time programming, which he declined to identify, will be tested this summer, ABC TV Pres. John Severino told group. Object is to develop new pilots for fall and "minimize ability of cable and pay cable to exploit the summer doldrums."

New ABC 6-year baseball contract, just signed, "is more expensive than we would have liked," Pierce said, but "a lot less than baseball was seeking." ABC will have 4 of next 7 World Series in odd-numbered years, All-Star & championship games in even years. In spite of cost (about \$1.1 billion for ABC & NBC combined), "we expect to make as much money from baseball over the life of this contract as we could have made from alternative entertainment programming that would have been competing with baseball on another network," he said.

Video Enterprises Pres. Herbert Granath evaluated progress of ventures with Group W (Satellite News Channel), Hearst (Daytime & ARTS ad-supported cable channels), Getty Oil (ESPN) and Cox Cable (pay-per-view and other cable system experiments): "Overall, we're almost a year behind where we'd hoped we'd be at this time," Granath said. "But we're still within range of our original projections."

Hearst Corp. has bought 3 cable systems in Cal. from Group W Cable. Systems serve about 20,000 subscribers in South San Francisco Bay area; Group W acquired them when it bought Teleprompter. Terms weren't disclosed.



**CABLE-CITIES ACCORD FALTERS:** Responding to dissension in ranks of National League of Cities, Pres. Charles Royer last week informed NCTA Pres. Thomas Wheeler that League now believes compromise on cable deregulation legislation "is ambiguous and inadequate in a number of key areas." He claimed subtle changes were made when compromise was translated into legislative language, making it more favorable to cable industry.

Importantly, Royer, mayor of Seattle, told Wheeler cities now aren't willing to give up completely common carrier claim on cable.

Cities' dissent baffled NCTA. Officials there pointed out Royer read & approved compromise March 5 in meeting with NCTA Chmn. John Saeman, later signed off on accord as transformed into legislative language by Senate Commerce Committee staff as addition to S-66 introduced by Sen. Goldwater (R-Ariz.). Said Assn. Vp James Mooney, who headed cable's negotiating team: "I'm surprised that the NLC now thinks the agreement is ambiguous and that the [Senate Commerce] Committee staff's draft is inconsistent with it. My crystal clear recollection is that NLC signed off on the staff draft."

Immediately after Royer's letter came out April 7, hasty meeting of parties was called on Capitol Hill. There, NLC official explained NLC's objections, said League wasn't withdrawing from compromise. Skeptical NCTA and Commerce Committee officials were told by NLC official that Royer letter "is being blown out of proportion," that it's "just another part of the ongoing negotiations."

Among objections raised by Royer: (1) Definition of franchise fee to include all taxes, fees & assessments which letter said "sweeps too broadly... possibly prohibiting the enforcement of construction bonds and liquidated damage requirements and grant commitments." (2) Definition of basic service as lowest-cost tier. Royer claims that's unworkable in some existing franchises because lowest-cost tier is universal service tier not marketed as basic service. (3) Provision that municipally owned cable system be run by independent board that excludes officials holding local office. (4) Access provisions. Royer said 3 changes are necessary, including grandfathering existing franchise agreements for channel set-asides so that cities can avoid renegotiations. Cities also want explicit authority to establish rules & procedures for use of access channels and ability to require operators to make available unused access capacity upon demand, not upon community need as bill states.

Main complaint of Royer is process of franchise renewal. Bill gives operator reasonable expectation of renewal if system has materially complied with existing franchise. Royer said bill puts cities in "untenable position" during re-franchising because "the burden [would be] on the city to show the unreasonableness of the cable operator's proposal."

Cable industry officials later in week discounted Royer letter. They told us they believe it represents his "knee-jerk reaction" to dissension by major cities (Vol 23:14 p3). Typical reaction was comment of

CATA Exec. Dir. Stephen Effros: "So he's got some misgivings about it. Fine. But the League has agreed to the compromise; they can't back out without losing considerable face. Besides, he doesn't really give any specifics of how he wants it changed, and most of the ambiguities he sees are just in his mind, not in anyone else's."

However, letter sets stage for tense markup of S-66 scheduled for April 21. Only then will it be revealed how firm NLC is in its objections. Session will show, as one cable official said, "who's really in control of the League, the professional staff or a break-away segment of the membership." Risk being run by NLC, several pointed out, is angering Goldwater, who may opt to drop compromise from his bill, go ahead with original S-66 which is tougher on cities.

**A-C MAY SUE OVER 15-SEC. ADS:** Alberto-Culver, which led fight in early 1970's to remove NAB TV Code ban against advertising 2 or more unrelated products in single TV spot, now is threatening networks & NAB with antitrust suit if networks continue to refuse to accept 15 sec. piggyback spots in 30 sec. commercial. A-C has drafted proposed suit, showed it to networks & NAB; it's assumed latter would be sued also because networks still are following provisions of defunct TV Code.

Threatened suit is reason NAB hasn't appointed "blue-ribbon" committee to study future of deregulation without Code apparatus. TV board authorized study in Jan. and committee originally was to have made recommendations at June board meeting. NAB official said Assn. has met with A-C in attempt to dissuade manufacturer from filing suit, added "we hope the networks will cave in."

NBC has done just that in quietly notifying ad agencies that, on experimental basis, it would sell 30-sec. spots that could be used for promoting 2 unrelated products. NBC didn't mention A-C or threatened suit, said very few advertisers have expressed interest. ABC official said only "we don't want to comment." CBS TV Network Pres. Tony Malaro said possible acceptance of 30 sec. piggybacks still is under consideration but that network is dead set against move.

CBS News Pres. Van Gordon Sauter "has lost sight of the truth in defense" of CBS documentary "The Uncounted Enemy: A Vietnam Deception," according to TV Guide Co-Editor David Sendler. Sauter had written Society of Professional Journalists, he said, to cite "3 examples of inaccuracy" in TV Guide article ("Anatomy of a Smear") on CBS documentary (Vol. 23:14 p6). Sauter said article deserved "closer examination" because Society had given article its Distinguished Service Award. Sendler rebutted all 3 of Sauter's alleged TV Guide inaccuracies, added: "We were surprised that Mr. Sauter has decided once again to defend the documentary long after he had admitted its flaws and changed procedures at CBS News to avoid such problems in the future. We thought that the story — and your award — spoke eloquently enough."



**NAB BIDS FOR TELETEXT MUST-CARRY:** Cable must-carry "is the most important issue today" to NAB, according to Assn.'s Exec. Committee which has instructed staff "to be very aggressive" in seeing that must-carry rules are continued, according to Pres. Edward Fritts. In meeting last week, Committee took stand on 2 must-carry issues — directing staff to file petition for reconsideration of FCC denial of must-carry status for teletext (Vol. 23:14 pl) and ordering NAB to intervene in court appeal of cable must-carry rules filed by tiny system in rural Wash.

Attacking FCC denial of teletext must-carry, NAB official said that "several of the commissioners didn't understand the issue." He said FCC erroneously decided issue at least partly on assumption carrying teletext would cost cable operator stacks of money for new equipment. "There's no cost involved to carrying teletext," NAB official claimed.

NAB will intervene on behalf of FCC in suit filed recently in U.S. Court of Appeals, D.C., by Quincy Cable TV, 12-channel system with 625 subscribers. Quincy is fighting \$5,000 fine imposed by FCC for refusing to carry 3 Spokane stations, 120 miles away but available locally on translators. Quincy attacks must-carry as unconstitutional violation of First Amendment, relies heavily on 5th Amendment prohibition against "taking" of property.

Fritts acknowledged there "is some danger" of drawing NCTA into new round of must-carry battles because of NAB's intervention in Quincy case. NCTA spokesman said, however, he knew of no plan by Assn. to support Quincy. And, spokesman indicated, NCTA won't enter must-carry fight at all, pointing out Assn.'s board voted nearly 2 years ago not to support Ted Turner's efforts at FCC to overturn rules.

Fritts also said NAB has been approached by NRBA on possibility of combining 3 present radio conventions (including RAB) into single meeting. He released letter from NRBA Pres. Harriet Kaplan in which she said: "We believe that the concept of a single, annual, all-industry radio meeting deserves to be considered." Such meeting would combine NAB's fall programming conference, RAB's winter sales meeting and NRBA's annual convention. However, Kaplan said in letter dated April 5 that "this is in no way to be construed as a suggestion for merger of the organizations. Discussion would be limited to a combination of our meetings."

"The need for a single radio meeting is symptomatic of a larger problem," Fritts said in reply to Kaplan dated same day. That problem, Fritts said, is "needless amount of duplication" by 3 organizations. He said NAB Exec. Committee "believes that rather than taking a piecemeal approach, we suggest a meeting to discuss the larger question of developing a unified industry organizational structure for radio." One way to achieve that, Fritts said in letter, is merger of NAB & NRBA boards. But first step that must be taken is "a recognition of the need to end the debilitating and counterproductive duplication of effort" which sometimes results, he said after Exec. Committee meeting, "in conflicting information being put out on Capitol Hill."

NRBA told us NAB proposal "is several steps beyond anything we had considered." NRBA takes issue with NAB's description of 2 organizations stepping in each other's tracks. "We don't see what we're doing as duplicative effort. We're concerned exclusively with radio. NAB has got to be concerned with radio & TV, and we've seen legislation come along that they can't take a position on that's beneficial only to radio because of their TV interests."

Reader's Digest attacks on TV advertising are "a ploy and lacking in factuality and logic," said TvB. Digest, citing study of Tulsa cable TV system, advocates print advertising instead of TV advertising because of loss of network viewers to local cable systems. Responded TvB: "That Tulsa is representative of what's happening all across America is a textbook fallacy. They offer no data other than Tulsa and we know none of substance that exists. Further, Tulsa isn't even typical. Some 70% of all cable homes have cable rather than antennas because of the Okla. wind. Most of the viewing in the market is to the home stations, networks and independents." TvB also noted that Digest's penetration in Tulsa market has dropped from 26% about 5 years ago to 22% in 1982, adding that "people who live in glass houses shouldn't throw stones... Total circulation for the Digest also is 1% less today than in 1979 while the cost of a 4-color page is 39% greater than it was 4 years ago."

Charging Multimedia has been "engaged in a company-wide pattern or practice of violations of the FCC's EEO rules," National Black Media Coalition asked Commission to reconsider Multimedia takeover of KSDK St. Louis from Pulitzer. Coalition said that of Multimedia's 18 stations, "some 12 were in derogation of the Commission's own statistical guidelines for blacks, minorities or women. Such a record, which is extremely atypical of the broadcasting industry, suggests... EEO deficiencies throughout the company which, taken collectively, suggests a corporate policy of discrimination." Multimedia swapped WXII Winston-Salem and WFBC-TV Greenville, S.C. plus \$8,250,000 to Pulitzer for KSDK. Coalition also petitioned FCC to deny sale of WOFL Orlando to Meredith Corp., charging that seller Omega Communications has violated EEO rules.

"Yesterday's book censors are today's video censors," NCTA Public Affairs Vp Edward Dooley told Public Library Assn. national conference recently in Baltimore. "I can see the day... when censors will seek to control information in data banks maintained for public use by cable systems, newspapers, universities and... our public libraries," Dooley said, criticizing attempts by some cities & states to pass cable content control laws.

Mutual Bestg. System plans to launch campaign at NAB convention to negotiate with FM stations for use of their SCAs. Mutual said it wants to create private voice & data networks using FM SCAs. Officials haven't decided on financial arrangements, which could include upfront money, profit sharing or one-year options to explore possible uses.



**FCC FREES FM SCAs:** After unanimous FCC action last week, FM stations will be able to use 2 subsidiary communications authorizations (SCAs) for any legitimate purpose on 24-hour basis, including data transmission, local paging & dispatching as well as working with govt. for such needs as traffic light coordination.

Use of FM SCAs of commercial stations had been limited to broadcast-related material with exception of utility load management, and was restricted to operating hours of main channel. Commercial SCAs typically have been used for background music & information services. Public radio stations were restricted to noncommercial educational programming which primarily consisted of reading services for blind listeners.

By expanding subcarrier frequencies from 75 kHz to 99 kHz and splitting frequency in half, Commission made it possible for each station to operate 2 full-channel SCAs capable of transmitting music. Exception is stations within 200 miles of Mexican border, because of treaties. FCC also eliminated formal application and program log requirements for SCAs.

FCC tackled sticky issue of preserving reading services for blind by reaching compromise between positions advocated by CPB and blind groups -- reserve one channel for noncommercial use -- and NPR, which wanted total deregulation. Under plan, public stations which choose to make money from SCAs must ensure existing reading services continue at same level & quality. If there's no such service in that market and station is approached by blind community to initiate one, station must ensure service is carried, either by it or another station in same market. If it chooses to move existing service from 67 kHz (center of existing SCA) to 92 kHz (middle of 2nd SCA), it must absorb cost of move (each decoder will need new crystal).

Commission adopted 2-tier approach for participating companies in approving 3 nationwide paging networks. FCC will license 3 "network organizers" -- "carrier's carriers" -- which will set up system and operate networks. These common carriers, or groups of common carriers, will be chosen by lottery or comparative hearings, depending on number of bidders.

MCI and partners Mobile Communications Corp. of America (MCCA) and NPR have expressed interest in nationwide paging. NPR official told us network setup, including open access approach, is based on business plan drawn up by NPR & MCCA. Organizers will be required to serve at least 15 metropolitan areas at start, expand nationwide in 2 years.

TV broadcasters won important deregulatory move when FCC agreed to allow them to sell excess capacity on such point-to-point facilities as studio-to-transmitter links, feeds from live remotes. Broadcasters can sell capacity to other broadcasters and non-broadcast entities for transmission of any material, including multiplexed data, telemetry or facsimile, at any time of day and without limit on duration of signal.

In other actions, Commission sent strong signal to cable industry it will vigorously enforce EEO rules by voting to send threatening letter to system with EEO record that's "unbelievable... it's just atrocious," according to Comr. Rivera. During discussion of action against Denver-area Community TeleCommunications system, Commission considered initiating rulemaking to upgrade cable EEO requirements to same level enforced on broadcasters, decided to delay move until staff can investigate impact.

Agency "turf war" could come to end under legislation introduced in Senate last week that would create new Special Representative for Telecommunications & Information at White House. Official would have Cabinet-level rank, also serve as ambassador with power to negotiate with other nations, and head special inter-agency telecommunications task force made up of officials from FCC and Depts. of Commerce & State. Bill also would give FCC authority to license additional international communications satellites that would compete with Comsat. Proposals are part of international telecommunications deregulation bill introduced by Sen. Goldwater (R-Ariz.), chmn. of Senate Communications Subcommittee, and Subcommittee members Pressler (R-S.D.) & Hollings (D-S.C.). Bill aims to consolidate policy-making functions now dispersed among several govt. agencies by creating special International Telecommunications & Information Task Force made up of officials from other govt. agencies with jurisdiction in area.

White House accused news media of generating "a steady drumbeat of negative thought" on President Reagan's proposed defense buildup. Deputy Press Secy. Larry Speakes said news reports are giving public impression that "there is a considerable amount of waste in the military. The underlying point is that it is the signal that we send to the Soviets by cutting back on our defense spending and expressing an unwillingness to continue with our buildup. The only time, as the President pointed out many times over, that we have been successful in dealing with the Soviets on true arms reduction has been when we show with our allies a determination to rebuild this nation's defenses."

Administration has urged FCC to "take no action" on Orion's proposal for private Atlantic satellite system until govt. has reviewed "complex issues" of national interest & foreign policy. April 6 letter to FCC Chmn. Fowler from Acting NTIA Dir. David Markey and Ambassador Diana Dougan, State Dept. coordinator for International Communications & Information Policy, promised expeditious review of proposal in consultation with FCC staff.

Utah Gov. Scott Matheson has vetoed 2 bills aimed at banning sexually explicit programs from cable because he said measures would have "chilling effect" on freedom of choice. One bill would have banned material deemed harmful to minors, other would have prohibited programs considered indecent according to prevailing community standards.

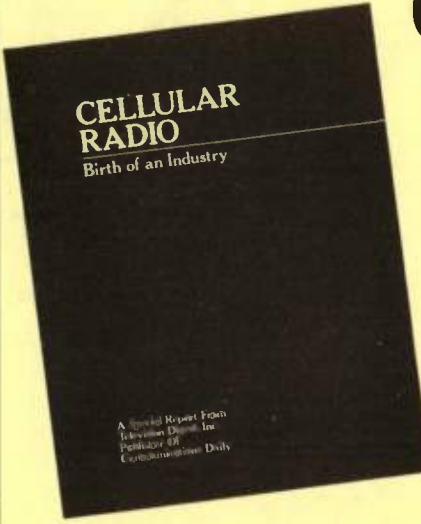


Possible extension of PTV's advertising experiment appears dead. With less than 3 months to go before scheduled end, FCC and congressional sources report no movement under way to extend ad test. When Congress authorized experiment, it set June 30 as expiration date. However, most stations participating didn't start running ads until last June, 3 months after experiment officially began. Extension would have required clearance from copyright holders and unions. Report on experiment by Temporary Commission on Alternative Financing for Public Telecommunications is due Oct. 1.

Executive incentive bonuses to 5 top FCC staffers were awarded by Commission: Common Carrier Bureau Chief Gary Epstein, \$10,000; Mass Media Bureau Chief Laurence Harris, \$7,500; Field Operations Bureau Chief Richard Smith, Common Carrier Deputy Chief for Operations Jack Smith, and Private Radio Deputy Bureau Chief Robert Foosaner, each \$5,000. Bonuses are awarded by vote of FCC.

FCC has cleared McGavern-Guild to rep 2 radio stations in same market and as result Blair Radio (which had asked for ruling), and probably other reps, are likely to seek 2nd clients in major markets. FCC ruled that "such activities do not violate Commission policy so long as... the rep leaves all decisions on the selling of time... to the individual stations." Said Blair Radio Pres. John Boden: "If [ruling] means getting another station in the market to protect our franchise, we may be forced to do that [but] the first thing we have to do is protect the clients that we have."

National Black Network was odd one out in election of radio network dirs. to NAB board. NAB bylaws allocate 6 seats to radio networks and currently there are 7 networks eligible. Elected by 2,000 radio network affiliates: ABC, CBS, Mutual, NBC, RKO, Sheridan. (Sheridan is black.) National Black Network, headed by Eugene Jackson, lost out by 2 votes to Sheridan.



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**CABLE PENETRATION PUT AT 37.2%:** Cable universe grew by 7.4 million homes in 1982, according to totals in Nielsen survey that some in industry said are shockingly high. Nielsen said cable universe as of Feb. is 31,124,450 homes, penetration is 37.2%, but admitted that because of change in methodology adopted in May 1982, that number includes pirates, possibly some SMATV & MATV subscribers.

If Nielsen figures are accurate, average of 617,000 new homes began subscribing to cable every month last year. "We certainly don't have any data to support those numbers" according to Arbitron. Nielsen stands behind its numbers, official said: "We are higher than Arbitron because we feel our procedures are so much better."

Nielsen said huge growth is attributable to several factors: (1) Many new urban systems begun in 1981 were turned on last year. (2) Several large suburban systems begun in late 1970s matured. (3) Way ratings service calculates penetration was changed. Last factor probably is most responsible for jump in Nielsen's numbers. "We now have a greater number of [cable] systems in our data bank, so we figure our information is more current than it was in the past." In addition, Nielsen has begun to rely more on diaries and telephone interviews. "It became apparent some time ago you couldn't rely on subscriber counts alone because... the number of systems we had to deal with has grown so dramatically."

Prior Nielsen survey in Nov. placed penetration at 35%, total subscribers at 29.34 million — addition of 1.78 million in quarter from Nov.-Feb. Nielsen's totals traditionally have been greater than Arbitron's and gap is widening. Two years ago, rating services were about 2.7 million apart on cable subscribers, now Nielsen's numbers are about 4.6 million greater than Arbitron's.

Arbitron said it won't update its Nov. figures until July because company is in process of changing its survey methodology to rely less on operator surveys, more on diaries and independent counts, as Nielsen does. Nielsen veered from dependence on operator surveys in Feb. 1981 because it said rapid growth of industry made surveys out of date by time operators returned forms.

Important change in Nielsen's methods to project 1982 universe is new definition of subscriber. In past, Nielsen restricted definition to those who paid for and were authorized to receive service. Nielsen made decision in May 1982 to include in year-end subscriber figures everyone who receives service, whether they pay for it or not.

NCTA is "somewhat surprised" by Nielsen figures, spokesman said. Assn. expected significant growth in 1982 because of several new urban systems completed last year. NCTA has been using rough figure that 411,000 subscribers were added each month in 1982, but that's composite figure averaging numbers from several sources, spokesman said.

WEEKLY

## Television Digest

with  
**Consumer Electronics . . .**  
(ISSN 0497-1515)

**PUBLISHED BY TELEVISION DIGEST, INC.**

Albert Warren . . . . . Editor & Publisher  
Paul L. Warren . . . . . Senior Editor & Associate Publisher

*This newsletter is available electronically via Newsnet.*

*Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.*

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Comsat-watchers expect that corporation's comment to FCC regarding Orion, proposed private Atlantic satellite, will question both legal & technical aspects of Orion's filing. Especially likely to draw Comsat challenge will be matter of Orion proposal's treatment of ITU-mandated flux density restrictions and possibly even more severe problem of frequency coordination in bands sought by Orion. "I would be surprised if Comsat left that unchallenged," said one neutral satellite expert. Expected technical exchange regarding Orion is likely to be opportunity for former colleagues to lock horns, because Orion's technical plan was authored by Walter Morgan, formerly a senior official at Comsat Labs.

NAB, Reporters Committee for Freedom and RTNDA have asked Wash. State Supreme Court to dismiss contempt of court ruling against KHQ(AM) Spokane and its News Dir. Dean Mell, pres. of RTNDA. Fine of \$2,000 was levied against station by lower court for airing tapes played during trial after they had been made available by prosecuting attorney. NAB said court "overruled all established First Amendment precedents to establish a new and utterly insupportable rule of law."

NBC began full satellite distribution last week of its N.Y. network and A-News, affiliates' news service. Non-scrambled service will be transmitted on AT&T's Comstar D-3, TR 4; afternoon transmissions also will be fed over RCA's Satcom 4, TR 24. Network will keep using AT&T's terrestrial lines to reach its 70 stations without dishes and, in Eastern, Central & Mountain time zones, will transmit by both satellite and terrestrial means.



## Personals

NBC commentator John Chancellor will receive Paul White Award for distinguished service in broadcast journalism during RTNDA convention Sept. 24 in Las Vegas... Joe Smith, ex-Elektra/Asylum/Nonesuch Records, named pres., Home Sports Entertainment... R.C. Majors promoted to vp-account mgr., Market Research Group, Nielsen... Jack Mulderigg, ex-WNJU-TV Newark, appointed pres., Seltel Inc.; Paul Brewer, ex-WPDE-TV Florence, S.C., named gen. sales mgr... Lyn Stoyer, ex-WIVB-TV Buffalo, appointed vp-gen. mgr., WGR-TV Buffalo.

FCC Comr. Henry Rivera speaks on "Minority Ownership: An Update" before agency's Consumer Assistance & Small Business Div. brown bag lunch April 12, Rm. 856, FCC... Phoebe Morse, ex-Labor Dept., joins FTC as dir. of Boston regional office... Jerome Feniger, 30-year broadcast veteran, named managing dir. of Station Representatives Assn. upon retirement of M.S. Kellner in June; Kellner will remain consultant for year... Jill Rose, Kirkland & Ellis, will become legal asst. to FCC Comr. Mimi Dawson April 18, specializing in common carrier matters.

Jo Moring promoted to gen. mgr., affiliate news service, NBC News; Gregg Cassidy to dir.-special promotional projects, NBC Entertainment; Jeffrey Weiss to eastern spot sales mgr., NBC Stations Div... Michael Cassutt advanced to dir.-prime time program practices, CBS Best. Group, L.A... Betty Endicott, ex-WDVM-TV Washington, appointed news dir., WTTG Washington... Ray McMillan promoted to vp-engineering, Harte-Hanks TV Group.

Edvin Farinhold promoted to vp-gen. mgr., Satellite Business Systems National Network; Thomas Tuttle to vp-regulatory & industrial relations counsel... Robert Collins joins HBO as vp-information services, new post; Judy Torello promoted to national dir.-media relations; Ellen Rubin to mgr.-original programming publicity, east coast... Speakers at O. Assn. of Bcstrs. convention May 17-19, Columbus: Elmer Lower, acting dean, U. of Mo. School of Communications; William Baker, pres., Group W Cable; Thomas O'Brien, Mutual News vp.

Rupert Burks appointed to ABC Video Enterprises Telefirst Entertainment Recording Service systems dir... Thomas Schmitt advanced to new post of Group W Cable sales & mktg. vp... Nancy Williamson appointed Katz Communications personnel vp; Barry Dunn, accounting mgr.; Donna Moreau, PROBE/mktg. asst.; Stuart Zuckerman, ex-Metro TV, independent TV sales mgr.

Robert Pittman promoted to exec. vp-chief operating officer, Warner Amex Satellite Entertainment... NBC Chmn. Grant Tinker speaks to ATAS forum April 26, Century Plaza Hotel, L.A... Garnet Rich, ex-Southern Satellite Systems, appointed southwest regional mgr., Disney Channel, Dallas hq... Arthur Goldblatt promoted to dir.-financial analysis, Columbia Pictures TV... Neil Russell, ex-MGM/UA, joins D.L. Taffner Ltd. as vp-domestic syndication; Charles Falzon, ex-MCA TV, named dir.-international sales... Wayne Blick,

senior vp-secy. & treas., Palmer Communications, retires after 38 years with company.

Ronald Doerfler promoted to senior vp-chief financial officer, Capital Cities Communications; Robert Gelles to vp-treas... Ryan Hoover, ex-A.H. Belo Corp., named mgr. of Online Services & Electronic Publishing, HVC Corp.

George Smith promoted to Viacom Best. Group finance & administration vp... Leonard Warager advanced to Katz American TV San Francisco sales mgr... John Burns promoted to Showtime vp-west; Leona Tenebruso to national accounts vp... Stephen Ujlaki, ex-Nuefeld-Davis Productions, joins HBO as made-for-pay motion pictures dir.; Viviane Eisenberg promoted to senior counsel-original programming, replacing Faith Wender, now senior counsel-west coast programming, new post.

Kathleen Bonk, dir. of media project of National Organization of Women Legal Defense & Education Fund, and Michael Botein, N.Y. Law School prof., elected co-chairs, Telecommunications Research & Action Center; Everett Parker, United Church of Christ, named treas.; Robert Stein, pres. of Forum Institute and ex-gen. counsel of TRAC, elected a dir.

Elizabeth Greenspan, ex-Reader's Digest Assn., appointed European anti-piracy counsel, Motion Picture Assn. of America... Sue Swenson promoted to western sales mgr., Mutual Bestg., L.A. hq... John Silvestri, ex-Hearst/ABC Video Services, appointed dir.-advertising sales, midwest region, USA Cable Network.

Lisa Stevenson elected a partner in Washington law firm Koteen & Naftalin... Harley Radin joins Satellite Systems Engineering as vp-regulatory affairs... Linda Arnold, ex-GTE, appointed product mgr., Pioneer Communications... Ron Lederer promoted to vp-sales & mktg., Liberty Cable TV... Samuel Schroeder named vp, PRISM Productions.

E. Pendleton James, former White House personnel dir., will be nominated by President Reagan to board of Comsat... E. William Henry, ex-FCC chmn., named chmn. of U.S. Advanced TV Systems Committee (ATSC) to coordinate development of voluntary technical standards for high-definition TV in U.S.; first meeting of ATSC is May 13, NAB hq, Washington... Ralph Justus, ex-FCC Mass Media Bureau, joins NAB Science & Technology Dept. as staff engineer... William DeWert, ex-WCSC-TV Charleston, S.C., appointed program mgr., WJXT Jacksonville... Lawrence Gunnels joins Tribune Co. (Chicago) as vp-legal affairs.

## Obituary

Carl Weinstein, Eastman Cablerep pres., 50, died of heart attack after addressing 1983 Cable Ad Bureau meeting in N.Y. April 5. He leaves wife, 2 daughters, son.

KERO-TV Bakersfield, Cal. will shift affiliation from NBC to CBS; KPWR-TV is current CBS affiliate in market.

# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended March 25 (12th week of 1983):

	MARCH 19-25	1982 WEEK	% CHANGE	MARCH 12-18	12 WEEKS 1983	12 WEEKS 1982	% CHANGE
TOTAL TV#.....	335,768	310,504	+ 8.1	321,601	3,925,501	3,621,934	+ 8.4
COLOR#.....	248,718*	219,969	+13.1	227,482*	2,758,007*	2,410,638	+14.4
MONOCHROME....	87,050	90,535	- 3.8	94,119	1,167,494	1,211,296	- 3.6
PROJECTION TV...	2,021*	1,398	+44.6	2,145*	29,786*	18,614	+60.0
HOME VCR.....	45,859*	31,110	+47.4	43,738*	659,992*	351,331	+87.9
COLOR CAMERAS...	4,663*	4,633	+ 0.6	4,668	66,418*	56,290	+18.0

Color TV 5-week moving average: 1983--237,215\*; 1982--204,588 (up 15.9%).

Home VCR 5-week moving average: 1983--51,212\*; 1982--29,263 (up 75.0%).

# Excludes projection TV. \* Record for period.

**FIRST QUARTER—IF THIS BE RECESSION...:** First quarter sales have confounded all forecasts. Color TV shipments to dealers totaled about 3 million units, ran at 12.7 million annual pace, compared with industrywide predictions just 3 months ago that 1983 sales would total 11.5 million. In less than one year, VCRs moved from glut to shortage, with first-quarter sales of around 715,000 units, up nearly 90% from year earlier and at annual rate of nearly 3.4 million units, almost a million more than industry forecasts for 1982.

Projection TV, which was supposed to be dull this year, has set sales record every week so far -- totaling 32,000, more than 60% above 1982's first quarter. Based on last year's seasonal pattern, this is annual rate of 188,000. Color camera sales passed 70,000 at end of first quarter, up around 19%. Color, VCR, projection, cameras -- all set sales records in first quarter.

Result is that industry is rethinking everything from forecasts to pricing. If first-quarter boom is for real, TV production schedules must be stepped up, VCR commitments re-evaluated. Just a month ago nobody was optimistic about pricing -- one major manufacturer even told distributors in Feb. not to expect any increases this year. Now, however, we're observing first feelers about possible attempts at very minor firming of color TV, and somewhat larger increments in VCR prices. And TV makers are beginning to see prospect of profits this year -- if trends continue.

In VCR, there's no strong concern about shortage -- general feeling is that perhaps it's good thing. Marketers now have chance to start from scratch -- with old-model inventories cleaned out -- and they see far better chance of restoring some price sanity to market, although it hasn't shown up yet to any major degree.

Question being pondered all over industry: If 1982 and first quarter 1983 were recession periods, what will business be like in a recovery? RCA Group Vp Jack Sauter expressed this rethinking process to us, based on first-quarter liftoff at tiniest glimmer of better times: "We used to say our business was recession-proof. But maybe these have been recession sales. Maybe we have really underestimated the true demand for replacement sets, first sets and additional sets brought on by all the new video devices. If it's true that the industry has been in a recession, will recovery result in higher sales, richer stuff, or both?" RCA has commissioned major research study in attempt to find answers.



**SET MAKERS VIEW 'NEXT GENERATION' PROJECTOR:** Badly burned last year, most TV manufacturers will lay low on new projection TV systems at this spring's introductions. Nevertheless, they've been reacting with interest to demonstrations of new-generation optics which, combined with other recent improvements, could make possible better, brighter, more compact sets in spring 1984 — and with considerable cost savings.

New optic system is being widely shown here and in Far East by U.S. Precision Lens (USPL), leader in plastic lenses for projection TV industry. USPL declined comment, but from industry sources we've put together these details: It's evolutionary improvement in rear projection techniques, uses smaller, lower cost optical system with lenses and one mirror reduced in size, most expensive mirror eliminated. Together with savings in cabinet and shipping, set makers were told new design could cut \$50-\$75 or more from factory cost.

System is claimed to make possible projection TV with either lower or shallower cabinet — reducing size of projection console to 38" high and 24" deep or 41" high and 20" deep in 40" screen size, 41" & 24" or 46" & 21" in 45" screen size. Manufacturers were also shown new projection TV size designed to hit \$1,995 list price point — 36" screen (just twice the area of 25" tube) -- with cabinet 19-20" deep, slimmer than 110-degree 25" tube set.

Lens is claimed to be at least as good as USPL's current bulkier version. Combined with new developments in tube & screen design, it should make possible picture brightness & contrast closer to direct-view sets.

Only really new projection set on horizon for spring introduction is RCA's Hitachi-made unit, reported here last Nov. (Vol. 22:48 p13). Among its innovations are liquid-cooled, liquid-coupled tubes which improve picture by increasing brightness & contrast, eliminating internal reflections, along with new tubes which provide better spot size and consequently higher resolution. Set doesn't use new USPL optics, which won't be in prototype sampling stage until next week, aren't scheduled for large-scale production before spring 1984.

One of last majors to enter projection TV, RCA now seems to be one of most enthusiastic about it -- at least the only known brand planning new model (with possible exception of Hitachi). If performance of RCA set matches expectations, company could vault into leadership position. With projection TV sales running about 60% ahead of last year in first quarter, industry will be watching RCA's progress closely for clues whether & when to jump in and field new & improved projectors.

Computer marketers spent \$77.9 million on national TV ads last year, up 67.4% from 1981, half of total coming from marketers of low-cost home computers -- Atari, Commodore, TI, Timex — according to TvB compilation. Biggest advertiser was IBM, with spending up 101.9% to \$19.8 million for promotion of both personal & mainframe computers. Commodore, not in national TV in 1981, placed 2nd with \$14.1 million, followed by Atari, up 269.6% to \$11.6 million. Largest outlay increase among majors with 1981 record was 307.7% jump by TI, which ranked 4th at \$8.88 million. Next 3 rankings were held by newcomers. Tandy spent \$5.1 million for Radio Shack computers to place 5th, Honeywell was 6th at \$4.39 million, while Timex, which entered market at midyear, placed 7th at \$4.15 million. Apple, 3rd largest in 1981, fell to 8th as budget declined 14.6% to \$2.72 million. Total excludes any local TV spots placed by marketers or retailers, but does include \$1.7 million in national ads by computer retail chains.

AVX will build \$1.3 million ceramic capacity plant in Juarez, Mexico, employ 100 when operations start in first quarter 1984. Company said plant would supplement output of similar facility in El Salvador.

Thorn EMI continues to be about only western TV maker expanding internationally in face of stiff competition from lower cost Far East manufacturers. Company says it has agreed to supply 100,000 color kits annually to Star Elektronik of Turkey, along with exclusive market rights in Turkey, non-exclusive rights to some other Mideast countries. Thorn said it's also negotiating VCR deal with Star, as well as similar arrangements with companies in Egypt & India. Thorn also has plans to expand into home security and automation products. Company has agreed to work with Sharp on development of products suitable for sale in Europe, will handle marketing of items which Sharp will manufacture in Japan.

Altec has sold speaker and commercial sound manufacturing plant in Anaheim, Cal. to industrial equipment producer Odetics for \$7.8 million. Altec said it's consolidating all production at plant in Oklahoma City, and would shift some work to subcontractors in Mexico.

Bonefone's revenge? Stereo vest introduced in Japan by Pioneer at \$135 has speaker in each shoulder, built-in powerpack.

**ERASABLE LASER DISC:** Matsushita announced achievement of long-sought goal -- erasable laser optical videodisc -- last week at N.Y. news conference which also saw Panasonic's entry into U.S. office automation field. Prototype erasable disc, which Matsushita says will be on market within year, was demonstrated, is first known to be scheduled for production.

System is designed for professional data & image storage & retrieval, but is capable of recording about 8 min. of color video in motion on 8" disc. Matsushita Senior Managing Dir. Shigeru Hayakawa said system had potential for personal computers, but home video recording application is still far in future because of high cost. When home videodisc recorder does come, he told us, it probably will use digital recording. Commercial disc will have capability of more than one million erasures, company said.

Some sources at Matsushita estimated consumer version is at least 5-6 years off. At demonstration, still color picture was erased, another one recorded -- erasure feature wasn't demonstrated with motion. Many other companies are working on both erasable discs and digital video recording, and demonstrations of developmental broadcast-type videotape recorders have been held by Ampex, Bosch, Britain's IBA, RCA, Sony and others.

Optical disc systems have excited computer world because of their large capacity (Matsushita's 8" disc will store a trillion bytes), but drawback has been their inability to be reused or changed. Matsushita system uses same compact laser to write & read optical disc with 15,000 concentric grooves, each capable of accommodating frame of video or equivalent capacity in data storage. Unlike conventional LV discs in which "pits" are burned into surface for recording, Matsushita's method records by changing optical characteristics of disc recording material (tellurium oxide).

At same time, Matsushita announced start of U.S. marketing of 3 optical disc systems in U.S. which are already on Japan market and which are potentially convertible to erasable system. All built around 8" disc drive system, they are: (1) Optical document file system which can store 10,000 documents on disc, interface with still video color recorder or fax machine. (2) High resolution b&w still recorder which can record 15,000 images on one disc. (3) Color still recorder capable of 8-min. motion playback. Disc systems, in compact cabinets, cost about \$35,000. Discs themselves are about \$20 each, and erasable discs will be around \$30.

Matsushita said discs are competitive with other storage systems, have 0.5-sec. access time, have storage capacity of about 1,000 floppy discs (8") or 40 hard discs. Company also is offering 15" & 19" high resolution monitors, latter with 2,479 lines of resolution. Senior Managing Dir. Keiichi Takeoka said Matsushita is spending about 20% of its \$600 million R&D budget on office automation and related projects.

**DID 8MM KILL BETA MOVIE?** Beta Movie portable Beta VCR-camera combo, prominently featured at Jan. CES in mockup form by Beta group members (Vol. 23:2 p11), has been scratched from Sony's regional new-line showings which started last week. Official explanation is that it's future product, due for Dec. delivery, and presence would steal spotlight from debut of Beta Hi-Fi.

It will be surprising if Beta Movie ever reaches marketplace, in view of finalization of 8mm video standard March 28 (Vol. 23:14 p10). Sony has been prime mover in push for 8mm standard, expected to appear first in camcorder system, and development & tooling of interim standard now would seem to be waste of money & effort. In Japan, there are forecasts that first 8mm camcorders will appear on market late this year -- same time as scheduled debut of Beta Movie.

In Japan, meanwhile, press generally hailed standardization of new system. Sole exception was prestigious Japan Economic Journal, which headlined that 8mm Video Conference "fails to establish unified standards," noting that Conference agreed to study Thomson-CSF's last-minute proposal for baseband recording system and held off finalizing any standards for SECAM color, and stating that there will be no single worldwide system.

Actually, there can't be worldwide system anyway, so long as there are 3 different color standards. Result of proposal probably will be that France will be shut out of new format for some time. It seems unlikely that Conference will reopen NTSC & PAL standardization to switch to the more expensive baseband recording technique for them. Thomson's proposal is being widely interpreted as part of ongoing battle between Thomson & Philips.

Thomson is major importer of VHS recorders and is now involved in European assembly of VHS through its purchase of 75% of Telefunken. It owns 30% of J2T Holdings (other partners being JVC & Thorn EMI). Philips, which produces V2000 format VCR, has been trying to convince Thomson to join in that format; Philips also has been important force in 8mm Standardization Conference, which it sees giving Europe chance to start afresh in competition with Japan in VCR production. Thomson's monkeywrench will keep 8mm off French market.

Corning said demand for color TV tube bulbs increased in opening quarter, in which it reported net tripled from same 1982 period (see financial table). Company said loss of revenue from operations discontinued in restructuring last year was primary cause of 6% decline in sales... MGM/UA Home Entertainment Group earned \$10.1 million on sales of \$40.4 million for 3 months ended Feb. 28, netted \$18.1 million in fiscal first half on revenue of \$73.6 million. While no directly comparable 1982 totals are available, in year ended Aug. 31, when HEG was wholly owned unit of MGM/UA Entertainment, it had total revenue of \$50.5 million, of which \$38 million stemmed from licensing fees... Tandy said sales in 3rd fiscal quarter to March 31 were up 25% to \$590 million.



**ITC SETS GAME PROBE:** Atari's formal announcement in Feb. that it was ending production of high-volume 2600 videogame console & cartridges in U.S., shifting operations to Taiwan, Hong Kong & Puerto Rico (Vol. 23:9 p12), has prompted International Trade Commission to launch probe into competitive state of U.S. industry and world market conditions.

Study, which ITC is starting on own initiative, will review reasons for market growth, assess relative conditions of competition between U.S. & foreign producers, look at markets in U.S., Canada, Europe & Japan and at growing reliance by domestic companies on foreign assembly.

ITC is preparing questionnaire to send to domestic & foreign manufacturers & marketers, expects to have them out by midyear. Timetable calls for acceptance of written submissions by Oct. 30, completion of report by year's end. Uncertain at this time, we were told, is expansion of scope to include low-priced home computers. ITC staff member said agency recognizes computers & games now have function & price overlap, is considering whether, and how, to cover that in study.

What ITC will find, of course, is that international competitive assessment issue is relatively moot. Coleco, with plant in Amsterdam, N.Y., is now only game console maker with plan for continued volume production in U.S., though it recently announced it would soon be farming out some assembly to contractors in Far East.

Mattel is having its Intellivision consoles assembled in Hong Kong by Radofin. As of this year, NAP Consumer Electronics is assembling all Odyssey consoles, as well as cartridges, in its Mexican border plant. All operations of only other U.S. game console producer, financially troubled Astrocade, have been in suspension for last 6 months. Atari is getting ready for production shift, says it will double size of videogame console plant owned by Hong Kong venture Atari-Wong to 150,000 sq. ft., double workforce to about 2,000.

Blurring of line between videogames & computers is causing problems for another U.S. agency, Customs. Difficulty is in area of classification for import entry purposes. Correct logging of consoles is primarily internal headache, as both games and computers are dutiable at 4.7%. But software, treated as accessory, is 6.32% for games, only 4.7% for computers. It's minor difference, but it adds up to big dollars quickly when million or so copies are brought in.

For present, Customs examiners consider console, with or without keyboard, to be game if it's suitable only for running programs that can't be modified by user. In Tariff Schedule, computers are grouped with accounting machines and cash registers, and in pinch, ability to crunch numbers on semiprofessional level can be deciding factor. Software classification generally is determined by console it goes with, but Customs has recently been getting some arguments on interactive educational game-type cartridges.

Imports of keyboard add-ons for videogames will be treated as computers, we were told, while game consoles will continue to be considered as games, so long as they enter in separate shipments. Classification will get more complicated this year when new generation of games with built-in computer functions start entering. Subject will be discussed at special toys & games classification seminar Customs is holding for examiners in San Diego next week.

\* \* \* \*

Milton Bradley said it expects to report loss for first quarter. Company said that at request of dealers it was delaying some shipments of its Vectrex one-piece programmable videogame-display console, and that its sales of non-video electronic games were down.

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**Software notes:** Video Corp. of America said it's launching major slave expansion at duplicating plants, with emphasis on L.A. facility. VCA Duplicating Pres. William Follett told us number of machines will jump from 1,400 to about 2,000 in first phase due for completion this spring, could grow by another 1,000 by year's end. Cost, at average of \$1,000 per unit, likely will exceed \$1 million... Sony named first 9 distributors for recorded cassette line, now consisting of Video 45s and The Hobbit. Appointed were Artec (northeast), Commtron, Sound/Video Unlimited (national), Source Video (southeast), Star Video, Metro Video (both N.Y. area), Video Library (mid-Atlantic), Coast Video (west), Video Services of America (southwest). Paramount has advance orders for 50,000 copies of \$29.95 Airplane 2, to be shipped next week, says it now considers total of 60,000-70,000 strong possibility.

GEC-Hitachi is threatening permanent closing of U.K. color manufacturing venture if production workers don't end rulebook slowdown started in reaction to management economy moves. As part of plan to cut overhead 25%, GEC-Hitachi imposed one-year extension of wage freeze instituted last year, cut bonus payments. Company says it's losing money on each set it sells, even though production rate is at 300,000 annual capacity. Workers are complaining that moves will result in 8% wage reduction to about \$55 weekly for assembly line jobs, or \$2-\$5 less than workers get at U.K. plants owned by Matsushita and Sony. Both of those companies boosted wages last year. Closing of GEC-Hitachi would leave Thorn EMI as sole domestically owned color producer in U.K.

TV vs. monitor definition is being tackled by Customs as step toward separating them in Commerce import statistics. Preliminary proposal is for monitor standard taking into consideration such factors as intended primary use, phosphors and resolution of tube, function of input-output jacks, types of accessories offered by manufacturer or importer. Object is to create reporting classifications for commercial color & monochrome monitors that would continue to count home-type component monitors & monitor-receivers as standard TV sets.

**MORE COMPUTER CUTS:** Yet one more round of price cuts is sweeping home computer market, jeopardizing carefully laid marketing plans of computer newcomers and cutting floor out from under videogame consoles.

Last week, Atari started \$50 rebate on \$200 model 400 computer, which, in keeping with tradition, probably means it will carry list of \$150 when offer expires. Commodore inboarded cassette data recorder at no extra cost to dealers placing new orders for VIC 20 computer, left promotion method up to retailers. Immediate reaction was spate of ads offering computer console for \$99, though some required customer also purchase recorder to get that price.

TI is telling retailers list on its \$250 computer will drop to \$149 in June when current \$100 rebate promotion expires, and that \$50 rebate will be offered, effectively pricing unit at \$100. That has industry wondering whether that means cancellation or lower pricing on less sophisticated model 99/2 console TI unveiled at Winter CES in Las Vegas. It's supposed to hit market this quarter at \$100 list. As for Timex, its unit is now going for \$45, after \$15 rebate.

Question is how new lowball pricing will affect introduction plans of others. Panasonic is scheduled to introduce 32K console at \$350, Mattel has 4K Aquarius coming at \$150, and \$200 system has been announced by Spectravision; add-on keyboard for Colecovision is due from Coleco at about same price. NAP Consumer Electronics is slated to introduce new Odyssey Command Center listing at \$180 for console, \$100 each for keyboard & modem. Coming, though not officially shown yet, is game-computer system from Japanese toy maker Tomy. Tomy, it's understood, has targeted 120,000 for first year sales here of its Tutor 16-bit MPU console, which has keyboard, built-in graphic capability and is slated to retail for about \$180.

As for game consoles, current street prices for Atari 2600 and Odyssey are in \$85-\$95 range, and are only modestly higher for Intellivision, making them all directly price competitive with computers. So it can be assumed downward adjustment may be in works.

\* \* \* \*

Personal computer price cutting isn't limited to home models. Apple last week lowered suggested list of 256K Apple III by \$800 to \$2,700, or \$200 less than it had been charging for 128K version. Apple said 128K was being discontinued, would be priced at \$2,500 during phaseout. Xerox trimmed \$650 from 820-II unit which has built-in display terminal, putting new list at \$1,800.

**First U.S. center** for basic recording R&D is being built by U. of Cal., San Diego. Center for Magnetic Recording Research will be housed in 23,500-sq.-ft. facility, cost \$12 million to build and equip. Staff will be led by 4 UCSD faculty members. Center will put no restrictions on publication of research results, won't seek patents on developments. Center will be funded by grants from Control Data, Data Electronics, IBM, Kodak, 3M, Pfizer & Verbatim.

**CED SALES DOUBLE, RCA SAYS:** Announcing that sales of its CED players & discs in first quarter ran at twice last year's rate, RCA announced unusual 2nd quarter program to include increased co-op ad funds for player dealers, incentives for retail salesmen, backed by national radio & print campaign featuring Gene Kelly as company's first official spokesman since Vaughn Monroe in 1960s.

Consumer Electronics Vp-Gen. Mgr. Joseph Donahue said RCA's goal for 1983 is doubling last year's retail sales of 130,000 players. He cited survey which showed that 89% of all videodisc players in use are CED type, roughly in line with our own estimate that CED represented 85% of players sold last year (Vol. 23:7 p10). Taking note of lack of cooperation from other CED producers, he said RCA's lonely drive in color was "proof that a major new industry can be developed even with only one major manufacturer in full support."

RCA shipped 1.1 million CED albums from Indianapolis plant in Jan.-March, record for any quarter, and sold more than 300,000 in March, setting new monthly high, according to Videodisc Vp Thomas Kuhn. He noted that CED disc sales of 4 million last year were 66% as high as estimated 6 million recorded videocassette market. There are now 450 titles available on RCA label, total of 600 in CED format and custom pressing will increase that to "well over 1,000" by year's end, he said, adding that demand for discs continues at rate of nearly 30 per player per year.

\* \* \* \*

Both RCA and Philips are negotiating with U.K.'s Thorn EMI, European pivot of VHD videodisc system, seeking wealth of programs Thorn owns for CED & LV disc systems. Thorn had developed variety of interactive material for JVC-developed VHD system. RCA will introduce interactive CED player early in May. Thorn has indicated it won't decide on sharing its programming -- or on manufacturing players for any other system -- until it sees how well VHD system sells in Japan after April 21 launch. Coincidentally (or not), April 21 has been selected as date for start of marketing of Beta Hi-Fi VCR system in Japan.

**Impact of counterfeit imports on legitimate U.S. manufacturers & importers** is subject of study launched by International Trade Commission. By definition being used, counterfeit products have to duplicate design, function & trademark of others. Problem is now serious one in magnetic tape, replacement parts, professional computer software, and is expected to spread to computer & game software. Aim of study is production of white paper to detail scope and economic effect of counterfeiting in both U.S. & export markets. It's expected to serve as basis for follow-up remedial action. ITC is preparing questionnaire to sample companies in many industries, has set hearing Aug. 24.

**Semiconductor sales** in U.S. & European markets edged up just 1.1% last year to \$9.37 billion, SIA reports. Sales of ICs rose 4.9% to \$6.9 billion, while discrete devices dropped 8.3% to just under \$2.5 billion.



**NAP SUES BALLY:** Following through on year-old court ruling that its basic videogame patents apply to microprocessor-based system, North American Philips filed contract breach suit in Chicago federal court charging Bally Midway with failure to pay royalties on sales of Pac-Man coin-op arcade video games -- first such action on MPU-controlled arcade game.

NAP, through subsidiary Magnavox, holds exclusive rights to game patents of Sanders Assoc. Scope was expanded to cover MPU games when same court upheld infringement action brought by NAP against Mattel's Intellivision system. Mattel filed appeal, but withdrew it last Feb. and took license from NAP (Vol. 23:8 p14).

Bally, which has been NAP licensee since 1976, said it was surprised by suit. It contended technology covered by patents isn't used in Pac-Man game, stated NAP hadn't pressed any such claim before going to court, and hadn't contacted it on issue -- something NAP itself acknowledges. Success in this action could open door for NAP to go after other non-paying MPU coin-op game makers.

There's touch of irony in NAP's choice of target. Last year, at request of Atari, same Chicago court ordered NAP Consumer Electronics to withdraw its K.C. Munchkin Odyssey game cartridge from market following Appeals Court determination that it was too close a copy of Pac-Man (Vol. 22:10 p15).

TDK won exemption for ferrite cores used in magnetic recording heads from still standing 1971 ruling that Japanese cores for consumer electronics products were being dumped in U.S. In response to challenge filed by TDK last year (Vol. 22:44 p14), International Trade Administration said physical characteristics and use of head cores are sufficiently different from those of cores used in TVs & radios to be exempt from dumping determination. ITA also said it found no evidence of unfairly low priced ferrite core exports from Japan to U.S. in year to Feb. 28, 1981, so dumping duty bonds won't be required on shipments from most manufacturers. Dumping margins of 28% were assessed on 3 producers, but none is active shipper.

**Ad notes:** Apple will invest \$3 million this year to sponsor & promote 24-city Dream Team Tour of ex-baseball all-stars this summer in cooperation with Major League Baseball Promotion Corp... Jensen International Div. appoints Ruder Finn & Rotman... CIE Terminals, new marketing unit of C. Itoh, appoints Cox & Burch Adv. for \$1 million computer terminal & printer account... Dynascan launches \$6 million spot TV and print campaign for Cobra cordless phones... Fujitsu Microsystems names Livingston/Strutis to handle \$5 million introduction campaign for Micro 16 personal computer line.

Playboy is folding its consumer electronics and men's fashion guide publications. Reasons weren't specified, but slow newsstand sales, lack of ad support, are understood to be behind move. Electronics guide was to have been bi-annual, but only single issue came out last year.

**FIRST-SALE HEARING:** Barring last-minute change, date for Senate Copyright Subcommittee hearing on first-sale revision is April 29. Scheduled for only 2 hours starting at 9:30 a.m., long witness lists mean strict time limit will be imposed on presentations. It's expected to draw same cast of characters as appeared at House hearing on so-called Fair Marketing Amendment last Sept.

Hollywood contingent to support change that would give studios cut of dealer tape rental revenue will be led by MPAA's Jack Valenti and RIAA's Stanley Gortikoff. Opposition will come from Home Recording Rights Coalition, with banner carried by EIA CEG Senior Vp Jack Wayman, with support from VSDA.

Copyright issue is expected to be little more than touched on at annual EIA CEG-sponsored Washington Roundtable on Hill April 13. Invited industry representatives will get congressional & Administration briefing on broad scope of legislative & foreign trade matters. At evening reception for Congress, CEG will have hands-on display of more than 100 consumer electronics products.

IEEE Electro '83 advance conference schedule for N.Y. event April 19-21 is notable for almost complete absence of presentations by Japanese manufacturers. Closest to exceptions are 4 papers to be presented by U.S. employees of NEC. Also not in evidence are consumer product related presentations. April 20 will have afternoon session on display technologies, include papers on LCDs by Bell Labs, gas-discharge displays by Alan Sobel, Lucitron. Concurrent with Electro will be Mini/Micro '83 on computers & related technology. Electro papers will be presented at Sheraton Centre Hotel, exhibits and Mini/Micro activities at Coliseum.

Digital TV chips are scheduled to go into mass production in July at ITT Semiconductors' Intermetall plant in Germany, which expects to sell nearly 250,000 Digivision chip sets this year. Initial cost of kits -- 5 VLSIs and 3 peripheral chips -- is \$30. First set maker to announce plans for introduction of digital TV is ITT's Standard Elektrik, which has scheduled debut at Berlin's Internationale Funkausstellung Aug. 2-11.

Atari is cutting work week to 4 days for 350 production employees at Milpitas, Cal. coin-op arcade videogame plant. Arcade game industry is in slump, and in consolidated results for 1982 parent Warner said Atari's arcade unit had loss (Vol. 23:8 p13). Apparently unaffected by worktime curtailment is Brownsville, Tex. plant where Atari recently started production of X-Y arcade game monitors.

Pricing crunch in videogames has hit Japan. Bandai has put its Arcadia programmable console on market there for \$85, or \$40 under originally announced price -- unit, marketed here at \$100 by Emerson, is being used as giveaway by N.Y. area dealer. Atari is expected to price modified 2600 game its scheduled to introduce there in May at less than \$125, cut of at least \$50.

**ZANUSSI SEEKS TV BAILOUT:** Italy's Zanussi may be next major European consumer product manufacturing major to seek foreign buyer or technological or production partner for its color TV manufacturing operation.

Europe's largest producer of home appliances lost \$73 million last year on sales of \$1.17 billion, says it now owes \$60 million in bank debts, and must reorganize and consolidate to continue operations. Debt is big problem as 44% of that is in dollars, and lira has fallen 5% in just last 3 months.

Electronics sector, particularly color TV, is largest headache, Zanussi says. Though its sales of white goods were down 7% last year, operation was still profitable, while losses from TV mounted even though it increased share of Italian color market to 12% from 8%. Zanussi said it must produce at least 400,000 sets annually to profit, but estimates its maximum sales potential at 230,000.

Problem is same one that is plaguing most other independent European color set makers, intense competition among local producers, excess capacity and imports. France's Thomson-Brandt last week completed scheduled acquisition of 75% interest in Telefunken's consumer electronics business, adding it to stable of German subsidiaries that includes Dual, Nordmende & Saba. Philips is seeking to expand holdings in Germany's Grundig in effort to acquire control.

First use of vertical magnetic recording on commercial level is scheduled to be in 5.25" disc drive from new Vertimag Systems of Minneapolis. VS says it will display prototype at Comdex show in Atlanta April 26-29, offer to sell test samples this fall, be on market in mid-1984. Company will modify standard drives to use special cobalt-chrome discs it will coat itself. VS says 2-sided discs will have total 5M-byte capacity, about 4 times that of conventional floppies and half that of hard discs now appearing on market (Vol. 23:11 p16). In Japan, Sony has experimentally adapted vertical recording to 3.25" drive, says technique could give disc 4M-byte capacity.

Japan posted \$373 million surplus in IC trade with U.S. last year, more than triple \$119.4 million surplus posted in 1981, according to Commerce figures. Agency reports IC imports from Japan jumped 110.9% in 1982 to just under \$532 million, while U.S.-Japan exports were up only 19.7% to \$159 million. For imports, biggest value item, and largest dollar rise, came in area of major trade controversy, MOS RAMs with over-8K capacity, up 171.8% to \$197.1 million.

Hazeltine lost \$3.45 million before tax from display terminal business it discontinued at end of year, had net loss of \$5.1 million on sale of unit, company says in annual report. It tells holders that while company has exclusive licensing rights to Kahn AM stereo system, and it's one most in use now by broadcasters, "significant competition continues involving broadcasters and receiver manufacturers, [so] it is still too early to evaluate the potential" of those rights.

## 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
Corning Glass Works			
1983-12 wk. to March 27	370,500,000	37,000,000	1.75
1982-12 wk. to March 28	394,000,000	12,500,000	.59
MGM/UA Entertainment			
1983-6 mo. to Feb. 28	362,302,000	25,907,000	.52 <sup>a</sup>
1982-6 mo. to Feb. 28	398,783,000	4,816,000	.10
1983-qtr. to Feb. 28	158,207,000	15,437,000	.31 <sup>a</sup>
1982-qtr. to Feb. 28	190,371,000	(5,016,000)	--
MGM/UA Home Entertainment			
1983-6 mo. to Feb. 28	73,613,000	18,084,000	.68 <sup>b</sup>
1983-qtr. to Feb. 28	40,392,000	10,082,000	.35 <sup>b</sup>
Outlet Co.			
1982-year to Dec. 31	86,579,000	18,060,000	6.13 <sup>a</sup>
1981-year to Dec. 31	75,892,000	(18,033,000)	--
1982-qtr. to Dec. 31	22,261,000	2,258,000	.72 <sup>a</sup>
1981-qtr. to Dec. 31	19,289,000	(19,658,000)	--
Tele-Communications			
1982-year to Dec. 31	282,552,000	10,402,000	.46
1981-year to Dec. 31	181,426,000	12,843,000	.48
Turner Bcstg.			
1982-year to Dec. 31	165,641,000	(3,350,000)	--
1981-year to Dec. 31	95,047,000	(13,423,000)	--

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Comparable figure not available.

## Consumer Electronics Personals

John McDonnell, ex-Sun Video Communications, joins Panasonic Industrial Audio Video Systems Div. as national mktg. mgr. for VHS... Ronald Swanson advanced at 3M to mkt. development mgr., Audio/Video Products Div... James Kollen appointed Imagic corporate development dir., new post with responsibility for expansion into new businesses... Edward Fogerty, ex-Playtex, joins Corning as gen. mktg. mgr.

Larry Beyer, pres. of ZBS Video, resigns as pres. of National Assn. of Video Distributors June 5... Linda & Robert Rosser sell 50% interest in Phoenix retailer Entertainment Systems to co-owner Perry Logan, open Dialogs, home video merchandising consultants, 1212 E. Encantada Pl., Phoenix 85014, 602-274-9328... James Gray named commercial account exec., VCA Teletronics... Eric Gaer, ex-Softsel, joins Frank Barth agency as account services vp for west coast clients, with hq in L.A.

Mavica video still photo system may not be introduced by Sony in late fall, as had been expected. Mavica is still under development, and company has no firm launch date, Sony spokesman said. Sony last year switched emphasis of system, which records individual video frames on magnetic disc, from consumer to professional market, said it would offer b&w version for journalists first, follow with color. Mavica was last shown at Oct. Photokina in Germany. Last Dec., Toshiba displayed similar, but incompatible, system at technology exhibit in Tokyo.



WEEKLY

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APRIL 18, 1983

VOL. 23, NO. 16

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**DEREGULATION WITHOUT FEES** dominant theme as 33,000 gather at NAB convention. (P. 1)

**NAB AS 'AMORPHOUS BLOB':** Packwood chides broadcasters for inept lobby skills. Wirth, unyielding, gets frosty reception. (P. 2)

**FOWLER POINTS WAY** to new frontiers. (P. 3)  
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**TV & CRIME—AGAIN:** Familiar standoff between academics and networks over effects of TV violence at House hearing. (P. 7)

**TV IN SENATE BATTLE RAGES ON:** Both sides unyielding. Proposal for radio-only coverage. Mathias wants markup first week in May. (P. 8)

**FCC FACING HOUSE GRILLING** this week. Sincerity of commitment considered. (P. 8)

**ALL CALLS CONSIDERED:** FCC proposes easing rules for station monikers. (P. 11)

**NAB's ONE-ISSUE CONVENTION—FREEDOM WITHOUT FEES:** "Never in my memory has an NAB convention been so dominated by a single issue, and I've been going to conventions for many years," commented veteran broadcaster and NAB board member on last day of convention in Las Vegas last week. That issue was congressional codification of deregulatory steps already taken by FCC and broadcasters' adamant opposition to inclusion of spectrum fees in such legislation.

Bill (S-55) accomplishing what broadcasters want has passed Senate, but bill by Sen. Packwood (R-Ore.) is languishing in House because of insistence of Telecommunications Subcommittee Chmn. Wirth (D-Colo.) that legislation include spectrum fee. This led Packwood to tell NAB it "couldn't lobby itself out of a paper bag in the House" (see below). Also getting attention from delegates was future use of SCAs for non-broadcast profits, possibility recently opened by FCC, and strong opposition to Doc. 80-90 — FCC proposal to establish more FM stations through reduced engineering standards.

### Consumer Electronics

**FIRST QUARTER COLOR** sales at 12.9-million rate. VCR at 3.8 million rate. Inventories trim. (P. 12)  
Quarter at-a-glance. (P. 15)

**SONY CHOPS PRICES** of color to 'more competitive level,' but will remain premium line, debuts Beta Hi-Fi, 'Game-Ready' 13". (P. 13)

**VCR, COLOR SET IMPORTS** jumped sharply in Feb., Commerce figures show. Japan, Taiwan, Mexico contributed to color increase. (P. 14)

**HITACHI ADVANCES PLAN** for European VCR production by 3 months, to start in Oct. France to end VCR import restraint. (P. 15)

**NEW ODYSSEY, TI** models are first big casualties in raging computer price war. Commodore offers \$100 trade-in on model 64 computer. (P. 16)

**ZENITH CLOSING** TV module rebuilding plant, idling 120, in new consolidation move. (P. 16)

**'STARTLING CHANGE'** in TV seen in study, which forecasts 3.1 hours of set use daily will be fed by 'in-home' signals in 1987. (P. 17)

**AM STEREO—AT LAST** it's moving into home with multi-standard sets by Sony and Sansui. NAB session hails 4-system decoder approach. (P. 18)

Convention attracted record 33,000, according to NAB's computer count (NAB no longer breaks out paid registrants), up considerably from 28,000 in Dallas last year. About 2,000 attended Tues. radio lunch, gave Wirth very cool reception at end of his speech. He then took 1/2 dozen questions (without use of microphones by questioners) — all of which were hostile to Wirth's position on spectrum fees. Many questioners were applauded after their queries were repeated over microphone by Radio Vice Chmn. Robert Pricer. Questions were cut off early by Wirth because of unfriendly tone. FCC Chmn. Fowler told us questions were very "discourteous and close to rude."

### Packwood: "I Sense a 'Can't Do' Attitude from Broadcasters"

Packwood said NAB has failed "to deliver" on broadcast deregulation in Congress, and broadcasters "cannot lobby your way out of a paper bag in the House." He said Senate has passed "extraordinary" deregulatory bill which will languish in House unless NAB can deliver. Calling NAB "an amorphous blob," senator said during his speech closing convention that Assn. "can't even get a little deregulatory bill through the House... I sense a 'can't do' attitude from the broadcasters... I sometimes wonder if broadcasters really want out from under the [FCC program] content rules."

At news conference following address, Packwood confirmed that he would pull back from year-long crusade for amendment to Constitution giving broadcasters full First Amendment parity with print media -- as our sister publication Communications Daily had predicted earlier in week. He said he was doing so for 2 reasons: (1) Attitude of broadcasters that it couldn't be done. (2) Newspaper industry fear that amendment could trample on their rights. Instead, he said, he will direct his efforts toward legislation assuring same rights, predicted that would take 3-5 years to get through Congress. He said that effort would fail unless broadcasters and NAB take lead.

Packwood said that he's prepared to "start strategizing" now with NAB for content deregulation, that it has "a high priority with me." He said no legislation has been drafted and no hearings are in works. Asked about spectrum fee in deregulatory bill (which House leaders are insisting upon), Packwood said he had no "moral objection" to fees but that he wouldn't accept them "short of an extraordinary tradeoff" that would show costs to broadcasters of regulation actually would be lower with fees than without them.

As has been case for several years, panel of FCC commissioners (Quello, Fogarty, Dawson, Rivera, Sharp) turned up little new. Sharp said FCC should remain at 7 members because there's "safety in numbers." Dawson saw no major difference between 7 & 5, said biggest impact will be Comr. Jones's resignation. Quello said he expects much more pressure internally, and Rivera said commissioners will be more "contentious simply because it will be easier to get 2 votes" — with 3 being new majority.

NAB Exec. Vp-Gen. Mgr. John Summers (moderator) asked if Commission vote on teletext must-carry (it won't be required) indicates upcoming vote on cable must-carry. Said Fogarty, who leaves FCC June 30: "If I were a broadcaster, I'd be scared to death... I think it's the beginning of the end of must-carry." Sharp thought it was "a terrible error" even to raise issue of must-carry, predicted broadcasters would be hesitant to get into teletext knowing they would be stripped of 30-40% of their audience.

Quello was roundly applauded when he said "we need more [radio] stations out there like a hole in the head" in response to question about Doc. 80-90 to add up to 1,500 FM stations through reduced engineering standards.

### Wirth Reaffirms Support for Spectrum Fees

Announcement of compromise deregulation proposal reportedly being worked out by staffers of Senate Communications Subcommittee and their counterparts in House didn't come in luncheon speech by Wirth. Instead, Wirth focused remarks on broad issue of deregulation, also Radio Marti. Wirth used his speech to blast as "misguided" Reagan Administration's proposal to set up AM station to broadcast to Cuba, saying it's "basically absurd to conduct foreign policy at



the expense of the American broadcasters." He said 500 U.S. AM stations are threatened with retaliatory interference by Cuban stations. Much of rest of speech was on deregulation question. Wirth repeated his position that time is right for radio deregulation, arguing that "Washington [is] rapidly becoming largely irrelevant to your industry."

But Wirth repeated demand that broadcasters pay spectrum fee. Best approach, he said, would be some kind of fee that "recognize[s] the validity of [a] spectrum value principle" that "the 'value' of the use of the... property is paid for by the user, as opposed to a mere cost of regulation fee." Wirth didn't put figure on kind of fee he wants, but he said "previous fee proposals have been... confiscatory," including one to charge broadcasters 10% of gross revenues.

Wirth said he was "prepared to eliminate all serious non-technical regulation of radio" (but not TV), including: (1) Comparative renewal. "That means I support long term license stability, not 7-year, 10-year, or 15-year terms. (2) Logs, ascertainment studies. (3) Limits on number of advertising minutes. Wirth also said he was ready to relax multiple ownership regulations, and repeal equal time and fairness doctrine "in all but the smallest markets." He emphasized: "That means I am prepared to do all this today, not some time in the future."

In back-to-back panels on deregulation, broadcasters showed deep resentment toward spectrum fee as price for congressional codification of FCC deregulation moves. Each panel featured 4 members of Congress, split about evenly for & against broadcasters. At both sessions, broadcasters railed against fee threat, asked why airlines aren't required to pay for use of airways.

"I heard you talk out of both sides of your mouth... In Minnesota, we call that blackmail," broadcaster in audience said to Rep. Leland (D-Tex.). Broadcaster made statement after Leland said time for deregulation had come but not without tying it to spectrum fee. Congressmen on panel agreed that there's no way to get S-55 through House without support of Wirth, because House chairmen are all-powerful. Rep. Rinaldo (R-N.J.) said only hope is for compromise, which he said his staff is seeking with Wirth's. He added that he doesn't favor spectrum fee but that it may be only way it's "politically possible" to get bill through House. Rep. Tauzin (D-La.) -- who along with Rep. Tauke (R-Ia.) has introduced HR-2382 calling for deregulation -- said industry must create momentum for change. He said deregulation's time has come, that it's "time to end this silly business of ascertainment... which simply stacks up paperwork that has no use." Competition is flourishing, he said, and industry should be relieved of "overhanded government intrusion."

At 2nd panel, Tauke and others said that a major problem is fact that public isn't interested in deregulation so it "can be easily scuttled to the back burner." Rep. Collins (D-Ill.) took her own survey of Chicago radio stations, said she isn't sure industry is adequately serving public interest and that regulations should remain on books. Sens. Inouye (D-Hawaii) and Kasten (R-Wis.), both members of Communications Subcommittee, said several times they hoped House would approve S-55 with little change.

House members said that's unlikely to happen. Tauke attacked fee concept, but said he's "politically realistic enough" to realize that he will have to negotiate with fee proponents. Leland said license fees (as contained in Senate bill to cover 50% of cost of FCC regulation) are reasonable, but not spectrum fee as a price for deregulation. At another point, Leland responded "absolutely" when asked if he favored govt. involvement in kid TV.

### Fowler Urges Broadcasters to Enter New Technologies

Maximizing use of broadcast spectrum for profit is emerging theme of actions taken by FCC, Chmn. Fowler told convention. "I plan to do everything in my power to allow broadcasters to be players in all of the emerging technologies," he said, pointing to FCC actions deregulating use of and doubling number of FM SCAs, authorizing sale of unused capacity on auxiliary TV facilities, approving teletext. Those decisions "recognize the value of spectrum for transmitting data and information. And they say, loudly, clearly, that broadcasters have a role to play in the transmission market. They give you new profit centers to develop," he said. Fowler urged broadcasters to consider entering new areas such as MDS, cellular radio, leasing channels on

cable systems. As deregulation removes Commission from broadcasting world, he said, he envisioned time when FCC chmn. visiting NAB convention as important speaker "will seem as dated as a medieval king taking tribute from his loyal subjects."

Fowler reiterated pledge to fight for First Amendment rights for broadcasters, saying they should have same freedom as newspapers. "That means no content regulation. It means no ownership restrictions beyond those that apply to media generally through antitrust laws. It means free resale of properties. It means no petitions-to-deny," he said.

At news conference, Fowler disputed contention of NAB Pres. Fritts that FCC may be moving too far and too fast on deregulation. Chmn. said deregulation Commission has accomplished "serves the public interest mightily... I hear NAB members saying we like what the Commission is doing." Asked about upcoming FCC vacancy with resignation of Comr. Jones, Fowler said he's sure nobody has focused on replacement. He added that full copyright liability for cable systems must be tied to attempt to eliminate must-carry.

### Predict FCC Will Drop Personal Attack Rule

FCC will take up NAB petition to abolish personal attack rule during April 24 meeting, Chmn. Fowler told news conference. And, at followup session, Mass Media Bureau Chief Laurence Harris predicted current Commission will vote to abolish rule. He refused to reveal, however, what staff recommendation will be. Item rests in Gen. Counsel's Office, whose head Bruce Fein is ardent deregulator.

On TV deregulation, Harris said his Bureau has done considerable work on item and it's now up to Commission when to bring it up for vote. He added that it would be "prudent" to wait until U.S. Appeals Court, D.C., rules on radio deregulation and that his "gut reaction" is that Court will uphold FCC. Decision of Court has been expected for several weeks but there's no indication when it will be issued. In any case, Harris expects TV deregulation to be before Commission by end of year.

In good news for broadcasters, Harris said "this Commission is not going to hamper the growth of ENG services" -- reference to attempt by land mobile users to share spectrum space used for news gathering. "It's not enough just to say you need more space," he said, adding land mobile users haven't proved their need. "There's other spectrum available. That's [broadcast auxiliary] not the only space around."

On Doc. 80-90 proposal to add more FMs Harris said engineers don't know how many stations it would provide -- 200 or 2,000. After saying FCC already has backlog of 1,500 FM applications, he was asked if it makes sense to add even more to backlog. He said Bureau would need additional staff -- up to 30 -- and would need supplemental appropriation. "You still have that interference question [to existing stations] and we can't afford to be wrong." Harris aide said Bureau has made detailed engineering study, refused to make results available to NAB but said FCC would consider request by NAB Senior Vp-Gen. Counsel Erwin Krasnow to turn over some information. Broadcast groups strongly oppose proposal on grounds there's not enough known about interference impact on existing stations.

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ABC settled for \$85,000 libel suit for \$20.5 million arising from 20/20 episode. Agreement was reached shortly before jury was to be selected for trial. Akron attorney Robert Blakemore and wife Joanne sued ABC, reporter Geraldo Rivera and producer Charles Thompson for alleged false statements aired in 1980. ABC officials, who refused to acknowledge any inaccuracy in story, said they chose to settle because they didn't want to force their sources to take witness stand.

Gannett has completed acquisition of WTCN-TV Minneapolis from Metromedia and transfer of KARK-TV Little Rock to local investors that include station's Pres. & Gen. Mgr. David Jones.

CBS is hosting seminar on financial interest and syndication rules Tues. Economists Robert Crandall, Paul Joskow, Roger Noll & Bruce Owen will join counsel David Boies in discussing new study commissioned by CBS titled Economic Effects of the Financial Interest and Syndication Rule: Comments on the ICF Study. Seminar is scheduled for 2:30-5 p.m. at George Washington U.'s Marvin Center, 800 21st St., Washington.

Technical topics scheduled for NCTA convention in Houston June 12-15 include signal leakage, fiber optics, scrambling, improved studio transfer methods, cable system architecture, data communications, hardware design, videotex, teletext.



**NAB EQUIPMENT BOOM:** "What recession?" asked one product planner for Ampex. "People are here with purchase orders in hand," said official of another manufacturer. Although traffic at NAB equipment exhibits seemed to be down from last year — and there were certainly fewer visitors from overseas — many of those who did come were there to buy, knew what they were in market for, and headed straight for those displays.

There was larger-than-usual variety of brand-new products, many of them still developmental and displayed privately in hotel suites. By far most talked-about single item was RCA's Charge-Coupled-Device (CCD) camera — a complete surprise. RCA said its proprietary development had conquered shortcomings of solid-state cameras — poor resolution and low light sensitivity — and could be used either for ENG or studio. RCA supplied no details about availability or price, except to indicate it would probably make further announcement this year. "It will change the industry the way RCA's TK-76 did in 1975," said one observer.

Major surprise trend was tremendous impression made by 1/4" camcorders — particularly system demonstrated by Bosch Fernseh — which led to predictions that 1/2" might be completely bypassed. Bosch exhibit was swarming with ABC engineers. Both Bosch and Hitachi, which demonstrated its non-compatible 1/4" unit, said all 3 networks expressed interest. ABC reportedly is considering Bosch Quartercorders for Olympics. Addition of field editing equipment fueled interest in Quartercorder, which weighs 16 lb. with lens & battery, is priced at \$68,000. Recorder can be taken off camera and attached to field editor. Studio recorder and auxiliary camera also are available.

Half-inch systems continued to vie for orders. Sony said it had orders from 6 large groups for Betacam, while RCA Hawkeye sold 1/2" Hawkeye system to KSKN Spokane, making that first station to go totally 1/2".

Sony's new still-frame animation 1" VCR (Vol. 23:14 p8), along with Ampex 1" portable developed with Nagra and shown last year at IBC, were other top recorder highlights, along with major improvement by Sony in 3/4" units, which one observer said "would extend the life of the U-matic format for another 5 years." New signal-processing system vastly improves picture, first-generation tapes appearing to be as good as 1" product, can be retrofitted to the 15,000 Sony BVU-800s in use.

If there was any audience-generating hit of show, it was CMX's new-generation editor, completely new concept, which is disc-programmable, responds to verbal commands in operator's voice only, has only 40 keys, all programmable, features touch-sensitive screen, is designed for inexperienced operators. Although there had been no hint of product before show, floor model was sold at \$100,000, and CMX said it took \$1.5 million in orders at show. Deliveries start in 4th quarter.

Digital and component video equipment was very much in evidence on floor and in suites.

Scientific-Atlanta demonstrated analog-digital MAC studio system based on new British high-definition system, and RCA showed different version which it said would become standard before all-digital studio comes. Like MAC, it has many advantages of digital processing, but can use analog recorders and other equipment. New Grass Valley switcher, shown in private suite, could accommodate either RGB or component coding, with signal converted to NTSC only at last stage before transmission.

Programmable character generators were shown by many manufacturers, highlighted by non-product, Cypher, shown by Qantel to gauge reaction to its features. Capable of accepting macro instructions from computer, it could carry out long sequence of special functions. There was much greater interest than ever before by broadcasters in character generators — ranging in price from \$4,500 to \$1 million — with sophisticated new versions from Thomson, Chyron, Dubner & others.

Small cloud was cast over advantages of computerization by waits on registration line as result of breakdown in computer system used for first time at NAB. Conclusion of overwhelming majority of exhibitors was that industry is now on upside, that 1983 will be far better year than 1982 and that 1984 should be great.

CBS posted 11.9% drop to \$17.8 million in earnings from continuing operations in opening quarter, although revenue rose 6.1% to \$1.04 billion. Net was up 13.4% after allowance for \$4.5 million 1982 deficit from discontinued pay-cable and retail store businesses. Earnings for 1982, \$15.7 million, were restated because of accounting change that boosted net from broadcasting unit by \$3.2 million. Earnings per share in quarter were 60¢, up from 56¢. Profit decline stemmed mainly from Best. Group, where income fell 45.5% to \$24.4 million though revenue rose 7.8% to \$560.9 million. CBS said profit gain from owned TV stations was offset by higher network costs, including new NFL contract, absence of Super Bowl, shift of NCAA Basketball Championships to 2nd quarter this year. Bounceback was shown by Records Group, where earnings doubled to \$39.4 million on flat sales of \$296.6 million, while Columbia Group had earnings of \$200,000, against \$2.4 million loss, on 13.2% sales rise to \$51.4 million. Loss from publishing jumped to \$9.4 million from \$6.6 million, though sales rose 7.6% to \$114.7 million, and other operations, including videotex, had loss of \$7.4 million, up from \$4 million deficit, on 80% revenue rise to \$15.3 million. Separately, company said it formed CBS Software, as venture of its Columbia and Publishing Groups, to develop, license & market education & management software for home computers.

Gray Communications Systems has "agreed in principle" to buy for \$16 million NBC affiliate KPLC-TV Lake Charles, La., from Russell Chambers, who bought it in 1981. Gray Communications owns 3 other VHF: WALB-TV Albany, Ga., where it also publishes a newspaper; WJHG-TV Panama City, Fla.; KTVE Monroe, La.-El Dorado, Ark.



**CONVENTION DIARY:** Here's round-up of significant from NAB convention:

FCC had contingent of 19 (including 6 commissioners) at convention — and NAB for first time since late 1950's is picking up regulators' tabs at cost of about \$11,000. Assn. routinely paid expenses until action was banned by legislation growing out of ex parte hearings in 1958, is permitted again to pay expenses under new law codifying FCC Track 1 proposals. Money goes into FCC's general funds, can't be used to increase travel.

Convention went more smoothly than most, but there was huge overbooking first night at Las Vegas Hilton. Several dozen showed up with confirmed reservations, couldn't get rooms and 6 slept on cots in storeroom off lobby. Another 3-4 dozen were paid \$100 by Hilton, sent to what was described as "flea bag motel" where they were charged \$100 for night. NAB Exec. Vp-Gen. Mgr. John Summers took 4 convention delegates into his suite on rollaways for night.

NBC's demonstration of Ku-band satellite transmission went well. Network fed programming to Las Vegas affiliate KVBC via an SBS bird. Signal was received on earth station manufactured by Harris and supplied by Comsat. Network official said reception was good, demonstration well-attended.

Should FCC be monitoring how public interest is faring in wake of some deregulation of broadcasting? When that question was posed to Gen. Counsel Bruce Fein Sat. at meeting of ABA communications lawyers held in conjunction with convention, he said, flatly, no. Fein said if public interest does suffer as result of deregulatory moves, FCC will learn about it as result of petitions to deny license renewal. Overall, marketplace forces will protect public interest, he said. Not so, said Comr. Rivera next day at ABA forum: "We have been somewhat remiss in that and we may have realized that danger when we set up a monitoring staff in the Common Carrier Bureau" as part of FCC's recent access charge decision. Rivera said he's considering suggesting similar monitoring program in Mass Media Bureau "to keep us abreast of what fruit grows from the seeds we have sown" with deregulation.

Sen. Mathias (R-Md.) startled NAB workshop audience on cable issues when he wondered aloud if broadcasters are selling themselves short by demanding codification of must-carry rules. If over-air programming is so popular, Mathias suggested, why shouldn't broadcasters be free to negotiate with cable operators to carry local stations for a fee? Mathias said he just wanted broadcasters to think about it. Idea was roundly criticized.

There are 186 LPTV stations on air and additional 174 construction permits have been granted, according to speaker at session on LPTV. John Kompas, pres. of Video-Ink, also said applicants in Tier One smallest markets are mostly "mom and pop types." Of all 12,000 or so LPTV applications pending, Kompas said, 40% are for Tier One, 10% Tier 2 medium markets, 50% Tier 3 largest markets. Tier 3 bidders are mostly big companies, he said.

David Markey, designated to head NTIA, was called away from convention at last minute to attend meeting at White House with Cabinet Council on Commerce, group of top level officials which meets periodically with President. Markey reportedly briefed President & Council, headed by Commerce Secy. Malcolm Baldrige, "on a variety of FCC matters," focusing on question of syndication, exclusivity & financial interest rules, according to NTIA.

"You are a unique invention... almost totally free of federal intervention," Senate Majority Leader Baker (R-Tenn.) told TV lunch. In light of TV's "enormous power" over public, industry is "remarkably free from official restrictions," he said. "I cannot understand" why TV isn't permitted to cover Senate proceedings, he said, adding it's a "logical and next extension" of public gallery for viewing Senate. He said he'll insist that Senate consider resolution permitting coverage. At panel on deregulation later same day, Sen. Pressler (R-S.D.) predicted Senate TV coverage in 2-5 years (see story elsewhere in this issue).

BROADCASTAP, NAB's minority investment fund, announced 4 new commitments totaling \$1.23 million. Commitments will go toward purchases of stations by minorities in Denver, Pueblo, Colo., Phoenix, Shreveport. BROADCASTAP has made commitments of more than \$6 million. It had its first board meeting open to public during convention.

Cable stereo has myriad technical hurdles to overcome, according to paper presented by Scientific-Atlanta's Alex Best. Paper outlined several areas which will be tested as part of Multichannel Sound tests by EIA in Chicago this summer. Compatibility with existing decoding equipment is top priority, Best said, but "of all the possible problems" it's one with "the potential for the greatest impact on the CATV industry."

Engineering standards created by professional societies are vitally needed in broadcasting and related services, George Brown, retired RCA exec. vp, told engineering luncheon. He said "growing nonstandardization... holds back new broadcast services. A case in point is the proliferation of noncompatible newsgathering equipment." Brown said FCC is no help: "They seem to have become enamored with the philosophy that the marketplace will settle everything. The marketplace will never settle this issue... It is high time that the regulators go on vacation so we can do what needs to be done."

They did land-office business at sessions covering new opportunities of SCAs. Broadcasters repeatedly asked if using SCAs for data transmission or paging will degrade signal quality. Panelists said SCAs won't degrade signal if station has relatively new equipment using diode matrix stereo decoder. Most nagging problem with SCAs beamed by older equipment is 9-kHz beat note, crosstalk and multipath.

NAB Chmn. William Stakelin will become pres. of Radio Ad Bureau July 1. He was interviewed, offered job and accepted during convention. He's exec. vp of Bluegrass Bestg. (WKYT-TV Lexington,



Ky., 7 radios in south), moved from NAB radio chmn. to joint chmn. last fall when Edward Fritts was elected pres. His term at NAB expires in mid-June. Stakelin's RAB salary will be about \$150,000, plus liberal fringe benefits.

Radio is cited more than any other medium as listeners' first source of news — meaning they heard important news first on radio, according to study commissioned by NBC Research. Study by Statistical Research Inc. said 43% of respondents singled out radio as earliest source of news, compared with 38% for TV, 16% for newspapers. Although 52% of those surveyed cited TV as main source of news, 24% said they got most of their news from radio.

Proponents of British Teletext standard gathered at convention hotel to announce new company, Ameritext, to be marketing arm and clearinghouse in U.S. Zenith will make \$300 British-type decoders to be sold this summer for use by Taft Bestg. in its Electra teletext magazine now transmitted in Cincinnati. Total of 6 manufacturing companies which make WST equipment were at conference. "This is our move to become the world standard," said Neal Williams, Ameritext's new exec. vp, and only officer named to date. Company will be based in N.Y.

TV stations are hiring more saleswomen, more stations are paying for sales training, according to TvB. TvB Pres. Roger Rice said that stations employ 6 sales persons on average, up 33% from 1976. Women make up 36% of sales force, up from 21% in 1978, and 36% of national sales managers, compared with 7% in 1978. Size of sales support staff has grown at 40% of stations, with only 2% reporting decreases. Today, 90% of stations pay to train sales people, up from 74% in 1978 and 50% in 1981. Results represent responses from 309 stations.

New FM stereo system claimed to "dramatically improve the quality of FM stereo reception by reducing noise in the audio signal" has been jointly developed by Thomas Keller, NAB senior vp for science & technology, and Emil Torick, CBS Technology Center. They have applied for patent.

There was lively debate on daytime broadcasting with Roderick Porter, chief of Policy & Rules Div. of FCC Mass Media Bureau, predicting that order extending daytimer hours would be ready for Commission action by summer. Russell Eagan, counsel for Clear Channel Best. Service, charged extended hours for daytimers will cause increased interference to fulltimers, thereby enlarging underserved areas — primarily in rural areas and small towns, which for most part now receive nighttime service only from clear channels.

Harris 6.1-m Delta Gain dish was planted inside convention where it was put through motions controlled by Harris 9165 computer. Satellite Products Mgr. Mark Fehlig said buying at NAB in general seemed better than last few years.

Tribune Co. Bestg., plans to buy independent WGNO-TV New Orleans for \$21 million from General Media Corp., Rockford, Ill.

**TV & CRIME—AGAIN:** Familiar standoff between academics and networks over effects of TV violence was maintained Wed. at House Crime Subcommittee hearing, latest in series on crime & society being held by Chmn. Hughes (D-N.J.). Academics repeated complaint that TV is linked to aggressive behavior while networks claimed research is inconclusive. Focus of session was 2-part report released in 1982 by National Institute of Mental Health that attempted to link TV violence with crime.

All 3 networks contested researchers' findings. Philip Harding, dir.-special projects research, CBS, told House panel "there is still no convincing evidence that television violence creates criminals or increases crime in our society," claimed research still needs to be done that examines how TV directly contributes to real life crimes.

Subcommittee members appeared sympathetic to presentations by researchers. Rep. Sensenbrenner (R-Wis.) told witness Daniel Schorr, Cable News Network, blackout of violence, even on news shows, seems necessary. "I cannot agree," Schorr quickly responded. "That kind of thing only leads to censorship," adding networks should be encouraged to practice self restraint.

Orion's application with FCC to build private, transatlantic satellite system "challenges the fundamental underpinnings of the Intelsat Agreement and puts to a test the U.S. government's will to continue to support the existence of a single global commercial satellite system," wrote Intelsat Dir. Gen. Santiago Astrain in April 5 letter to State Dept. Other Atlantic satellite developments last week: (1) Comsat petitioned FCC to deny Orion's application. (2) Orion took case before Senior Interagency Group, asserted that system would be private, user-owned, un-common carrier: "There is no intention to sell service to anyone." Orion claims system will create "cost-effective, tailored facilities" necessary to support broad range of "communications-dependent economic activities" — everything from managing a company's overseas operations to distribution of video programming. Letter from Astrain revealed hard-line stance foursquare against Orion. System won't complement Intelsat, but "will enter into direct and destructive competition with Intelsat's service offerings," he claimed.

Accepting NAB's Engineering Award at the convention in Las Vegas, Joseph Flaherty, vp-engineering & development, CBS Bestg. Group, challenged NAB to "begin immediately putting into place effective machinery" to develop standards for new technology. He said such a group should maintain effective relationship with standards organizations, regulatory bodies and TV equipment manufacturers. He particularly cited high definition TV and digital TV standards, added: "The technological limitations of the past have largely disappeared. The development of solid state electronics and today's micro electronics, coupled with the development of rocketry and communications satellites, offer limitless potential for invention and growth in telecommunications."



**TV IN SENATE BATTLE RAGES ON:** Fight over bill by Senate Majority Leader Baker (R-Tenn.) and Senate Rules Committee Chmn. Mathias (R-Md.) to allow TV & radio coverage of Senate floor was continued at 2-day hearing before Mathias' committee, where opponents seemed unmoved by supporters' arguments and recommendation of special Senate commission that limited TV coverage be allowed. One critic, Sen. Ford (D-Ky.), promised effort to block bill with proposal of his own, still to be written, that would allow radio-only coverage. Arguments by opponents seemed to strengthen resolve of measure's authors to get proposal passed; Committee aides said Mathias wants markup to come first week in May.

At issue was SR-66 which calls for Senate to spend up to \$3.5 million on experimental TV & radio broadcast coverage of Senate, with cameras, run by Senate staff, to be focused only on presiding officer or person speaking on floor. Among supporters at hearing was Walter Cronkite, who argued cameras won't affect "decorum" of Senate, said cameras at political conventions have actually "vastly improved" decorum there. Critics appeared unmoved; leading opponent Sen. Long (D-La.), repeated his belief that cameras would be "harmful" to Senate because it would lead to "longer and more unnecessary speeches" and "self-serving remarks." Also opposing idea was columnist George Will who said "televising the Senate will strengthen all the wrong tendencies now affecting government." Arguments taxed Baker's patience, who said "the country's entitled to see us, warts and all."

Ford promised to try & block bill's passage with new proposal he is planning to offer at May markup that would permit radio-only coverage of Senate but cost chamber almost nothing to implement. Radio-only idea leaves future of TV & radio bill in doubt. Mathias appeared sympathetic to Ford plan, conceding proposal merits "serious consideration," statement that surprised observers at hearing.

Considered by Committee but apparently rejected was suggestion by Sen. Mattingly (R-Ga.) that panel make changes in way floor debate is conducted before allowing cameras in chamber to give Senate chance to spruce up image. Mattingly's arguments were buttressed by special report to Senate released earlier this month in which former members Pearson (R-Kan.) and Ribicoff (D-Conn.) recommended limited TV coverage for now, suggested greater camera coverage could come later if major changes in floor rules are made.

Launch of RCA's Satcom 1R went off without hitch last week from Cape Canaveral, Fla. Bird is technically backup for Alascom's Satcom 5, will have 22 preemptible and 2 protected transponders. Satcom 1R's protected transponders are taken up by audio digital distribution system (ADDS) shared by RKO, ABC, CBS & NBC.

Puerto Rico's WKAQ-TV (Ch. 2) San Juan is being sold by owners Fundacion Angel Ramos and Mrs. Argentina Hills to John Blair & Co. for \$55 million, subject to FCC approval. Howard Stark was broker.

**FCC OVERSIGHT HEARING COMING:** FCC commissioners could face heated questioning April 19 at oversight hearing by House Telecommunications Subcommittee, where sincerity of FCC's commitment to new services is expected to be challenged. Sharp questioning is likely to ensue over stalled startup dates for new services such as low-power TV, teletext and VHF & FM drop-ins. Letter FCC Chmn. Fowler sent to House in Jan. and testimony commissioners gave at March hearing before Senate Commerce Committee, which differ on timetable for implementing new services, is expected to fuel questioning. Senate staff are especially anxious that differences between letter and testimony be cleared up at House hearing.

FCC is seeking at least \$86.16 million for coming fiscal year, which begins Oct. 1 — increase of \$9.4 million over total funding it received for current year (Vol 23:6 p4). Senate Commerce Committee has already recommended \$88.9 million authorization level for agency, adding extra \$2.5 million to figure last month for new personnel to be used in speeding up processing. Money was added after FCC convinced Senate panel processing couldn't be hurried without more staff (Vol 23:13 p5).

House Subcommittee is expected to recommend similar authorization level but panel isn't likely to make decision hastily; staff said House members want to know why processing of applications for new services is taking so long. Discrepancy minority staff of Senate Communications Subcommittee wants looked at involves question of LPTV timetable. Letter Fowler sent in Jan. to Rep. Dingell (D-Mich.), chmn. of House Energy & Commerce Committee, said FCC expected to be granting 110 LPTV licenses per month by May 1. But Fowler downsized number to "25-35" per month in testimony at March hearing, claiming earlier figure was due to "a mathematical error made by a staff person computing the number of grants." Senate staff doesn't like that answer. "To blame it on staff is... absurd," one staffer fumed.

Monroe (Monty) Rifkin has bought cable systems in Fla. CSX Corp., Richmond, Va., sold systems which serve about 12,000 subscribers in Fla. to joint venture of Rifkin & Assoc., Denver, and Narragansett Capital Corp., Providence venture capital company. Rifkin is chmn.-elect of NCTA and former chmn. of ATC. Terms weren't disclosed. CSX systems operate in counties of Clay, Bradford & Nassau near Jacksonville.

**Another STV operation folds:** Satellite TV & Associated Resources (STAR) has been forced into bankruptcy by creditors. STAR recently shut down Boston STV operation and had sold its 5 MDS businesses. Named as major creditors are 3 movie studios — Paramount, 20th Century-Fox, Universal — and ad company Admarketing which claimed it's owed \$750,000.

**\$32-\$35 per month** is what consumers will pay for home information systems, including shopping, banking, budgeting and home security monitoring, says Booz Allen & Hamilton study of 700 consumers.



Rogers has snared 2nd Portland, Ore. area cable franchise, with awarding of 15-year franchise for Multnomah County, adjacent to Portland, to Rogers affiliate Cablesystems Multnomah East. Franchise area has 80,000 households. Another Rogers affiliate, Cablesystems Pacific, was awarded Portland franchise in 1981. System Rogers will build in county will have 59 channels, be interactive, will cost \$32 million and be completed in 30 months.

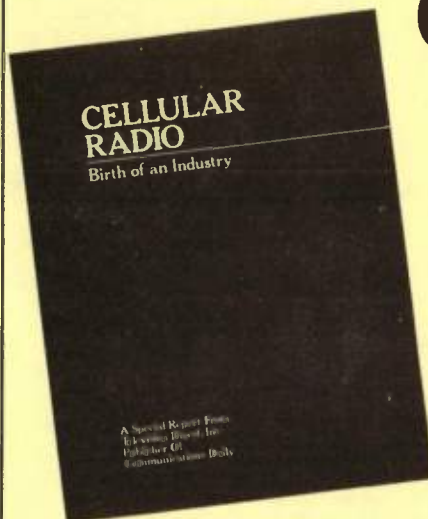
Bell Labs announced new laser which can be electronically tuned from one frequency to another, said it will have "dramatic implications for future generations of lightwave communications systems." For details of new "cleaved coupled-cavity" laser, see April 15 issue of Applied Physics Letters.

KOVR-TV Stockton-Sacramento is ABC affiliate for that market, not independent KRBK-TV Sacramento as we reported (Vol. 23:12 p7).

CBS is transmitting Extravision teletext magazine to 83% of country, according to CBS Vp-Teletext Albert Crane. Although 94% of affiliates have agreed to carry service, it's not yet available on West Coast due to equipment shortage. However, stations in Pacific Time Zone will begin receiving Extravision feed some time next month. Service began April 4 in rest of country.

CBS and NBC veteran Richard Salant was chosen pres. of National News Council, replacing Edward Barrett, former dean of Columbia U.'s Graduate Journalism School, who was pres. only 3 months. Independent group that serves as media watchdog, Council oversees disputes involving fairness and accuracy of news stories.

Messaging, paging & location would be handled by new satellite system proposed to FCC by Geostar Corp., Princeton-based firm.



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City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

## Personals

**Warren Baker** advanced to dir.-programs, NBC TV Stations Div... **Harry Plotkin** retires from Washington law firm **Arent, Fox, Kintner, Plotkin & Kahn**... **Robert Engelhardt**, chmn. of **Palmer Communications**, adds title of secy.; **Wayne Wisheart** promoted to treas., succeeding **Wayne Blick**, retiring; **Ronald Hall** advanced to controller & asst. treas... **Louis Briskman** advanced to vp-secy., **Westinghouse Bestg. & Cable**, succeeding **Harlan Rosenzweig**, who moves to **Group W Satellite Communications** as exec. vp; **Pamela Giddon**, ex-**ARTS**, named press relations mgr., new post.

**Joseph Franzgrote**, ex-**KBTB** Denver, named pres.-gen. mgr. of **WTCN-TV** Minneapolis, which was recently taken over by **Gannett**; **Lawrence Deutsch** replaces **Franzgrote** as vp-gen. sales mgr. at **Gannett's KBTB**; **Charles Bacon** moves up to vp & sales mgr... **James Saunders**, pres.-gen. mgr. of **Lin Bestg.'s WAVY-TV** Norfolk, moves to same post at **WOTV Grand Rapids** when **Lin** takes over that station, succeeding **Marvin Chavin**; **Michael McGrew** promoted to **WAVY-TV** gen. mgr., replacing **Saunders**.

**Patricia Sroka** promoted to station mgr., **WIVB-TV** Buffalo; **Sandy DiPasquale** named gen. mgr., succeeding **Sroka**... **Jack Parris** appointed vp-gen. mgr., **KGUN-TV** Tucson... **Leigh Anne Volas** promoted to news dir., **KSDK** St. Louis... **Ed Wacker** joins **WIBW-TV** Topeka as dir.-sales development, new post... **Jack Barnes** named chief engineer, **KOMO-TV-AM** Seattle... **WOR-TV** N.Y. opens 4-person news bureau in **Trenton, N.J.** April 20 with **Brenda Flanagan** bureau chief (**Capital Plaza Hotel**, 240 W. State St.).

**Terry Hanson** advanced to sports dir., **WTBS** Atlanta; **Don Ellis** moves up to sports exec. producer... **Robert Rierson** promoted to dir. of programming, **Turner Program Services**; **Charles Bonan**, ex-**Interpublic Group of Companies**, named European sales mgr... **Nancy Hamilton** advanced to vp-operations, **Group W Productions**; **Carol Strond** named vp-research.

**George Thomas** promoted to mgr.-broadcast operations, **Mutual**; **Dean Tsutras** appointed operations mgr.; **David Wilcox** moved to mgr., **Mutual's MultiComm Operations**... **Dennis Ellis** named vp-controller, **Viacom International**; **Nancy Robbins** advanced to senior vp, **Viacom Cable's** western district... **Roland Waddell**, ex-**Barnes, Rue & Assoc.**, joins **Weather Channel** as central mountain region affiliate mgr... **Robert Hale**, ex-**Cox Cable Communications**, named vp-mktg., **CableEntertainment**... **Debra Disch** promoted to **Middle Atlantic** mktg. supervisor, **TV Guide**, new post.

**David Mumford** moves up to vp-TV research, syndication & network, **Columbia Pictures TV**; **Aaron Khristeus** to mgr.-contract administration; **Mitchell Sallitt** to west coast sales exec., **Columbia Pictures TV Distribution**... **Paul Steinle**, ex-**KING-TV** Seattle, appointed news & operations vp, **Financial News Network**... **Rita Melniker** promoted to sales administration dir., **Showtime**; **Arthur Overton**, ex-**General Foods**, succeeds her as western regional

dir... **Disney Channel** opens east coast office at **Walt Disney World** headed by **Programming Mgr. Suzy O'Hara**.

**Bruce Hoban**, ex-**Cable TV Advertising Bureau**, appointed dir. of research, **Warner Amex Cable Communications**... **Jacque Grudman**, ex-**WABC(AM)** N.Y., named mgr. of mktg. & research, **RAB**... **Arden Tyler** named gen. mgr., **Seattle system**; **Brett Rios** becomes gen. mgr. of **Salem, Ore. system**... **Canadian National Health and Welfare Minister Monique Begin** addresses April 26 luncheon hosted by **Washington, D.C. chapter of American Women in Radio & TV**.

**Stanley DiCicco**, ex-**Peat Marwick Mitchell**, named chief financial officer, **Marcus Communications**... **Lee Perryman** advances to broadcast exec. for **Pa., N.J. & Del., AP**; he's succeeded by **David Williams** as broadcast exec. in **Fla.**... Elected to board of **Best. Education Assn.**: **Robert Smith**, **Temple U.**; **John Abel**, **Mich. State U.**; **Edward Jasuta**, **Central Tex. College**; **Paul Prince**, **Kan. State U.**

**Albert Halprin & Leon Kestenbaum** leave **FCC** to form **Kestenbaum & Halprin**, **Washington consultancy and law partnership** (1835 K St. NW, **Washington, D.C.** 20006, 202-467-5807); **Halprin** served as chief of policy & program planning in **Common Carrier Bureau**, while **Kestenbaum** was **Bureau's** deputy chief for policy... **Philip Rubin**, chief scientist at **CPB**, leaves April 18, plans to consult and pursue private business interests... **Earl Barbely**, ex-**FCC**, appointed dir., **Office of International Communications, State Dept.**... **Mary Jane McKinven** advanced to public information dir., **PBS**, replacing **Nancy Neubauer**, now with **Mutual Bestg.**

**NCTA** and **NLC** are exchanging information but little progress has been made in resolving **National League of Cities'** reservations about compromise reached with **NCTA** on cable deregulation. **Bill (S-66)** by **Sen. Goldwater (R-Ariz.)** embodying accord is scheduled for markup April 21 by **Senate Commerce Committee**. **NLC** spokeswoman said: "From our perspective, these issues... must be worked out prior to markup if we are to continue supporting the bill." **NCTA Pres. Thomas Wheeler** last week sent letter to **NLC** responding to issues raised in letter to him by **NLC Chmn. Charles Royer, Seattle mayor** (Vol. 23:15 p8). **NCTA & NLC** declined to describe **Wheeler's** letter in detail, but **Pols** characterized it as "inflexible." According to **NLC**, "Wheeler addressed each of the points in **Royer's** letter and dismissed each of them." "We're talking to them," said **NCTA** chief negotiator **James Mooney**, "and I hope to convince them that this business about 'inconsistencies and ambiguities' is really not as serious as they think it is. If there are some, we would like to ease their task to the greatest degree possible, but we're not inclined to make changes in the substance of the agreement."

**WRGB (Ch. 34)** **Campbellsville, Ky.** has gone on air, raising **U.S. operating TV station** total to 1,116 — 822 commercial, 294 non-commercial. Station is 100% owned by **Billy Spear**.



FCC started looking into call letter assignment rules for TV, AM & FM stations. Under proposed rulemaking approved April 7, Commission would process and grant all call sign requests, letting local courts determine if a station shouldn't use particular set of call letters for reasons of confusion. If court decides call sign shouldn't be used, FCC would assign another. However, if commissioners choose to have FCC continue to resolve disputes, standard for changing call letters would become "clear and convincing likelihood of public confusion," rather than current "significant likelihood of public confusion." Other suggested changes: (1) Eliminate requirement that applicants for new or modified call signs notify all stations within 35 miles of community of license. (2) Shorten from 30 days to 15 period following public notice during which objections may be filed if complaints aren't transferred to local courts. (3) Modify requirement that only commonly owned stations assigned to same or adjoining communities can request conforming basic call signs. (4) Drop 15-day period during which requests for relinquished call letters may be filed and grant such requests on first-come, first-served basis. (5) Eliminate rule that forbids reassignment of call signs in same community until 180 days after they were relinquished, except to same licensee or its successor. (6) Drop prohibition against assigning call letters using initials of President, living former Presidents, U.S. or any federal agencies or departments without "suitable clearance."

Adams-Russell Cablesop, 24-hour cable ad service which enables viewers to schedule commercials by phone, will make national debut mid-Sept. with 8 systems in 7 markets, representing 250,000 subscribers. Expanding from experimental base in Peabody, Mass., Cablesop will go to systems in Atlanta, Boston, Chicago, Detroit, Erie, Pa., L.A. J. Walter Thompson co-sponsored test, is working with Adams-Russell in bringing advertisers & agencies from that project to fullscale service.

Start of videotex in West Germany has been delayed for at least 6 months at request of IBM, which holds \$20 million prime contract to set up network. German PTT had scheduled start of regular Bildschirmtext service in Sept. 1983 after 3-year trial run in Dusseldorf & Berlin with about 9,000 participants. IBM asked PTT for time for further tests. System uses CEPT standard, which has been adopted by all West European nations.

In deal worth \$20 million, HBO and BBC have set terms for co-financing & distribution rights of 6 feature films, according to Gunnar Rugheimer, BBC controller of DBS acquisition & programming. Arrangement is "informal," he told us: "The only formality is to agree on what we will do if the other aborts on a project." First project is due by year's end, rest to be completed in 1984.

TV-Cable Week adds Independence & Kansas City, Mo., Grand Rapids, Mich. in June, to Arlington & Austin, Tex., Audubon, N.J., Ft. Lauderdale & Pompano Beach, Fla., Peoria.

United Cable TV has sold 150,000 shares of preferred stock for \$15 million to 3 insurance companies in private placement. United said shares have face value of \$100, are convertible into 3.33 common shares.

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# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended April 1 (13th week of 1983):

	MARCH 26- APRIL 1	1982 WEEK	% CHANGE	MARCH 19-25	1st QTR. 1983	1st QTR. 1982	% CHANGE
TOTAL TV#.....	427,714	358,501	+19.3	335,768	4,353,215	3,980,435	+ 9.4
COLOR#.....	284,471**	225,319	+26.3	248,718*	3,042,478*	2,635,957	+15.4
MONOCHROME....	143,243	133,182	+ 7.6	87,050	1,310,737	1,344,478	- 2.5
PROJECTION TV...	2,195*	1,189	+84.6	2,021*	31,981*	19,803	+61.5
HOME VCR.....	69,573*	23,502	+196.0	45,859*	729,565*	374,833	+94.6
COLOR CAMERAS...	8,000*	3,527	+126.8	4,663*	74,418*	59,817	+24.4

Color TV 5-week moving average: 1983--247,605\*\*; 1982--202,181 (up 22.5%).

Home VCR 5-week moving average: 1983--53,300\*; 1982--28,231 (up 88.8%).

# Excludes projection TV. \* Record for period. \*\* Record week and best week of year.

**3-MONTH COLOR SALES AT 12.9-MILLION RATE:** Sales to dealers barreled through first quarter, picking up momentum as they went along. Color's annual rate, seasonally adjusted, was at 12.9 million, VCR at nearly 3.8 million. March was 2nd best month in history for both products, color sales exceeded only in Sept. 1980, VCR in Dec. 1982.

First-quarter sales records were set not only by color (up 15.4% from year earlier) and VCR (up 94.6%), but by projection TV (up 61.5%) and color cameras (up 24.4%). Although monochrome was down 2.5% for quarter, it managed to show 7.6% gain in March. For first quarter numbers, see State of the Industry, above.

March saw color sales at huge 1,238,027, according to EIA figures, up 22.5% from year ago and 14.9% above of record for any March, set in 1980. Sales gained strength monthly, running at annual rate of 12.7 million in Jan., almost 12.9 million in Feb., 13 million in March. VCR sales have been fabulous for entire first quarter, annualized at 4 million in Jan., 3.9 million in Feb., 3.55 million in March. Projection TV set record every week in first quarter, but jury is still out on whether pace will be maintained when clearance inventory is gone. Color camera sales, though at record, have failed to keep pace with VCR. In first quarter last year, one camera was sold for every 6.25 VCRs; this year it was one in 10.

As 3rd quarter ended, cumulative sales of home VCRs since market opened in 1975 passed 6 million. Deducting allowances for inventories, re-exports, sales for non-consumer uses, we reckon video recorders are now in at least 5 million U.S. homes. Furious sales pace of first quarter can be expected to slacken somewhat now and through summer because of growing shortages and firming prices. It's estimated that street price of most low-end VCRs has gone up about \$50 since early Jan.

Inventory data show that VCR supply is now hand-to-mouth situation. At end of March, pipeline (factory plus distributor) inventories totaled just over 276,000 units, equal to about 5-week supply at current sales rate and lowest since June 1981. This is down more than 50% from year ago and represents drop of nearly 15% in inventories during March. Factory stocks fell below 175,000, drop of 55% compared with year earlier and 17% decline during month. In distributor hands were some 101,000 units, down 43% in year, more than 10% during month.

Color inventories, too, are dwindling, but situation is healthy, with 11-week supply. At end of March, there were about 2,592,000 sets in pipelines, lowest number in 2 years and down 14% from year earlier and some 2% during month. Factory stocks were 1,623,000, representing 13.5% decline from year earlier, 2.4% during March, while distributors held just under 970,000 sets, 10.6% below 1982 figure, 2% less than at end of Feb.



EIA compiles, but doesn't release, videodisc player figures, delivering them quarterly to participants in its survey. Data haven't been delivered yet, but knowledgeable sources estimate first-quarter sales to dealers totaled close to 75,000, compared with some 45,000 in last year's first quarter. For other products, here are EIA's March figures:

Product	March 1983	March 1982	% change	March 1981
Total TV.....	1,782,904	1,517,123	+17.5	1,570,483
color.....	1,238,027*	1,010,906	+22.5	992,320
monochrome..	544,877	506,217	+ 7.6	578,163
Projection TV..	10,896*	6,233	+74.8	7,480
Home VCR.....	266,501*	141,154	+88.8	102,926
Color cameras..	26,497*	22,188	+19.4	11,917

\*Record for any March

**SONY CHOPS PRICES FOR 'MORE COMPETITIVE' TV:** Prices on Sony's entire color TV line will be cut this spring to achieve "more competitive pricing level," Consumer Products Pres. Joseph Lagore said at advance press showing of new models at Park Ridge, N.J. hq last week.

The 6 new models introduced were \$70-\$260 below predecessors (12-30%) in list price. Prices of all holdovers will be adjusted to conform, said Senior Sales Vp Ed Adis. Sony will continue to be "premium-priced line," Lagore explained, "though not quite so premium at some price points." Goal, according to Adis, is to maintain 15-20% list price premium over RCA & Zenith in key models, rather than "the 30, 35 & 50% difference" to which line had drifted in recent years as price competition heated up.

Sony introduced first Beta Hi-Fi VCRs at \$900 & \$1,500, new slimline VCR at \$600, its first 13" TV, its first autofocus camera, first AM stereo radios, formally launched its digital CD audio disc player at \$900.

Sony's first 13" is innovative on several counts — it's "game-ready" model introduced in Japan last month, has 75-ohm RF connector on front for games, VCRs, etc., special "HIT" button (for "Home Interface Terminal") to tune to add-on video product, in effect actually another tuning pushbutton (it can be adjusted to Ch. 2-6). It has new version of Trinitron tube with flatter face, designed to compete with Toshiba-developed FST (flat square tube) — Trinitron has had extremely square-cornered picture all along. It's priced at \$400, down \$70 from last year's 12" leader.

Two new 19" leader models are \$530, down \$70 from last year's starting price in that size, and 19" remote leader with sleep timer is \$630, compared with remote starting price of \$760 last year. New 26" remote leader console is \$630, down \$260 from comparable 1983 model, and with addition of new "Dynamic Focus," quadrapole lens adjustment outside picture tube for overall sharp focus.

VCR line now has 7 models, top being super-deluxe slimline unit with 107-channel random-access tuning, full remote, Beta Hi-Fi. Existing leader, which is occasionally advertised at \$399, is continued. New version of front-load slimline design, formerly featured only on high end, has 4-function wireless remote, at \$600. Full-function 2-piece portable system has been reduced from \$1,500 to \$950. Infrared thru-lens autofocus Trinicon camera is \$1,300. New version of rear projection system has 2 redesigned tubes for "40% sharper focus," with holdover projection sets reduced dealer price. New Profeel monitors, 19" & 25" have RGB inputs for computers, are \$850 & \$1,500, with \$80 adaptor accessory to connect either of them or hold-over 12" unit to IBM personal computer.

Among 21 new audio products, new 4-system AM stereo radio portable is \$90, presumably first in series of AM stereo products using new chip (see report elsewhere in this issue). Also introduced were more Walkman & related products, including equalizer and solar-powered loudspeakers for Walkman, water-resistant Walkman models. Series of high-end stereo

components will be advertised as "digital-ready." Tiny portable turntable, which slips around record, weighs only 4 lb., plays discs horizontally or vertically, is priced at \$150.

Although not being shown this spring, Beta Movie one-piece camera-VCR is definitely scheduled for introduction late this year after May debut in Japan, Consumer Video Mktg. Vp Osamu Naka said, in response to question. Reasoning is that since it's record-only system its appeal is only to existing Beta owners, so it doesn't compete with 8mm video. Naka said he couldn't give any schedule for 8mm introduction.

"It's no secret we've had a tough time" in price-oriented market, Lagore said at news conference, but added that March was considerably ahead of 1982 and "April was at least as good." One official told us Sony's March VCR sales were 50% above target, expressed concern over how much of that stemmed from dealer double-ordering in time of shortage rather than consumer demand. He said Japanese industry was preparing for major production increase that would end short supply situation by July, expressed fear that wrong signals from U.S. market could result in excess production, bring back price collapse of last summer. Sony officials reiterated that there were no plans to introduce consumer videodisc players this year.

\* \* \* \*

Sony made good its threat to prosecute bait-&-switch dealers (Vol. 22:52 p8), last week filed complaint in N.Y. State Supreme Court asking injunction against Howard's Appliance, Massapequa, N.Y., which it charged used such tactics.

**COLOR TV, VCR IMPORTS RESUME RISE:** Sharp gains were posted in Feb. for imports of complete color TVs and VCRs, though in case of latter, increase wasn't enough to make up for steep decline logged in Jan., according to Commerce figures.

Month's VCR shipments of 224,500 were up 72.3% against abnormally low 130,300 in Feb. 1982, closed out 2-month period at 404,300, down 5.1%. Total TV camera imports were up 11.6% in month to 33,400, as color rose 12% to 28,300, b&w increased 9.1% to 5,000. For 2 months, total cameras were down 13.1% to 70,200, with color off 18.2% to just under 56,000, b&w up 15.4% to 14,200. New breakout this year shows imports of color cameras valued at less than \$2,500 were 25,500 & 52,600 for those same periods. Videodisc player imports fell 83.6% in month to 1,500, were down 87.6% to 2,500 for Jan.-Feb. Month also saw import of 2,100 projection TVs, up 3%, for 2-month total of 6,200, down 15.3%.

Feb. import total for complete & incomplete TVs was virtually unchanged from Jan. at 752,300, as color rose 34.6% to 434,900, setting new record for month, and balancing out effect of 26.1% drop to 317,400 for b&w. For 2 months, total imports were down 8.5% to 1.51 million, with color up 29.8% to 835,100, b&w down 33% to 674,000.

Biggest color jump came in complete sets, up 59.5% to 221,100 on strength of sharp gains by Japan & Taiwan, while shipments from Korea were off slightly. Two-month total of 470,900 was up 58.9%. Imports of color chassis & kits rose 15.9% in month to 213,800, as imports from Mexico & Singapore both more than doubled, were up 4.9% to 364,100 for 2 months. Total for incomplete color includes tube-inclusive kit imports from Mexico of 27,000 for month, 30,600 for 2 months, and it's presumed essentially all are from Matsushita's Tijuana plant, where company builds chassis and puts together kits using imported tubes for final assembly in Franklin Park, Ill. Practice is being challenged at Customs level by COMPACT, which charges Matsushita adopted system to evade normal 15% duty on tube imports. Kits, like finished TVs, are dutiable at 5%.

In b&w, imports of complete sets fell 26.6% to 325,300 in month, were down 33.3% for 2 months to 671,400, with all sizes sharing in decline. Sets 10" & under were off 38.9% to 68,400 for month, down 39.6% to 153,300 for 2 months, while for same periods, larger sizes were down 22.2% to 246,900 and 31.2% to 518,200 for same respective periods. In Feb., imports of tinyvision, combinations were down 39.3% to 34,000, others were off 38.6% to 34,400; 2-month respective totals were 71,600, down 44.5%, and 81,700, down 34.5%.



**HITACHI VCR SPEEDUP:** Hitachi has advanced by 3 months startup schedule for VCR plant in Germany. Company said it will begin output at 5,000 monthly rate in Oct., instead of Jan. as originally planned.

Europe now has 3 Japanese VCR manufacturing operations, biggest being JVC-Telefunken-Thorn EMI venture J2T Holding, producing 30,000 monthly in Germany and U.K. Sony is producing 5,000 monthly, Matsushita-Bosch venture 2,500, both in Germany. In 4th quarter, Mitsubishi & Sanyo are expected to be assembling 5,000 monthly in U.K. plants. Next year should see Akai producing in France, Fisher in Germany, Sharp in U.K., and Mitsubishi is scheduled to have 2nd U.K. plant in operation. By end of 1984, Japanese are slated to have capacity to turn out more than million VCRs annually in Europe. In addition, Thomson-Brandt should have VHS VCR assembly plant on stream in France.

Fullscale assembly will probably require some adjustment in 3-year EEC VCR export quota agreement worked out last Feb. (Vol. 23:8 p11). For this year, Japanese will limit shipments to about 4 million complete VCRs, 500,000-600,000 kits. Presumably, EEC would have no objection to revised formula that would increase assembly, and jobs, in Europe. As part of deal, Japanese pledged to help Philips and Grundig move at least 1.2 million V2000 VCRs this year, giving that format about 20% of projected 5.75 million market at new supply level. That would represent something of decline for V2000, which accounted for about 24% of market last year, putting it distant 2nd to 60% share of VHS, but ahead of 16% held by Beta.

At least one sore spot in Japan-EEC trade relations is being healed. France says it will drop requirement that all VCR imports be cleared through inland customs port at Poitiers, but hasn't specified date. EEC had promised end to system, adopted last fall to dramatize France's unhappiness with growing deficit in trade with Japan, as well as withdrawal of VCR dumping complaint filed with EEC by V2000 marketers, if Japan would go along with export quota.

**Strong sales gain for recorded cassettes** nearly balanced out continued softness in other recorded music formats last year, according to RIAA figures that show 1982 industry shipments of 575.6 million tapes and records, down 3.1%, with retail value of \$3.59 billion, down 0.9%. Bright spot was tape sales, with units up 13.2% to 196.9 million, at \$1.42 billion, up 11.7%. Cassettes accounted for virtually all action, with units up 47.7% to 183.2 million, value up 44.5% to \$1.38 billion. Sales of 8-tracks fell 72.6% to 13.7 million at \$36 million, down 88.5%. Steep decline in record sales, started in 1980, moderated significantly in 1982, with units off only 9.8% to 378.7 million, value down just 7.7% to \$2.18 billion. Albums were off 11.5% in units to 241.5 million, down 9.8% in value to \$1.89 billion. Value of singles shipped rose 15% to \$283 million, though units were off 6.7% to 137.2 million. RIAA said new method was used in calculating 1982 results, and that if it had been applied to 1981 figures, last year's total sales would have been off 9% in both units and value.

**1ST QTR. AT-A-GLANCE:** Here's summary of EIA monthly video sales-to-dealer figures for first quarter 1983, with 1982 comparisons:

TELEVISION SALES TO DEALERS

Month	Total		Color		Monochrome	
	1983	1982	1983	1982	1983	1982
January	1,217,771	1,187,637	870,304	802,131	347,467	385,506
February	1,352,540	1,275,675	934,147*	822,920	418,393	452,755
March (5 wks.)	1,782,904	1,517,123	1,238,027*	1,010,906	544,877	506,217
TOTAL	4,353,215	3,980,435	3,042,478*	2,635,957	1,310,737	1,344,478

PROJECTION TV SALES TO DEALERS

Month	1983	1982	Month	1983	1982
January	11,127*	7,052	March	10,896*	6,233
February	9,958*	6,518	TOTAL	31,981*	19,803

HOME VCR AND COLOR VIDEO CAMERA SALES TO DEALERS

Month	Home VCRs		Color Cameras	
	1983	1982	1983	1982
January	216,267*	110,712	24,518*	18,563
February	246,797*	112,967	23,403*	19,066
March (5 weeks)	266,501*	141,154	26,497*	22,188
TOTAL	729,565*	374,833	74,418*	59,817

\*Record

Personal video will be crowded field this year if all companies go ahead with plans. Latest is 1.5" LCD pocket portable stereo-FM-AM headphone radio combination slated to be introduced at June CES in Chicago by Exp Research. Produced by EP's Japanese affiliate Weston, set measures 4.75x3x0.75", carries \$270 list. Sony is due to introduce new version of 2" flat-tube Watchman this fall, with price expected to be around \$300 (Vol. 23:14 p14); Casio's 2.75" \$200 LCD is scheduled for summer delivery (Vol. 23:2 p22), as is 1.2" wrist LCD from Seiko, which just announced \$420 model, down \$80 from one introduced at end of last year. Sanyo has said it expects to have 3" & 4" LCD TVs late this year, and Hitachi, Matsushita and Toshiba have development efforts. Still being awaited is 3" flat-tube TV from U.K.'s Sinclair. Now year behind schedule, company says it will list for less than \$100.

Atari is suing founder Nolan Bushnell, former Pres. Joseph Kennan and company they founded, Pizza Time Theatre, for contract breach. Suit charges they violated agreement, signed in 1976 when Atari was acquired by Warner Communications, not to compete in or develop videogames until Oct. 1985. Atari is seeking unspecified damages and injunction. Earlier this year, Bushnell told us he plans to launch new company, Sente, to produce new generation of arcade & home videogames as soon as pact with Atari runs out (Vol. 23:11 p16).

**Programming notes:** CBS Software is being formed as joint venture of CBS Columbia and Publishing Group to develop, license, produce & market computer software for consumer & educational markets. Computer game software, formerly handled by special Columbia Group unit, will be shifted to Video Games operation of Group's Toy Div... Atari signed long-term agreement giving it first refusal on home computer & videogame rights to arcade games developed by Williams Electronics.

**COMPUTER WAR RAGES:** Commodore has fired yet another salvo in raging home computer price war that last week appeared to have claimed 2 casualties: low-end computer that was to have been introduced by Texas Instruments, and new generation Odyssey Command Center, which has been put back on drawing boards by North American Philips Consumer Electronics.

Shocker from Commodore, which week earlier introduced package deal that effectively lowered retail price of its leader VIC 20 console to \$99 (Vol. 23:15 p18), announced \$100 rebate on step-up model 64 to consumers trading in old videogame or computer. That puts street price at just \$299, which is where VIC 20 was just 6 months ago, and \$450 under discount price for Atari's new 64K model 12000.

Commodore said it's now turning out 64 consoles at 40,000 per month, double Dec. rate, and 8 times what it was producing at introduction last Sept. Company said results in fiscal 3rd quarter to March 31 will be at least double those of same 1982 period when it earned \$11.2 million on sales of \$82.1 million.

TI confirmed that price of 99/A home console dropped to \$150 from \$250 when \$100 rebate offer expired April 15, and that \$50 rebate, dropping effective price to \$100, is due June 1. Result is hold being placed on \$100 99/2 4K console it unveiled at last Jan. Consumer Electronics Show for delivery this summer. TI said it has told catalog merchandisers not to include it in upcoming books. Company indicated that 99/2 may be test marketed at various prices, offered for other than home computing uses.

Odyssey Command Center console, which was to hit market this month at \$185 with computer adaptor at \$200, has been pulled back for year of redesign. "We are convinced that the computer capability must be built into the new Odyssey unit rather than as an outboarded capability, as announced in Dec.," said Odyssey Vp-Gen. Mgr. R.W. (Mike) Staup. Revamped unit is slated for first quarter next year, according to Staup, who said there would be further announcements on Odyssey at June CES. Another casualty is \$200 hand-held 4K computer from Commodore. Company said conditions aren't right for introduction.

Software isn't immune from situation. Imagic will offer free \$16 Zircon joystick for Atari 2600 videogame to purchases of upcoming No Escape cartridge.

Debt rating on some Warner Communications issues were lowered notch last week by Moody's. Moody's said action was because of sharply lower profits at WC subsidiary Atari stemming from proliferation of competitive hardware and software products and changing consumer preferences."

Joseph DiFiglio, who pleaded guilty to 3 fraud charges arising out of accusation of extortion & kickbacks during his tenure as Sampo sales & mktg. vp (Vol. 22:12 p15), was sentenced last week in L.A. Dist. Court to 5 years probation, 6 months in "jail-type institution," and 500 hours of community service, sentence to start May 15.

**VCR ECONOMY RANKINGS:** Revised table of VCR systems in order of tape economy shows Philips-Grundig V2000 in No. 3 position at 5.7 sq. ft. of tape used to record for hour, just after VHS at slowest (EP) speeds. Mathematical error in our table April 4 misstated V2000's tape economy. Although V2000 uses 1/2" tape, Philips prefers to refer to it as 2x1/4, since it records two 1/4" tracks. We regret the error in our previous table. The one which follows should be substituted for it.

System	Speed (ips)	Tape width	Sq. ft./ hour	Recdg. time*
8mm.....	0.56	8mm	4.5	1.5
VHS-EP.....	0.44	1/2"	5.5	8.0
V2000.....	0.92	2 x 1/4"	5.7	8.0
Beta III...	0.53	1/2"	6.9	5.0
CVC (Funai)	1.26	1/4"	7.9	1.0
VHS-LP.....	0.66	1/2"	8.2	5.3
Beta II....	0.79	1/2"	10.3	3.3
VHS-SP.....	1.31	1/2"	16.4	2.7
Beta I.....	1.57	1/2"	20.5	1.6
U-matic**..	3.75	3/4"	93.8	1.0
Quad**.....	15.00	2"	750.0	750.0

\*In hours, longest available tape.

\*\*At original standard speed.

**ZENITH PLANT CLOSING:** Continuing major cost-cutting consolidation program started in 1981, Zenith announced it was shutting parts plant in Paris, Ill. at year end, shifting work to existing facility in Mexico.

Paris plant, which started making color TV components in 1961, had peak employment of about 600. It's now used mainly to rebuild circuit modules for repair, employs about 180. Zenith said it will shift about 60 workers to Chicago, help others seek import adjustment assistance from Labor Dept., and sell or lease plant.

Zenith said decision to close plant was made reluctantly, and stemmed from study showing its continued operation "is not economically feasible." Move, company said, is part of "continuing aggressive programs to cut costs" made necessary by unsatisfactory operating results.

Major Zenith moves since 1981 include departure from audio business and closing of related 1,000-employee Watsontown, Pa. plant, shift from Chicago of all color TV assembly to Springfield, Mo. at net loss of about 800 jobs, and to Taiwan of data display terminal production, trimming 200.

New generation of smaller & simpler LV optical consumer videodisc players may finally be close at hand, thanks to experience gained with CD audio disc. In Japan, Sharp announced it will supply semiconductor lasers to Philips for videodisc players. Laser actually is smaller than those currently used in CD players. Life is claimed to be 10,000 hours. It's believed next major model change by both Pioneer and Philips will be to solid-state laser versions of LV players.



**'STARTLING CHANGE' IN TV:** "Internally generated signals" which don't depend on outside transmission — VCRs, videodiscs, games, computers — are resulting in "startling changes in TV set usage" which should be "more than enough to sustain the current high levels of TV sales throughout the balance of the '80s."

This is conclusion of David J. McCarty & Assoc., Indianapolis, based on study & forecast of new uses for TV sets. By implication, it indicates new uses are at least partially responsible for current TV boom. By 1987, McCarty says, impact of new internal & external signal sources on consumer electronics market will be "truly remarkable."

TV set usage will rise from 7.8 hours daily in 1982 to 12 hours per household in 1987, most of increase coming from in-home signals, according to study, which forecasts that 1/4 of average day's TV set usage will be devoted to internal signal sources — 3.1 hours daily, or 25.8% of viewing time, compared with 0.8 hours and 10.3% in 1982.

Average hours of TV set use will total more than 24 hours daily before year 2000, McCarty predicts, as result of "multiple usage of different sets in different rooms of the home by different people." Study sees network viewing dropping from current 5.2 hours to 4 hours daily — but its percent of viewing time falling to half of today's 66.7%, as use of TV sets expands to encompass more home-generated signals. In 1987, he sees VCRs & computers as leading in-home signal sources, each occupying TV set an hour daily, with videodiscs & games as runners-up.

Leading external signal source, after network broadcasting, will be pay cable, occupying 12.5% of TV set time, followed by local independent stations with 6.7%, basic cable and 2-way services as runners-up with less than 6%. Here are McCarty's data for 1982 and projections for 1987:

	1982		1987	
	Average Hours	% of Time	Average Hours	% of Time
TOTAL TV USE...	7.8	100.0	12.0	100.0
External.....	7.0	89.7	8.9	74.2
Network.....	5.2	66.7	4.0	33.3
Other.....	1.8	23.0	4.9	40.9
ind. sta...	--	--	0.8	6.7
PBS.....	--	--	0.4	3.3
basic cable	--	--	0.7	5.9
pay cable..	--	--	1.5	12.5
2-way.....	--	--	0.7	5.8
STV.....	--	--	0.3	2.5
DBS.....	--	--	0.5	4.2
Internal.....	0.8	10.3	3.1	25.8
VCR.....	--	--	1.0	8.3
videodisc...	--	--	0.7	5.9
games.....	--	--	0.4	3.3
computers...	--	--	1.0	8.3

"Career Opportunities in TV & Video," by Maxine & Robert Reed, is new guidance book published by Facts on File, 460 Park Ave. S., N.Y. 10016 (\$19.95 hardcover, \$9.95 paper).

**NAP, GE NET UP:** North American Philips reported 5.9% rise in first quarter net on 9.2% sales rise, but said that excluding operations of lightbulb business acquired from Westinghouse earlier this year, sales were up 4.2% (see financial table).

Consumer electronics and professional products were major contributors to sales increase, while improved earnings from electrical & electronic components and lower interest rates helped bottom line. NAP said earnings from consumer electronics were down, performance of Odyssey videogame business being primary factor.

GE credited reduced fixed costs for 12.7% rise in first quarter net on sales increase of just 1.2%. Company said earnings from Consumer Products Sector were up sharply because of recovery in demand for major appliances.

Daewoo, Korean conglomerate, reported 1982 consolidated earnings of \$37.6 million on sales of \$3.35 billion. Only 7 of company's 43 domestic & foreign subsidiaries & affiliates had results fully consolidated. Daewoo said TV maker Taihan, acquired earlier this year, is operating at loss, will require additional investment for turnaround.

Inmos, U.K.-financed advanced IC producer, said it lost \$31.2 million on sales of \$20.9 million in 1982, against 1981 loss of \$19.9 million on sales of \$3.2 million. Losses stemmed from startup costs at plants in U.K. & Colo., but company says it will show profit on doubled sales this year if market picks up as it expects. Inmos says it holds about 60% of world market share for 16K RAMs, gets 80% of volume from customers in U.S. Company has already received \$92 million in govt. backing, says it still needs more financing, will try to raise it from private investors.

GEC-Hitachi set April 18 deadline for striking employees at its U.K. color TV plant to get back to work. In letter to workers, venture's management warned it must soon make decision on "whether the business continues or closes." GEC-H said it has posted deficit in each of its 6 operating years, including record \$8 million loss in year to March 31. Employees are protesting proposal for continuation of wage freeze, cut in bonus payments that company says that while it's willing to review wages next fall, it will make no promises now, and that economy moves are needed to relieve "critical financial situation."

Laser optical disc read-write storage system capable of holding 20,000 documents on 12" disc will combine NEC semiconductor laser system with 3M discs housed in caddy, result of 2-year collaboration between the firms. Deliveries will begin in Dec., according to NEC, which forecasts sales of 5,000 in first 3 years. Hardware price will be \$13,750. 3M hasn't disclosed disc price. Second-generation version, which will be erasable, is under development by the firms. Matsushita recently announced erasable optical storage disc system for delivery next year (Vol. 23:15 p16).

**AM STEREO—AT LAST:** If there's solution to problems posed by FCC's marketplace decision, it's probably multi-standard receiver — at least for time being — and Sony & Sansui last week announced that they'd have such sets this year. Both companies have chips which can receive Harris, Kahn, Magnavox or Motorola system transmissions.

Sony incorporated its chip first into 2-speaker portable radio at surprisingly low \$90, available in Aug. Set has switch to receive Kahn system, automatically adjusts to any of other 3. Sony plans to use chip in other products, depending on reaction to portable, and AM stereo Walkman is definite possibility. Sansui's chip was widely reported, and subject of simulated demonstrations at Jan. CES. It will be included in home tuner at \$400 and in car stereo, both to be available in fall. Sansui unit automatically tunes to whichever of 4 systems is being broadcast.

At NAB convention in Las Vegas last week, broadcasters hadn't yet heard about Sony unit, but much relief greeted Sansui's unveiling of decoder. They crowded Sansui booth between April 12 AM stereo sessions. Sansui consultant Gerald Lebow told session move was prompted by hopeless stall on AM stereo after FCC decision in March 1982 not to approve single standard, and after Delco decision to use Motorola system met with resistance from many broadcasters.

Orders were taken for more than 100 Sansui tuners from broadcasters (who got \$50 off retail price) at convention. Sansui tuner acts as great leveler, because it doesn't indicate which system it's receiving — just Nos. 1-4 (Sony's portable doesn't have any indicator) — approach has effect of minimizing debates from listener viewpoint since most listeners at NAB agreed all sounded good and relatively alike. "We suspect this is the way this industry is going to go," Lebow said. "Because the price is so cheap, because it works so well, there is no reason why any receiver manufacturer should... take the risk of making the wrong move when he can make a multiple systems receiver for the same price that works just as well."

Kahn, Harris & Magnavox lauded 4-system approach and congratulated Sansui on its quick response, though jockeying for broadcaster acceptance continued. Harris seemed to hold lead, claiming 160 orders by NAB's end, 56 shipped, about 30 on air, as many as 120 scheduled to be in operation by end of 2nd quarter. Kahn also has roughly 30 systems in operation, while Motorola and Magnavox each has less than 10.

Motorola not surprisingly was faintest in praise and only proponent to insist that single system was still preferable. "At some point we're going to want to have a single standard approach," said Motorola's Christopher Payne. But Harris Asst. Principal Engineer David Hershberger said 4-system decoder "obsoletes in advance" single-system receiver. "The marketplace is asking now whether Delco wants to make a multi-million dollar mistake by using radios that will be almost useless for AM stereo." Kahn

Pres. Leonard Kahn predicted Delco would have multi-mode decoders in cars by 1985.

Broadcasters were happy to "get on with AM stereo," as one radio engineer put it. Controversy isn't over, said others. "The arena of the contest will change, but the contest won't finish," said Magnavox consultant Robert Streeter. Kahn, early AM stereo pioneer, chortled: "I'm so pleased — this should be the end of it. No more meetings like this — now the the equipment can speak for itself."

Listeners preferred AM stereo to FM stereo in blind tests, one radio station found, in interesting sidelight to NAB session. Results of study were given by Engineering Vp Edward Buterbaugh of CKLW Windsor, Ont., who had requested tests by U. of Windsor. Listeners were tested on AM & FM stereo in cars & homes using Harris system. Study found 71% preferred AM, 21% FM, rest had no preference. Assuming \$200 base price for car radio, 77% said they'd would pay more for AM stereo, 71.7% would pay 25% more, 45% would pay 35% more. (Copies available from Buterbaugh, CKLW, Southfield, Mich.)

**WARNER ON ATARI:** Though increased competition resulted in sharp erosion of Atari's market share of cartridges for 2600 videogame console, its unit shipments rose briskly in 1982, accounted for more than 50% of industrywide sales, parent Warner says in annual report.

Report estimates industry sales of programmable games & cartridges jumped 117% in 1982 to \$2.6 billion, and that 17% of U.S. TV homes, or about 14.1 million, had games at end of year, up from 8.5% at start, indicating 1982 sales of just over 7 million. Claim of historic 2600 console sales of more than 10 million give format about 71% market share.

Report says deluxe 5200 game console has been sellout since introduction last fall, situation that should be eased by increased production in 2nd quarter. It notes that all manufacturing of 5200 has been moved to Far East. Last Feb., when Atari announced it was moving all computer and 2600 console production to plants in Taiwan & Hong Kong, it was indicated some 5200 console output would continued in Tex. (Vol. 23:9 p12).

Report estimates industry sales of under-\$1,000 home computers, peripherals & software at \$1 billion in 1982, and year ended with 2 million in use. Though Atari Computer Div. sales jumped more than fourfold last year, and moved nearly every computer it made, increased price competition resulted in increased operating loss. Atari plans to introduce "a number of new computers" in 1983, and report says it expects number of available software titles to double to at least 4,000 this year. Report predicts computer operation will have 100% sales increase, show profit in 1983.

Coin-op video arcade game industry suffered 17% drop in unit shipments to 475,000, saw revenue fall 15% to \$850 million, report estimates. Atari's coin-op unit had 75% sales decline, posted loss, in 1982.



## Consumer Electronics Personals

Jeff Berkowitz, who resigned last Feb. as Panasonic Home Audio Group vp-gen. mgr., is expected to be new top exec. at Sanyo... Harry Elias promoted at JVC from Home Entertainment & Hi-Fi Divs. sales vp to senior sales vp, Consumer Electronics Divs... James Houghton advanced at Corning from vice chmn. to chmn., succeeding Amory Houghton, who shifts to exec. committee chmn., and will concentrate on new venture-capital group and activities of Corning Enterprises; Van Campbell promoted from senior vp to vice chmn. for finance & administration; Thomas MacAvoy shifts from pres. to vice chmn. for corporate technology. Operational function of pres. will be handled by presidents of new groups: Richard Dulude, Electronics & Telecommunications; Martin Gibson, Health & Science; William Hudson, Consumer & Industry.

John Sculley, ex-PepsiCo, joins Apple as pres., replacing A.C. Markkula, retiring but remaining as consultant and board member... John Stern, Sony human relations vp, adds responsibility for PR, succeeding Vp William Baker, resigned... Jay Eagle, ex-Yamaha, joins Proton as exec. vp... Edmund Auer named pres. of CBS Software; Henry Kaplan appointed exec. vp responsible for product development, mktg. & sales... Dianne Drosnes, ex-Activision PR dir., joins Campeau/Kermish (PR) as San Francisco office mgr. responsible for computer & videogame software & accessory accounts.

Stephen Milam, American Video Tape Mfg. pres., named pres. of affiliate Magnetic Tape International, both subsidiaries of Intermagnetics America... Nick Draklich, ex-Nostalgia Merchant, named Home Entertainment exec. vp, National Telefilm Assoc.; Susan Roberts becomes exec. asst., Philip Kromick dir. of production & mktg... Rupert Burks appointed systems dir., ABC Video Enterprises' Telefirst Entertainment Recording Service.

Keiske Yawata, NEC Electronics (U.S.) pres., Sho Nakanuma, technology senior vp and Charles Wood, former exec. vp of subsidiary Electronic Arrays and now corporate exec. vp-chief operating officer, named to new 3-man office of chief exec. in management consolidation; Richard Koerner appointed senior vp-gen. mgr., Microprocessor Div... Kenneth Selzer advanced at CTS to sales vp, assuming some duties of Robert Stackhouse who continues as mktg. vp... Douglas Rankin, ex-Inmos, joins Signetics as worldwide sales vp.

Zenith will make teletext decoders to sell for \$300 this summer, designed to pick up World Systems Teletext (British system), now being transmitted by Taft's WKRC-TV Cincinnati. Zenith has 5-year contract, first such deal between broadcaster and set maker, to produce receiving equipment "to meet market demand in the Cincinnati area." Company is also developing teletext module as part of its component TV system. Incompatible NABTS system being used by CBS & NBC requires more complex decoder. For details, see report in Broadcast section, this issue.

**NEW OPA PROGRAMS:** Laservision software development group Optical Programming Assoc. displayed 4 new interactive videodiscs in N.Y. last week, at same time showed venture is "alive & well," according to MCA Videodisc Vp Lin Oliver. Future of OPA had been placed in doubt in Dec. when MCA said it was pulling out as active participant, shifting interest instead to programs with potential in variety of video markets.

One program, Maze Mania, represents "2nd wave of product" designed expressly for LV features, said Oliver, wouldn't get MCA financial support if it had been proposed now. Program contains 4 adventure tales, allowing viewer to use computer branching along lines of Vidmax's Mysterydisc introduced last year. More in line with market strategy is Martial Arts, which MCA produced and first released on cassette. Oliver describes it as "more traditional" program, offering stop, slow motion, indexes, 2nd audio track. Others are History Disquiz, Joy of Relaxation.

MCA will invest where it thinks there's multiple payoff, isn't backing Quest, branching game disc with live actors due at year's end. It has \$300,000 budget, 50% more than other OPA projects. North American Philips and Pioneer Video will be picking up tab, with MCA in charge of production.

Oliver acknowledges such discs "don't sell as well as movies," but believes titles are doing as well as expected, said Kidisc and How to Watch Pro Football are steady sellers. OPA objective is to build library of "evergreens," she notes. "It will happen slowly." Speed, of course, depends on player population, which North American Philips expects to double to 150,000 this year.

Video software notes: Sears is eyeing re-entry into recorded cassette market because of lower list prices. Company discontinued products because it couldn't compete in rental... NFL Films Video survey of mail-order prospects indicates more than 90% are interested in highlights of favorite teams in specific years, very few in cheerleader exercise cassettes... ATI Video Enterprises expects to take 2nd stab at selling BBC programs in U.S. home video market by Oct. Drawn-out BBC-union negotiations in U.K. killed try in 1982... National Telefilm Assoc. is entering home video business. Broadcast syndicator has library of 1,500-1,700 movies, won't renew licensing agreements it has with independents.

Dual-mode VCR capable of playing back 1/2" as well as upcoming 8mm format recorded cassettes is in works in Japan, or at least that's impression of MGM/UA Home Entertainment Group Chmn. Cy Leslie. He said he was told of development work during recent trip to Tokyo, though he acknowledges "I can't say it's going to happen." Based on assumption that it will, Leslie sees possibility of hit recorded cassettes at \$25 list, pricing them on par with discs, making rental less attractive to consumers.

Following in footsteps of such other company heads as Frank Perdue, Lee Iacocca & Henry Block is Curtis Mathes, now starring in his company's TV spots.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>CBS</b>			
1983-qtr. to March 31	1,038,900,000	17,800,000	.60
1982-qtr. to March 31	979,400,000	15,700,000	.56 <sup>a</sup>
<b>GE</b>			
1983-qtr. to March 31	6,100,000,000	425,000,000	1.87
1982-qtr. to March 31	6,020,000,000	377,000,000	1.66
<b>General Instrument</b>			
1983-year to Feb. 28	974,317,000	102,181,000	3.34
1982-year to Feb. 28	957,059,000	90,029,000	3.01
1983-qtr. to Feb. 28	230,735,000	23,360,000	.76
1982-qtr. to Feb. 28	258,432,000	24,486,000	.81
<b>Gross Telecasting</b>			
1983-qtr. to March 31	3,276,766	786,981	.98
1982-qtr. to March 31	3,037,081	665,348	.83
<b>Harte-Hanks Communications</b>			
1983-qtr. to March 31	97,817,000	4,941,000	.50
1982-qtr. to March 31	86,263,000	4,400,000	.45
<b>Jones Intercable</b>			
1983-9 mo. to Feb. 28	5,004,700	1,333,500	.16 <sup>b</sup>
1982-9 mo. to Feb. 28	3,596,000	2,107,800	.26 <sup>b</sup>
1983-qtr. to Feb. 28	1,879,400	402,200	.05 <sup>b</sup>
1982-qtr. to Feb. 28	1,242,000	1,445,200	.18 <sup>b</sup>
<b>Lee Enterprises</b>			
1983-6 mo. to March 31	84,662,000	8,561,000	.62 <sup>c</sup>
1982-6 mo. to March 31	79,104,000	7,951,000	.57 <sup>c</sup>
1983-qtr. to March 31	38,363,000	2,757,000	.20 <sup>c</sup>
1982-qtr. to March 31	36,099,000	2,811,000	.20 <sup>c</sup>
<b>Movielab</b>			
1983-year to Jan. 1	31,025,991	(1,652,305)	--
1982-year to Jan. 2	32,775,046	(462,458)	--
<b>North American Philips</b>			
1983-qtr. to March 31	806,650,000	13,016,000	.93
1982-qtr. to March 31	738,844,000	12,296,000	.90
<b>Owens-Illinois</b>			
1983-qtr. to March 31	832,600,000	5,800,000	.20
1982-qtr. to March 31	855,800,000	62,700,000	2.15 <sup>b</sup>
<b>Post Corp.</b>			
1983-qtr. to March 31	20,431,000	458,000	.25
1982-qtr. to March 31	18,434,000	185,000	.10
<b>Raytheon</b>			
1983-qtr. to April 2	1,378,000,000	72,954,000	.86
1982-qtr. to April 14	1,416,000,000	79,379,000	.94
<b>Scripps-Howard Bcstg.</b>			
1983-qtr. to March 31	21,507,000	3,235,000	.31
1982-qtr. to March 31	20,783,000	4,436,000	.43 <sup>b</sup>
<b>TRW</b>			
1983-qtr. to March 31	1,387,400,000	40,600,000	1.09
1982-qtr. to March 31	1,325,100,000	44,100,000	1.25
<b>United Artists Communications</b>			
1983-26 wk. to Feb. 24	144,740,000	4,085,000	.38
1982-26 wk. to Feb. 25	121,938,000	1,734,000	.16 <sup>c</sup>
1983-12 wk. to Feb. 24	74,649,000	2,298,000	.21
1982-13 wk. to Feb. 25	56,609,000	(2,726,000)	--
<b>United Cable TV</b>			
1983-9 mo. to Feb. 28	110,842,000	(709,000)	--
1982-9 mo. to Feb. 28	67,964,000	12,703,000	1.16
1983-qtr. to Feb. 28	39,039,000	(1,115,000)	--
1982-qtr. to Feb. 28	24,979,000	5,042,000	.46
<b>Westinghouse</b>			
1983-qtr. to March 31	2,285,100,000	100,300,000	1.13 <sup>b</sup>
1982-qtr. to March 31	2,343,400,000	124,400,000	1.44 <sup>b</sup>

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

WEEKLY

## Television Digest

with  
Consumer Electronics . . .

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren . . . . . Editor & Publisher  
Paul L. Warren . . . . . Senior Editor & Associate Publisher  
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.

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**COLOR TUBE STEP-UP:** Worldwide competition in color picture tubes will escalate yet another notch this year, as production in Poland at last starts to hit stride, and Korea begins turning out its own bulbs.

Tube production at state-owned Polkolor is expected to hit 350,000 this year, double number turned out in first 3 years. Integrated glass-tube facility, built by Corning & RCA, has capacity for 600,000 tubes annually, employs 3,100. It shipped only 81,000 in 1980, first production year, 77,000 in 1981, 190,000 last year.

Corning & Samsung formally dedicated Korea's first color tube glass plant. Joint venture facility is 390,700 sq. ft., designed for production of 3 million bulbs annually, capacity expansion to 6 million. Output will be used by domestic tube makers as substitute for glass now imported mainly from Japan. Startup creates excess capacity problem in Japan, where tube production has been flat for last 2 years.

Fate of tube plant in Midland, Ont., that RCA shut down at end of 1982, is still in balance. RCA said maintenance at facility is continuing beyond scheduled March 31 deadline because it's still negotiating with prospective purchaser. Mitsubishi, which acquired rights to Electrohome brand at start of year, is understood to be interested in acquisition.

ITA will hold 3rd European Home Video Seminar Oct. 1-3 in Cannes, last day coinciding with start of Vidcom. ITA is charging members \$395, non-members \$475, vs. \$640 & \$790 last year at poorly attended event, won't serve lunches. Program will include sessions on games and personal computers.



WEEKLY

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APRIL 25, 1983

VOL. 23, NO. 17

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**HEARING ON FCC BECOMES BRAWL** with FCC Chmn. Fowler forced into outburst before House panel that he's 'not a racist.' Budget scarcely mentioned. (P. 1)

**CABLE'S EMANCIPATION BILL** clears Senate panel after NCTA makes further concessions. AT&T amendments planned. (P. 2)

**FALLOUT STRONG FROM NAB TV viewer study** reported at convention as networks express dismay. Most back Packwood charge of ineffective NAB lobbying. (P. 5)

**FCC ORBITAL ACTION:** Commission eyeing authorization of 19 new birds, thousand new transponders. (P. 6)

**MANKIEWICZ TO LEAVE NPR** after turning over most duties to temporary appointee. Network faces \$5.8 million revenue short fall. (P. 7)

**CBS 'DISPROVES' WAREHOUSING CHARGE** made by proponents of financial interest rule in new study. MAP asks Commission to accept additional comments. (P. 8)

**PTV ADVERTISING** amounts to \$2.88 million through 3 quarters of year; official says ads won't ever supplant federal funding. (P. 9)

**WIRTH SUBCOMMITTEE GRILLS FCC:** Sharp words were traded by FCC Chmn. Fowler and House Telecommunications Subcommittee members at heated oversight hearing last week where agency's implementation timetable for new services, its personnel problems and questions about earlier congressional testimony were probed, as expected (Vol. 23:16 p8). Session degenerated into shouting match between Fowler and panel member Rep. Leland (D-Tex.) over affirmative action hiring, prompting Fowler to deny he's a racist.

Fowler also had sharp exchanges with Subcommittee Chmn. Wirth (D-Colo.) over agency's financial interest & syndication proceeding, with Rep. Swift (D-Wash.) over future of universal telephone service, and with Rep. Dingell (D-Mich.), chmn. of parent Energy & Commerce Committee, over public interest standard. Question of FCC's budget barely was heard above din.

Stage for emotional hearing was set when Wirth opened session by chastising FCC for moving ahead with proceeding to repeal financial interest & syndication rules. Wirth warned:

### Consumer Electronics

**PHILIPS SEES U.S. LINK** to NAP as key to global consumer electronics expansion, holds little hope for domestic industry here. (P. 11)

**TOSHIBA, PANASONIC 1984-model video lines** put stress on step-up features, higher prices. Innovations in design, features shown. (P. 12)

**AVERAGE COLOR TV PRICING** dipped 1% to \$373.39 in 1982, EIA figures show. TV market value slipped 9.5% to \$4.73 billion. (P. 13)

**VCR SALES GREW FASTEST** in Northeast last year, according to EIA Annual Review, which shows total industry volume at \$11.2 billion. (P. 15)

**COMPUTER PRICING** continues to fall as Atari sets \$100 rebate on 64K home console; TI, Radio Shack lower personal models. (P. 15)

**RCA, COLECO post higher operating earnings** in quarter, Warner's Atari, TI show impact of depressed computer & game prices. (P. 16)

**VHD HITS MARKET** in Japan as JVC sees sales of 150,000 this year, or triple VCR's start. (P. 16)

**CED VIDEODISC PRICES** increased by RCA, but rollback is expected later this year to meet competition. (P. 18)

"Deal with the question of competition first; make sure you don't proceed with deregulation faster than genuine competition occurs." Message was repeated by other panel members, making it clear that Subcommittee doesn't want rules repealed now. In surprise statement, Comr. Quello seemed to indicate he agreed timing for proceeding was wrong, argued: "There is no doubt we are tackling something that is already working very well." Added Comr. Rivera: "I agree... our priorities are screwed up. We should be focusing more on new services."

Subcommittee used rules issue to underscore its belief FCC was moving too slowly in implementing new services. Blowup came when Leland noted dwindling number of black professionals at FCC in questioning Fowler's dislike for preference system Congress has mandated be used in helping minorities gain ownership of LPTV stations. Fowler cited 2-year hiring freeze at FCC, added he didn't think hiring should be done "by the color of one's skin," but on basis of merit. Leland snapped back: "Are you saying you disagree with affirmative action hiring?" Fowler quickly denied he was, repeated: "I just don't like treating people in certain ways just because of their skin color... unless he can show he has been discriminated against." Leland hammered away at Fowler, prompting FCC chmn. to reply abruptly: "I warn anyone against trying to call me a racist..." Leland responded: "Racist? Did I use that word? I didn't use that word... are you trying to say the shoe fits?"

Fowler also came under attack from Swift, who railed against federal-state joint board's recent decision to use Universal Service Fund to help prevent rapid increase in local telephone costs for consumers in high-cost, usually rural areas. Swift called fund "another kind of welfare," wondered aloud whether new kind of tax would be better approach. Fowler admitted tax idea was "worthy of consideration," also said legislation defining fund might be in order. Dingell told Fowler problem of rising phone rates is potentially explosive issue and said Fowler should "quickly consider retiring" because he'd be better off out of FCC when storm clouds bur t.

Question of TV & radio deregulation also came up, with Wirth warning against premature action, Fowler arguing issue could be divorced from spectrum fee Wirth wants in order to get deregulation approved by Congress. Fowler seemed to back off from earlier strong statements in support of fee to help fund public broadcasting, said instead it should be among ideas considered. Several Subcommittee members agreed, with Swift saying role of PTV-radio would have to be better defined if its public support is increased, Dingell arguing increased programming responsibility, which could be part of that fine tuning, should not mean end to public interest standard for commercial broadcasters.

Timetables Fowler outlined included: (1) Promise that FCC would start accepting applications for FM drop-ins by Oct., and start allocating channels then. (2) Backlog of FM applications would be cleared by 1985. (3) Question of financial interest & syndication would go before Commission this year, but not necessarily on June 30 as some have speculated. (4) Rulemaking would be put out on deregulation of TV "before mid-point of 1983." Subcommittee will markup FCC budget April 28.

**CABLE EMANCIPATION BILL ENDORSED BY PANEL:** In 15-2 vote, Senate Commerce Committee last week reported out Cable Telecommunications Act of 1983 (S-66) that preempts most state & local control, codifies franchise fees at 5%, deregulates basic service rates in major cities and guarantees existing operators reasonable expectation of franchise renewal. Measure embodies main compromise reached last month by NCTA and National League of Cities (Vol. 23:11 pl) and further concessions Assn. made early last week. Because it also mandates no common carrier status, specifies cable can offer business services without rate regulation, and codifies municipal rights to grant one or more franchises — undermining suits against cities such as in Denver and Boulder — it's viewed as industry's emancipation legislation.

Surprisingly lopsided vote was hailed by NCTA, touted as indication of how bill — 3rd cable deregulation bill in last 4 years — will fare during floor action. But, Assn. had reservations about signs that bill may be amended on floor to give AT&T same freedom as cable would have to compete for data transmission business. Only Sens. Lautenberg (D-N.J.) and Exon (D-Neb.) voted against bill and Exon said he will vote for it on floor if AT&T issue is dealt with.



AT&T is worried about cable being free to offer unregulated business communications services while phone industry would remain under thumb of FCC and state public service commissions, AT&T Chmn. Charles Brown wrote in letter to Sens. Packwood (R-Ore.), Goldwater (R-Ariz.) & Hollings (D-S.C.) days before markup. Several senators questioned how deregulating cable in that area would impact phone industry's revenue base and therefore local phone rates. Those concerns were eased when Packwood conceded that AT&T "had a valid point" and Goldwater said he had directed his staff to begin preparing for hearings on that issue before his Communications Subcommittee. AT&T was mildly criticized, though, for being "asleep at the switch" during extensive prior debate on bill, only raising point with Packwood & Goldwater in last couple of days.

Hollings said it wouldn't be right to deregulate immediately phone industry's offerings of data transmission services because of its dominant market position. He said proper approach might involve empowering state public service commissions to monitor development of competition in field. Upon finding that adequate competition exists between cable & phone industries, states would have power to deregulate under Hollings approach. Only one amendment was added by Committee — anti-pornography clause offered by Sen. Tribble (R-Va.) specifying city can ban obscene programming. NCTA wasn't very concerned about amendment because definition of what's obscene still will reside with U.S. Supreme Court.

Although audience was packed with representatives of some 2 dozen cities — including N.Y., Chicago, L.A., Houston — which oppose compromise and which lobbied against it (Vol. 23:14 p3), concerns they have with bill weren't addressed by senators, probably because of letter they received signed by both NCTA Pres. Thomas Wheeler and NLC Pres. Charles Royer urging support for measure. Letter stated that "in recent weeks, we have continued negotiations designed to solve specific problems raised... The NLC requested modifications to the compromise and the staff draft and NCTA has agreed to these changes." Biggest concession NCTA made last week was grandfathering access and programming commitments made by operator if those services were specified in RFP.

Wheeler said that concession was hardest to sell to his exec. committee and was done in last-ditch effort to hold compromise together. Work of NCTA and NLC to reach accord was praised by Sen. Gorton (R-Wash.), whose staff refereed negotiating session days before markup at which NCTA gave in on access and programming demands by NLC.

By giving ground on access channel requirements and programming commitments in sessions earlier in week, NCTA resolved misgivings NLC had with compromise (Vol. 23:15 p8). In what was seen as attempt to appease big cities, NCTA agreed to grandfather access channel requirements and programming commitments if such services were specified in RFP issued by city. Similar "gold-plating" commitments offered by operator to win franchise which weren't demanded in RFP would be nullified, parties agreed. Because original compromise nullified RFP commitments, officials of big cities, lead by N.Y. Franchising Dir. Morris Tarshis, were most vocal opponents of measure.

Changes affect small number of franchises, according to Assn. But others in industry point out that small number includes some major MSOs. One industry figure commented: "They had to give up [protecting interests of] Warner Amex in order to save the rest of the industry."

Other changes in bill include: (1) Section deregulating basic service rate if area is served by Grade B signals of at least 4 TV stations has language specifying city can continue to regulate rate of what's called "life line" service. That service, a subgroup of basic, isn't common, is usually offered at discount to senior citizens, most often includes must-carry stations so elderly viewers can be alerted to weather bulletins, other important local announcements. (2) Minor language change was made in section dealing with franchise renewal. Existing operator still will have "reasonable expectation of renewal," but now cities "shall grant" renewal when reasonable proposal is offered instead of "shall deny" if proposal is proven to be unreasonable. Burden of proving what's not "reasonable," however, remains with city.

(3) Section on franchise fee codified at 5% of gross remains as is with exception of added language spelling out that fee doesn't include performance bond. (4) Section preempting state &

local control of most aspects of cable business was modified slightly to place operator under local control for run-of-mill dealings with city. "It means," NCTA official said, "that we'll fix the streets after digging them up without the city having to get the FCC to tell us to."

Some sections of bill important to cable industry remain unchanged. "Altered circumstances" section — cable's escape clause resulting from Copyright Royalty Tribunal decision hiking rates for post-Malrite distant signals to 3.75% of gross — is unchanged, allows operator to pass along increased costs or drop signal if there's been "material" change in business circumstances. Language also remains intact which spells out that cable isn't common carrier. Operator still will be allowed to pass on to subscribers entire franchise fee cost as separate item on monthly bills.

Giving ground on access was major concession by NCTA. In original S-66 introduced by Goldwater, access was capped at 10% of system capacity. Assn. attempted to hold that line during bargaining sessions with NLC but negotiations reached stalemate. On March 4, however, Assn. conceded on access in move that broke deadlock. Then in April 7 letter to Wheeler, Royer made new access demands, prompting angry response from Wheeler, who said in April 13 letter to Royer: "We have already lost this issue to you by agreeing that there will be no federal limits on local access requirements... We are at a loss as to how we could have retreated from one of our most fervently held positions (access ceiling), conceded defeat to you in the spirit of compromise and still you want more."

Cable competition in telecommunications "is not a futuristic issue," Brown told senators in letter. Of perhaps greatest concern to phone industry is its reading of bill that cable may offer deregulated basic phone service. "As we read it... if transmission only were involved or if someone other than the cable operator did the switching (such as a customer), a cable system could provide even voice grade service without regulation," Brown said. AT&T isn't opposed to competition in telecommunications from cable, he said, nor does it oppose lifting govt. control over marketplace. "But it should be done on an equal and even-handed basis." Continued viability of BOCs is at stake, Brown said.

Wheeler said he opposes move to deregulate phone industry in data transmission. "The telcos are very artfully taking our phrase 'level playing field' and applying it to themselves. But that isn't true because of their market position," he said. "They are a dominant carrier. Cable isn't. The BOCs will always be the dominant carrier." Wheeler said real concern of Committee was impact on local phone rates. "Maybe the answer lies with Hollings' original approach for a Universal Service Fund" in which profits from enhanced services provided by AT&T and BOCs would be taxed to subsidize local phone rates. "What our real challenge is," Wheeler said, "is to tell members of the Senate there's a camouflage job going on here" by AT&T.

That effort begins today when more than 100 cable operators come to Washington for 3-day legislative conference sponsored by Assn. "We're going up to the Hill," Wheeler said. Assn. claimed victory in persuading Goldwater not to offer amendment during markup session nullifying federal pole attachment fee formula. Others said Assn. will trade codification of must-carry rules for support of influential Rep. Wirth (D-Colo.) because of word that Wirth will offer conflicting version of bill in House.

"It's a betrayal of the public interest," charged N.Y. State Cable Commission Chmn. Robert Finnerman about S-66. "And the compromise is worse than the original bill. It's like the NCTA came to us and said 'we've got a bill on 17 ways to kill your mother' and we've compromised with them to limit it to a dozen ways to kill your mother. It's a whore of a compromise."

Tarshis loudly protested League's actions in working with NCTA. "As far as our input [to compromise], we've asked for an opportunity to influence this and been denied. I don't want Congress to get the impression that the NLC is talking for my city. I resent being kicked around by the NLC. It's outrageous what's going on here — you're working for the cable industry, not for the cities," he told League officials.



**FALLOUT STRONG FROM NAB TV VIEWER STUDY:** NAB study showing that TV viewers are increasingly dissatisfied with network fare was little noticed when delivered during Las Vegas convention 2 weeks ago -- but networks sure began taking notice last week, and they aren't at all happy about NAB findings or way study was conducted and reported. Also expressing displeasure were some NAB executives, board members, advertisers, agencies — in findings, lack of any knowledge about methodology or questions, and way study was thrown out at opening convention TV session without advance warning.

Washington network vps met April 20 with NAB Pres. Edward Fritts and Exec. Vp-Gen. Mgr. John Summers to express their displeasure. "All we could seek were some answers, and none were available," network official told us. There also were complaints about firm that did research, McHugh & Hoffman of McLean, Va. "I can think of a half-dozen better firms," network official told us. Added NAB executive: "As a piece of mismanagement, it seems colossal."

Preliminary findings (full report isn't available even to NAB yet) were reported at convention by Larry Patrick, who resigned earlier this year as NAB senior vp for research & technology to join Hiber, Hart & Patrick of Laurel, Md. Those preliminary findings were rushed through, along with slides & graphics prepared by WIBW-TV Topeka, days before convention. Nobody, it seemed, knew what Patrick was going to say although he had reported at Jan. NAB board meeting that study was underway.

Networks and some NAB dirs. are complaining that normal procedures weren't followed, that NAB Research Committee was never consulted (which is true), that there wasn't proper supervision & administration of study. Obviously, networks and NAB would have liked advance look at results before they ended up in all the newspapers & magazines (front page N.Y. Times; editorial in Wall St. Journal; articles in Newsweek & Time, all obviously having fun with NAB and networks). And, even NAB admits its normal procedures weren't followed. "The NAB Exec. Committee wasn't plugged in at all," member told us. "We knew nothing of the parameters of the study or what it had turned up... We weren't advised at any time, nor was the Research Committee." Broadcast execs. also are unhappy that McHugh & Hoffman Vp John Bowen, who worked on study, was widely quoted about results when NAB doesn't even have report yet. Similar study was done in 1977, and it was well reviewed in-house before findings went public.

Study is based on personal interviews with 500 adults in Nov.-Dec., another 1,000 telephone interviews in Jan.-Feb. Among findings: (1) Network TV is "less important, less entertaining and less of a technical marvel" than at time of 1977 study. (2) Almost half watch TV less, giving increased outside activities and poor programming as major reasons. (2) Substantial minority believe TV is negative influence, feel guilty about time spent watching. (3) TV is for times when there's "nothing else to do." (4) High definition TV is most desirable change for future, followed by home security, ability to tape programs for later watching. (5) "Although people continue to watch as much — even a little more — than they did... they tend to rate TV as less important in their lives, less entertaining." (6) Almost half "gave programming as a reason for watching less TV... Increasing dissatisfaction with TV was a frequent theme."

On another prominent subject from NAB convention, reaction in Washington generally endorsed Sen. Packwood's (R-Ore.) statement that "the NAB couldn't lobby its way out of a paper bag in the House" (Vol. 23:16 p2). Said House member who mostly has been friendly to broadcasters: "Boy, the senator sure is right on that one... Of course, he should have added the networks to his equation." Veteran NBC Washington Vp Peter Kenney: "As a practical matter, the senator may not be wrong. The industry should have more sharply defined goals and objectives... The possibility of policy conflicts and entanglements will always exist as long as we use a combined radio-TV government relations staff. Organizationally, the concept may make efficiency difficult if not impossible."

Another Washington lobbyist agreed totally with Packwood, cited 2 reasons: "Contentious constituency" of NAB which "can and often does paralyze policy directions... Without a clear policy, the best staff in the world couldn't carry out its board's mandates... There is so little respect for the NAB's lobbying efforts in this town that it's almost unbelievable." We read above to FCC comr.; he laughed, said "I agree."



**ABC Washington Vp Eugene Cowan**, who is co-chmn. of NAB Govt. Liaison Committee, disagreed generally with Packwood who, Cowan said, "may have had his own bad experience." Cowan also noted lobbying is tough for NAB because of its diverse membership, admitted when Assn. goes head-to-head with NCTA or MPAA it often loses. CBS Washington Vp Donald Wear, on job only 18 months, didn't want to comment.

**FCC TO ACT ON ORBIT:** Massive, complicated domestic satellite plan scheduled to be adopted April 27 by FCC will eventually almost double permissible number of domestic satellites, giving satellite industry green light to put some thousand transponders into orbit. We hear that Commission is expected to authorize construction of all 19 satellites which were requested by operators before May 18, 1982 cutoff.

FCC will consider later those applications, most notably Fordsat's, that were filed after cutoff. Commission isn't crossing Fordsat or any other later satellite applications off list, but indications are that post-deadline satellites will have to wait their turn and may end up in less desirable slots.

Spacing issue has had Satellite Radio Branch staff occupied for nearly a year. Our word is that, broadly speaking, plan will give notice to satellite operators to be ready to place their birds 2 degrees apart, with concessions to some C-band satellites to maintain 2.5 degree or greater separation. Scheme will involve some satellite moving, sources confirmed.

FCC Comr. Dawson sounded alarm against threats to First Amendment brought on by new electronic media such as teletext at Society of Professional Journalists regional conference in Portland, Ore. She said "alarm should be going off for all journalists — press and electronic. The First Amendment is today being eroded, and that erosion is a direct result of the technological advances which have blurred the distinctions between press and electronic media." She said print journalists no longer can afford to be "indifferent" to First Amendment restrictions on broadcasters. While FCC is powerless to repeal equal time and fairness doctrine restrictions in Communications Act, she said, agency "can start to remove some of the regulatory baggage that surrounds the fairness doctrine and political broadcasting consistent... with the law. And we must."

**Elton H. Rule Lecture Series/Seminars** in Telecommunications has been established by American Film Institute at its Center for Advanced Film Studies (CAFS) in L.A. Series will be at post-graduate level, will focus on telecommunications issues that face next generation of film & TV artists and study interdisciplinary problems & trends that affect both industries. ABC created endowment to fund program honoring its vice chmn.

Vice President Bush will address June 13 session during June 11-15 convention of AAF in Washington. Among other speakers: Daniel Ritchie, chmn. of Westinghouse Bestg. & Cable; Allen Rosenshine, BBDO chmn.; Allen Neuharth, Gannett chmn.; FTC Chmn. James Miller; ABC commentator Ted Koppel.

**CONSUMER ROLE AT FCC:** Consumers should become more involved in FCC proceedings, Comrs. Fogarty & Jones said last week as agency began an early observation of National Consumer Education Week, beginning April 25. Arguing that telecommunications industry is becoming increasingly complex, commissioners said agency is being forced to make decisions to implement new technologies without firm ideological precedent.

"We are adopting policies starry eyed," without knowing what social impact may be, argued Fogarty. Echoed Jones: "There is a bottom line — what it all means to consumers — and we sometimes forget that." Two were part of panel with Allen Hammond, attorney for Media Access Project, and Christopher Sterling, professor at George Washington U. Other events earlier in week included brown bag lunch with Comr. Rivera to look at minority ownership issues; April 25, commissioners will rotate at FCC Consumer Assistance Office to answer telephone and mail inquiries from consumers across country.

Progress is being made in talks between House & Senate staffers on broadcast deregulation bill, we're told. In papers being circulated, radio stations would be given 20-year licenses, freedom from fairness doctrine & equal time (in top 100 markets only), major license renewal reform with expectation for renewal. TV isn't included — except for spectrum fee. "They [congressional staffers] are still circling each other on fees," which House insists on, Senate doesn't want, we were told. "How can they put a fat fee on TV with no deregulation?" One source said House staffers have cited fees that network-owned TV station used to pay (before declared unconstitutional by U.S. Supreme Court) in N.Y.

After "searching and careful review of the record," 10th Circuit U.S. Appeals Court, Denver, upheld FCC Oct. 1980 order dropping in VHF allocations in Salt Lake City, Knoxville, Johnstown, Pa. and Charleston, W.Va. Appeals had been filed by existing &/or planned stations of all 4 short-spaced assignments which were consolidated in Denver court. Ruling unanimously, 3-judge panel denied all petitions for review, said FCC "followed a rational path from record to decision." Court found some "factual justification" in Storer's claim that FCC "ignored some of the criteria" in Johnstown drop-in, but said this "has no significance."

CBS is buying KRLD(AM) Dallas and Tex. State Networks from Metromedia for \$27 million. Networks, 4 satellite-fed services to more than 250 stations in 20 states, includes Dallas Cowboys, regional news and Spanish Information Service. CBS currently owns maximum 7 AMs, said it would sell one to comply with FCC rule — probably WEEI(AM) Boston, only CBS station under 50 kw.



**MANKIEWICZ TO LEAVE NPR:** Severe budget problems attributed to host of factors led to resignations of NPR's 2 top officers during acrimonious Public Radio Conference in Minneapolis April 17-20. Some 550 angry station officials demanded answers to whys of \$5.8 million income short fall. Before conference ended, NPR Pres. Frank Mankiewicz and Exec. Vp Thomas Warnock had decided to resign. Skillful maneuvering by many, including NPR Chmn. Myron Jones, helped defuse heated situation. With some luck, NPR board will be able to devise plan that cuts \$3 million from fiscal 1983 budget without decimating network's full range of programs.

Mankiewicz will be replaced May 9 as network's chief operating officer by Ronald Bornstein of WHA-TV-AM Madison, who will serve only 6 months. As acting COO, Bornstein will take over responsibility for day-to-day operations and administration of struggling network. As pres., Mankiewicz will continue to lead fund-raising and legislative efforts and work with current and prospective business partners until financial crisis is solved, which in his estimation could take up to 6 months. Bornstein plans to serve until Oct. 1, when permanent replacement will be named.

NPR chief was victim of budget crisis which came to light in last several weeks. Last month, board was told about revenue short fall of some \$3 million and voted to cut budget by \$2.8 million. Then, on April 13, board assembled in Washington to hear that another short fall had been discovered, bringing total to \$5.8 million in \$28 million budget. Last year, 2 budgets were presented to board by NPR staff — target budget of \$28 million and worst case budget of \$22 million. Board chose higher one. Figuring in current short fall, NPR revenues for fiscal year '83 total some \$22 million.

Member stations overwhelmingly rejected plan approved by NPR board to make up latest short fall by assessing program fees on stations totaling \$1.5 million and cutting NPR budget by \$1.5 million. Under proposal, fees averaging some \$6,000 per station would have been due in July, with matching amount due during next fiscal year. Stations rejected idea of program fees for this year and asked board to explore various options, including loans from stations and outside sources, advances on next year's dues, national on-air fund-raising and direct mail campaigns, changes in allocation of CPB money which is split between national programming and direct payments to stations.

NPR board's Finance Committee will meet this week to try to cut \$3 million from current budget without destroying program schedule. At annual membership meeting April 19, station representatives directed board to: (1) Make Morning Edition and All Things Considered number one program priorities. (2) Explore various options to preserve programming without assessing program fees on stations in fiscal 1983. Under action taken by board April 20, first cuts will be made in NPR Plus, 24-hour subscription service which had attracted only 101 of 279 stations, well below breakeven point. Hourly newscasts

provided as part of NPR Plus will end May 1, while NPR Dateline, lead-in to All Things Considered, will be eliminated before June 1. Other cuts will be determined in coming weeks.

Society of Professional Journalists has urged Senate Constitutional Subcommittee to fine tune FOIA, making it "easier and faster to use" so that "you give Americans information, the prelude to wisdom, the prerequisite for democracy." Newhouse News Service Washington reporter Robert Lewis, group's national treas. and chmn. of FOI Committee, described instances where FOIA requests were frustrated by govt. red tape, warned against setting rigid fee schedule for provision of govt. records that would block reporter's access to information. He argued 10 day response time by govt. to FOIA requests shouldn't be extended except for unusual circumstances, said courts should be given more power to enforce deadlines through assessment of attorneys fees for handling FOIA requests. Subcommittee is considering changes in FOIA that are aimed at removing some roadblocks to acquiring govt. documents while also protecting confidentiality of govt. sources and certain govt. records.

What officials claim is nation's largest cable piracy ring was cracked with arrest and arraignment last week of man who billed himself as "HBO Kid" on business cards and on Corvette license plate. According to state Attorney Gen. Leroy Zimmerman, Frank Cardamone, 23, of Taylor, Pa. in Lackawanna County, was mastermind of ring which provided illegal hookups to some 2,700 households in last 5 years. "By the most conservative of estimates," authorities said, "this ring was costing [each of 5 local] cable companies a minimum of \$250,000 a year in stolen services," with other estimates ranging up to \$500,000 a year. Case involves greatest theft of service ever uncovered, according to NCTA officials.

Qube will go national on May 2, linking systems in Columbus, Cincinnati, Pittsburgh, Dallas, Houston and greater St. Louis by satellite, with systems in greater Chicago, Milwaukee and Warner Amex boroughs of N.Y. to join later. Programming for Qube will come from all cities involved, with uplink in Columbus feeding programs to satellite. Satellite transponders haven't been announced. Programs will be interactive, allowing persons in different systems to communicate, register opinions and be polled. Premiere show will examine TV advertising.

FCC en banc session to hear oral argument updating agency's record on children's TV Doc. 19142 April 28 will include presentations by ABC, ACT, INTV, ANA, Captain Kangaroo Robert Keeshan, CBS, CPB, Gilmore Bestg., NAB, NEA, National Assn. of Public TV Stations, Romper Room Enterprises, PBS, United Church of Christ and Washington Assn. of TV & Children.

Adult cable TV has been banned in Great Britain. Prime Minister Thatcher believes parents can't be trusted to stop children from watching X-rated movies, according to London newspapers.



**CBS VS. WAREHOUSING CHARGE:** CBS held seminar in Washington last week to release and discuss new economic study it claims "disproves" claim that TV networks will "warehouse" programming if they are permitted to return to domestic syndication. "Economic Effects of the Financial Interest and Syndication Rule: Comments on the ICF Report" is designed to discredit earlier study by ICF Inc. for Committee for Prudent Deregulation which reached opposite conclusion.

"It makes no sense to perpetuate a prophylactic rule to prevent a problem which never existed, which was not originally a purpose of the rule, and which is less likely to be a problem now than when the rule was adopted," CBS study concludes. "ICF simply has not produced a theory and supporting empirical evidence that warrants continuation of the rule."

Other major points of CBS study: (1) That networks wouldn't "have the power or incentive to engage in warehousing" is confirmed by absence of warehousing before 1973, when networks were allowed to syndicate programming domestically. (2) "There is no mechanism permitting the networks to pay less than competitive prices for syndication rights" — therefore, networks couldn't monopolize syndication even if they wanted to. (3) Withholding of reruns or raising prices above competitive levels would be ineffective since independent stations would have option to substitute other programming which networks couldn't "monopolize." (4) "Allegations that networks would withhold marginally popular shows from reruns ignores the reality that such shows are the most substitutable with other types of programming." (5) Networks couldn't control syndication market without "collusion" since if one network withholds programming it would "simply increase demand for the programs of the other 2"; and collusion is illegal and wouldn't last anyway.

CBS study was authored by Robert Crandell, Brookings Institute and economic asst. to ex-FCC Comr. Robinson, Roger Noll, Cal. Institute of Technology, and Bruce Owen, former chief economist to Justice Dept. Antitrust Div.

\* \* \* \*

Meanwhile, claiming opportunity hasn't been given public to comment on "the numerous unofficial compromises" proposed in FCC's financial interest rulemaking, Media Access Project asked Commission to issue new rulemaking on subject. Filing on behalf of United Church of Christ, MAP said that further comments are necessary "because the manner in which the current rulemaking is being conducted may run afoul of established administrative law and procedure." Reply comments in rulemaking (Doc. 82-345) are due April 26.

**New station starts:** (1) WTWC (Ch. 40) Tallahassee, Fla. as NBC affiliate. Station is owned by Holt-Robinson Communications; Robert Robinson, chmn.; Carl Lightsey, pres.; William Fouch, gen. mgr. (2) Non-commercial KWSE (Ch. 4) Williston, N.D., owned by Prairie Public TV. Starts bring U.S. operating total to 1,118 — 823 commercial, 295 non-commercial.

WEEKLY

## Television Digest

with  
**Consumer Electronics . . .**  
(ISSN 0497-1515)

**PUBLISHED BY TELEVISION DIGEST, INC.**

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*Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.*

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To have continued CBS Cable "meant another year of agony, another \$20-\$30 million down the drain," according to retired CBS Chmn. William Paley in CBS house organ Columbine. "It was decided that its prospects for success at this time just didn't justify spending that much additional money." As to why CBS didn't shift service from basic to pay: "Because we had contracts with a lot of people, including cable stations and advertisers, and it would have been a mess. We did a certain amount of research on it which was not very encouraging. No, we did everything in the world to keep it alive... I was terribly disappointed... to me it was one of our most hurtful failures."

Moderators for 6 public policy breakout sessions at NCTA national convention June 12-15 in Houston have been announced. Viacom Chmn. Ralph Baruch will chair panel on cable deregulation; Group W Cable Chmn. William Bresnan panel on state & local regulation; Times Mirror Cable Senior Vp. Jerry Lindauer, evolving cable-telco relationship; NCTA Exec. Vp. James Mooney, copyright. Moderating early-morning sessions will be John Evans, exec. vp, Arlington Telecommunications, deregulation; Brenda Fox, NCTA gen. counsel, copyright.

U.S. Supreme Court has refused to review FCC renewal of Cowles's WESH-TV Daytona Beach-Orlando. Central Fla. Enterprises, which went through long comparative hearing with WESH-TV for Ch. 2, sought Supreme Court review. Case had been remanded couple of times by U.S. Appeals Court, D.C., which caused Commission to revise comparative hearing procedures.



**PUBLIC TV AD EXPERIMENT:** Public TV stations participating in congressionally sponsored Advertising Demonstration Program have enjoyed steady ad sales and minimal community reaction, according to 2nd interim report released by National Assn. of Public TV Stations. Seven stations testing conventional ads report gross sales of \$2.9 million for first 3 quarters of fiscal 1983, while 2 running "enhanced underwriting messages" attracted \$588,000 in new income. According to NAPTS Pres. Bruce Christensen, figures indicate that ads may prove to be "a useful supplemental income device [but] can in no way supplant federal support for public TV."

Direct sales expenses of stations testing conventional ads continue to run 25-30% of gross. Six project income yields of 5-15% of 1983 operating budgets, while one predicts net loss. Stations running enhanced underwriting have incurred direct expenses of 15-20% of gross, which means they could yield some \$470,000-\$500,000. All 9 stations have received minimal community reaction and report little drop-off in subscriber income.

WYES-TV New Orleans was first to air ads last March, has since broadcast 3,620 spots and grossed \$402,059. By year's end, station predicts \$500,000 gross. WYES-TV charges \$75-\$400 per spot. Other top grossers: WTTW Chicago has carried 2,180 spots, bringing in \$1.15 million in gross revenue. It charges \$900 for 30-sec. spot in prime time, \$300 for late fringe, \$1,440 for time adjacent to especially desirable programs. WHYY-TV Philadelphia has broadcast more than 1,800 spots for \$696,725 gross and projects \$1.1 million gross by end of fiscal 1983. WHYY-TV charges \$300-\$800 for 30-sec. spots.

Editorial in April 16 issue of Editor & Publisher takes NAB to task for paying expenses of 16 FCC commissioners & staffers attending NAB convention in Las Vegas. E&P says legislation allowing such payments "has just come to light in Washington" (actually, it was well reported in this and other trade journals), adds: "It is unbelievable that any media group would allow itself to be associated with such a blatant display of conflict of interest. It is equally unbelievable that Congress could be so short-sighted as to approve such legislation prepared by FCC enabling FCC officials to junket at the expense of those FCC is supposed to regulate."

"You may not like me," Ted Turner said at FCBA lunch April 21, "but a lot of you are making a handsome living off me." He asked for show of hands of attorneys in audience of about 200 who had either represented or opposed TBS in various court suits or FCC actions over years; dozens were raised. Turner also shed some light on conversation he had recently in N.Y. with "a top network official" for possible merger of TBS with network. "He told me, Ted, you may think our programming isn't the greatest, but all of our executives are very moral people in their private lives." I told him that was what the Nazis said at Nuremberg."

KAVE-TV Roswell-Carlsbad, N.M. names Katz TV Continental rep.

Texscan Corp. has acquired GTE's cable equipment division. Unit manufactures transmission & converter products, employs about 950 people in El Paso, Tex. and Juarez, Mexico. Price wasn't disclosed; deal is subject to approval of 2 boards.

## TELEPHONES IN THE 80's: A COMMAND LEVEL PERSPECTIVE



*Four Seasons Hotel, Washington, D.C.,  
June 22, 1983*

Seasoned professionals are having to work long and hard to make sense of the new environment for telephone business created by regulatory changes and the divestiture of AT&T's operating companies. The emphasis at the TELEPHONE SUMMIT CONFERENCE will be on exploring the business challenges of the immediate future. Faculty will put recent developments into perspective and outline the next steps for their own organizations, covering topics including the future roles of local operating companies, carriers, equipment manufacturers and regulators.

The TELEPHONE SUMMIT CONFERENCE faculty will include Theodore Brophy, chmn., GTE Corp.; Charles Brown, chmn., American Telephone & Telegraph Co.; John Clendenin, chmn., Southern Bell; Mimi Weyforth Dawson, FCC comr.; William McGowan, chmn., MCI Communications Corp.; Harold Miller, group exec., ITT Telecommunications Corp.; Robert Pirnie Sr., pres., U.S. Independent Telephone Assn. and pres., Union Springs (Ala.) Telephone Co.; Larry Wallace, pres., National Assn. of Regulatory Utility Commissioners and chmn., Indiana Public Service Commission, and Charles Wohlsetter, chmn., Continental Telecom. Moderating will be Jonathan Miller, managing editor of Communications Daily, Paul Travis, senior editor of Communications Daily, and Norman Black, communications correspondent in the Washington bureau of the Associated Press.

The TELEPHONE SUMMIT CONFERENCE is intended only for those who require an advanced understanding of the factors at work in the telephone marketplace and the importance of each of these factors in the overall business ecology of telecommunications. Such persons are likely to include senior strategic planners, analysts, major communication users and high-level government and private sector executives with line responsibility for telecommunications. Delegate fee of \$695 includes continental breakfast, lunch, cocktail reception, and briefing materials. A transcript of the proceedings will be prepared and sent to all delegates following the conference.

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## Personals

**William Paley**, 81, stepped down as CBS chmn. Wed. at annual stockholders meeting in St. Louis, turning chmn. post over to Pres.-CEO **Thomas Wyman**, as had been announced last Sept.; Paley, who attended shareholders meeting, remains a CBS dir., chmn. of Exec. Committee and consultant... FCC Chmn. **Mark Fowler** will receive "Communicator of the Year Award" from International TV Assn. April 28 during U. of Md. Communications Day '83; **Thomas Herwitz**, ex-Hogan & Hartson, joins Fowler staff as legal asst.

**John Abel**, chmn. of Dept. of Telecommunications, Mich. State U., will become senior vp-research & planning, NAB, June 6, succeeding **Larry Patrick**, now with research firm **Hiber, Hart & Patrick**... **Robert Blackmore** promoted to senior vp-sales, NBC TV Network... **Philip Kriegler** takes early retirement May 1 as west coast PR vp, ABC TV... **William Perry**, ex-WBBH-TV Ft. Myers, Fla., joins WATE-TV Knoxville as news dir.

**John Hooker**, who became UPI chmn. just 2-1/2 months ago, resigned because of "differences" with owners **Douglas Ruhle** & **William Geissler**... **Maurice Schonfeld**, first pres. of CNN, joins Cox Enterprises as development dir... **John Edgerton** promoted to vp-administration, Jefferson-Pilot Bestg.; **Cullie Tarleton**, head of radio group, succeeds **Edgerton** as managing dir., WBTV Charlotte... **Gordon Anderson** advanced to senior vp-gen. mgr., WKZO-TV Kalamazoo; **William Robbins**, secy.-treas. of parent **Petzer Bestg.**, also named exec. vp.

**Clay Whitehead** resigned April 22 as pres., Hughes Communications, will consult & explore new business opportunities; replacing Whitehead is **Steven Dorfman**, long-time Hughes employee... **William Gross** joins Taft Bestg. as vp-TV production, new post... **Thomas Spitz**, ex-WFLD-TV Chicago, returns to KBHK-TV San Francisco as program mgr.; **Al Devaney**, ex-WTCN-TV Minneapolis, joins WFLD-TV as vp-gen. sales mgr... **JoAnne Griffiths** promoted to assoc. dir.-personnel, ABC TV, West Coast... **Dan Lyons** advanced to local sales mgr., WDSU-TV New Orleans.

**Irving Brown**, ex-GStar Communications Satellite Program, appointed program mgr., Satellite TV Corp., RCA Astro-Electronics... **Louis Briskman** promoted to vp-secy., Westinghouse Bestg. & Cable, succeeding **Harlan Rosenzweig**, now exec. vp, Group W Satellite Communications... **Raymond Pawley**, ex-GTE Sylvania, appointed dir.-product sales, Harris Satellite Communications.

**Carl Washenko**, ex-Fairchild Republic, named vp-human resources & administration, TeleSystems... **Laurie Koplan-Haskins** advanced to N.Y. sales mgr., Eastman CableRep; **Barry Frey** to mgr.-sales development; **Jenny Besch** joins Eastman CableRep as asst. mgr.-sales promotion... **Glen Meredith** promoted to mgr.-program acquisitions, SelecTV... **Eric Kronen** advanced to gen. mgr., Viacom Cablevision of Long Island.

**Jeffrey Schwall** promoted to vp-controller, National Div., Warner Amex Cable; **Ruth Rost** joins

as dir.-product promotion; **Harry Sheraw** appointed Ark. group mgr.; **Charles Saporito**, group mgr. for Olean, N.Y. and Bradford & Eldred, Pa. systems... **Thomas Polis**, Communications Construction Group, reelected pres. of SCTE; **W.A. Devereaux**, American Cablesystems, eastern vp; **Richard Covell**, Phasecom, western vp; **John Warner**, Service Electric, secy.-treas.; SCTE deleted Region 8 (Canada) from board structure because of decreasing number of members.

**Randy Miller**, ex-policy dir. for Sen. Dole (R-Kan.), joins Washington law firm **Hogan & Hartson**... **Peter Sealey** moves from parent Coca-Cola to exec. vp of Columbia Pictures... **John Stehman**, ex-Gould SEL Computer Systems Div., appointed corporate planning mgr., C-COR, new post... **Anthony Manna** promoted to dir.-mktg. & advanced planning, RCA Astro-Electronics.

**Diana Dougan**, member of CPB board since 1976, resigns; she currently is coordinator for international communications for State Dept... **Richard Galkin** joins Satellite TV Corp. as senior vp-programming, will establish N.Y. office for STC... **Douglas Long** promoted to vp-account mgr., Nielsen Mktg. Research Group... **Layton Franko** advanced to dir.-economic forecasting & analysis, ABC TV... **Reed Farris**, ex-Arvin/Diamon, joins Weather Channel as regional sales affiliate mgr., Rocky Mtn. area... **Donald Pascarella**, ex-Preview, appointed gen. mgr., Cox Cable Omaha, succeeding **James Vodak**, resigned... **Dwayne Day**, ex-Air Force, named customer service center mgr., Rolm Gulf Coast... **Jan Gildersleeve** promoted to vp-creative services, Games Network... **Teddy Reynolds**, ex-TSR Assoc., appointed research dir., Petry TV.

**Danny Radcliff** moves from Viacom Cable Western Div. to senior vp, Eastern Div., including Long Island, Cleveland, Dayton and suburban Milwaukee... **Richard Kolarik**, ex-Oak Communications, appointed vp-mktg., TOCOM Inc.; **John Fullingim**, ex-Control Data, named product mgr. of TOCOM 55 Plus addressable systems & terminals... **Elisabeth Bacon** promoted to cable mgr., TV Guide magazine, succeeding **Patrick O'Connor**, who resigned to enter cable industry... **Warren Bodow** advanced to pres.-gen. mgr., WQXR-AM-FM N.Y.

**Frederick Beilstein** promoted to pres-gen. mgr., Warner Amex Qube in Columbus, O... **William Doesch** advanced to vp-PR & advertising, Dun & Bradstreet... **William Kennedy**, ex-Fund for Higher Education, appointed dir.-conference services, ABC... **Jean Cameron**, ex-CBS Stations Div., named research dir., WCAU-TV Philadelphia... **Doyle Thompson**, Weather Channel, elected pres. of Society of Best. & Communications Engineers... **Louisa Nielsen** promoted to dir.-cable TV program services, National Captioning Institute... **Willard Britton** promoted to vp-audit & control, Knight-Ridder; **Phillip Kane** succeeds **Britton** as controller; **Ann Wrenn** becomes vp-treas. & asst. controller.

CNN Headline News gained more than 500,000 subscribers during March, raising total to more than 3.2 million, it said.



# ● Consumer Electronics®

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended April 8 (14th week of 1983):

	APRIL 2-8	1982 WEEK	% CHANGE	MARCH 26- APRIL 1	14 WKS. 1983	14 WKS. 1982	% CHANGE
TOTAL TV#.....	272,294	233,581	+16.6	427,714	4,625,509	4,214,016	+ 9.8
COLOR#.....	196,583*	159,426	+23.3	284,471**	3,239,061*	2,795,383	+15.9
MONOCHROME....	75,711	74,156	+ 2.1	143,243	1,386,448	1,418,633	- 2.3
PROJECTION TV...	1,853*	1,383	+34.0	2,195*	33,834*	21,186	+59.7
HOME VCR.....	45,539*	23,929	+90.3	69,573*	775,104*	398,762	+94.4
COLOR CAMERAS...	4,699*	3,723	+26.2	8,000*	79,117*	63,540	+24.5

Color TV 5-week moving average: 1983--233,087\*; 1982--159,426 (up 46.2%).

Home VCR 5-week moving average: 1983--50,719\*; 1982--26,596 (up 90.7%).

# Excludes projection TV. \* Record for period. \*\* Record week and best week of year.

**U.S. A KEY IN PHILIPS' GLOBAL STRATEGY:** Globe-straddling N.V. Philips is moving quickly to enlarge vastly its presence in U.S. consumer electronics market as part of its major battle with Japanese, in which it reckons there will be few western survivors. Although closely allied with Matsushita in several joint ventures, and with Sony in authorship of CD digital disc system, it clearly sees major showdown in U.S. as well as Europe between itself & Japan.

North American Philips — Magnavox, Sylvania, Philco — has now been brought completely within Philips' consumer electronics orbit in everything from market strategy to product development and supply. And, it is with these 3 brands and perhaps an audio brand to be acquired through which Philips plans to launch strong counterattack against Japanese. Philips, which acquired non-U.S. rights to Marantz brand from Superscope last year, has been mentioned as possible suitor for U.S. operation.

For America, Philips feels, hour is late. In unusually frank talk before American visitors in Philips hq city of Eindhoven, Holland last week, Cor Van Der Klugt, Philips vice chmn., and head of its consumer electronics operation, put it bluntly: "You cannot survive by being somebody else's wholesaler... for every dollar you [American manufacturers] send over there, they take 10 cents and make bullets to shoot you down."

He saw little future for independent U.S. consumer electronics industry under present structure & policies. Dissipation of consumer R&D and complete dependence on Japanese, he indicated, already have undermined U.S. industry. Hope for that industry lies in America's only remaining electronics lead over Japan. "The U.S. has talent and muscle" in IC technology and its last hope "lies in Silicon Valley." U.S. has 2nd chance with coming of digital technology to consumer products, he said — but "that may be the last chance to get your market back." There is still hope in Europe despite problems of industry there, and "U.S. and Europe must work together" to survive.

In private conversation, Van Der Klugt said he saw America's remaining consumer electronics firms seriously in need of strong merger partners. In Europe, Philips' only local strong competitor, Thomson, will survive only insofar as it's subsidized by French govt., he said. He expressed confidence that Philips will gain control of Grundig — "Max Grundig approached us." Major battle he sees, of course, is between 2 strikingly similar global giants: Matsushita, with 13% of world audio-video market, and Philips. Philips controls 9.3%, and that will become 12.1% with addition of Grundig, according to Philips own figures for 1982.

North America Philips was repeatedly described "as Philips' top priority," and it's becoming in every way an integrated part of Philips empire, both supplying to and accepting from parent company. June launch of digital compact disc system is case in point. Where Japanese companies are supplying their affiliates and customers with one or 2 player models, Philips Beloian plant is providing Magnavox (and later Sylvania) with 3 — even though those companies have no track record in high-priced audio.

Philips is enthusiastic about 8mm Video, is giving high priority to model development, fully expects format to take over entire VCR field in very few years. North American Philips' 8mm product will debut next year, and it will come not from Japan but from Europe.

Bonding between Philips & NAP is being tightened. NAP has become one of Philips' "main industry centers" for technical requirements, is responsible for developing videogames for Philips companies in Europe and Latin America, as well as compact projection TV with liquid-coupled tubes, new U.S. Precision Lens folded optics, for set which can be built anywhere in world. NAP's U.S. picture tube operation, acquired from Sylvania, is working with Philips in Europe on \$180 million joint effort for standardization of picture tube types, so any Philips plant can supply any Philips company anywhere in world — and first benefits could show up in introduction of popular European 22-inch size on U.S. market.

TV chassis development effort is being carried out in Eindhoven. New MC1 chassis, now in production in Greenville, Tenn. is Eindhoven-designed low end building-block for Magnavox, Sylvania & Philco sets. It will be followed by high-end MC2 in 1984, with new and heavily digital versions MC3 & MC4 coming in 1985 & 1986. Unlike ITT, which is going digital TV in one fell swoop, Philips is taking gradual approach. Magnavox estimates that first all-digital TV chassis would require at least \$200 premium at list price with no discernible consumer benefit, but thinks gradual approach will result eventually in premium of \$5 or so. As in tubes, Philips' chassis goal is single worldwide unit, one which will operate on any world standard.

NAP is becoming fully integrated with Philips in audio. "Philips has 280 audio products — that's the bank," exulted one Magnavox official. "We drew 80 of them, and we will take more as we get stronger in audio."

Parent company is troubled by lack of clout Philips name has in U.S. Its surveys show that to most consumers it means gasoline or milk of magnesia. However, name is expected to show up in next 2 years on Sylvania product in some combination not yet decided (such as "Sylvania by Philips" or "Philips-Sylvania"). NAP has rights to Sylvania name only until 1991, and on increasingly steep payment scale, so presumably "Philips" will stand alone on products around end of decade or before. And by end of decade, Philips is confident that its consumer electronics brands here will be raised from their current No. 6 ranking to somewhere much closer to top of list. Philips doesn't settle for No. 6.

**TOSHIBA, PANASONIC EYE HIGH END:** Isolation from mass market color TV pricing rat race through introduction of expensive, full-feature models is strategy of Toshiba and Panasonic, as evidenced by new models introduced at their spring sales conventions last week.

Toshiba unveiled its first flat-faced square-corner tube TVs at Fla. meeting, and they put company into esoteric video class. All are remote control monitor-receivers with 133-channel tuning, and line-up starts with 14" boasting front-mounted input-output jack and stereo audio at \$780; 19" leader is \$800, stereo step-ups are \$900 & \$950.

Standard color line shows price hikes of \$50 on 3.5", 4.5" & 9" battery portables, now \$800, \$500 & \$450 respectively. Leader 13" & 19" were unchanged from Jan. at \$350 & \$500, with some step-ups higher by \$10-\$20, few trimmed \$10. Remote 25" consoles were reduced \$70 to \$1,180.

In VCRs, Toshiba went for high-end with Beta Hi-Fi slot-load 4-head deck, featuring 117-channel remote, electronic program indexing, at \$1,199, added new slot-load wired remote leader deck at \$540. Slim-line 5.5-lb. portables sell for \$1,199, including 105-channel remote at \$1,199. New light-weight (2.2-lb.) low-light camera with thru-lens viewer is \$469, while step-up



with power zoom, electronic viewer, is \$899. Stereo wired remote CED videodisc player is \$399.

Toshiba is building FST color models in Lebanon, Tenn. using tubes imported from Japan, we were told by Pres. Mikio Kurashima. Thanks to overall market surge, plant is operating at capacity — estimated at about 300,000 sets annually — and company is looking for 15-30% rise in 1983. Kurashima said factory operated firmly in black last year, and he's taking cautious approach to keep things that way. Current demand level is high enough to justify expansion, but, he indicated, he's holding off on decision until mid-year.

Panasonic overall average pricing is up on TV line scheduled to be introduced at Las Vegas sales convention last weekend, but that's caused by shift in mix to higher-feature models and lists are relatively steady on most comparable model basis. Among industry color TV firsts unveiled for distributors and key dealers: 4.6" AC-battery portable with picture tubes contained in detachable housing and 91-channel tuning at \$350; 5" with on-screen tuning indicator and combination wired remote control and pillow speaker at \$370; 10" infra-red remote at \$400.

Brow-tuning, a la RCA 25" color monitor, is featured in group of new narrow design 13", 19" & 25" table models, including several with dockable remote controls. New convenience feature on number of new models is dual VHF input jacks for permanent hook-in of non-broadcast video sources which can be tuned in by remote, thus providing advance look at models due from other OEM customers of parent Matsushita.

Pricing line was similarly held in VCR introductions. At high end is 4-head, 128-channel remote with Dolby audio noise reduction, stereo audio, audio channel balance indicator, end of tape indicator, at \$1,300. Perhaps more innovative is \$850 non-stereo version that boasts on-screen video display of VCRs current function — play, rewind, search, pause, etc. — feature also found in 2-head wireless remote at \$650, and wired-remote model and leader wired remote models. New portable with wired-remote tuner-timer is \$950. All new cameras feature 1/2" or 2/3" low-light Nuicon tubes.

This is first time Panasonic has been able to introduce VCR line along with new color models. In past, it had to hold off to avoid stealing thunder from parent Matsushita's biggest OEM customer, RCA. But RCA is switching to Hitachi for 1984-model line. Presumably, Panasonic offerings give peek at what GE, Magnavox, Sylvania, Quasar and some other dealers will be looking at in weeks to come.

JVC had better than planned success with introduction of new color monitors to dealers at recent Fla. convention, according to Senior Sales Vp Harry Elias. Company, he said, signed up better than 70% of targeted dealers invited to meeting, including some that don't now handle JVC products.

"Dealers made purchase commitments for 2 and 3 months out that oversold our quota," and depending on sell-through, JVC will be hard pressed to produce enough to meet demand for year, Elias told us. Company is assembling 19" line at small plant in Elmwood Park, N.J. hq, will turn out less than 100,000 this year. "We would like to get one to 2% of the market," but at current industry sales rate, supply will fall short, he said.

Marketing problem now being faced is how to get message to consumers that JVC is in color TV. Small sales level rules out national campaign. "We are going to have to rely on our dealers to tell the story; they will have to help us create the market, and we'll support them with local and regional ads," Elias said.

**TV MARKET AT \$4.73 BILLION IN 1982:** U.S. total TV market last year was down at new supply level more in terms of value than units as color snapped 8-year string of increases in average prices, EIA figures show.

EIA put U.S. factory value of all TVs produced or imported last year at \$4.73 billion, down 9.5% from \$5.22 billion in 1981, as total units dropped 11.2% to 16.4 million. It shows new color supply at 11.5 million units, down 7.6% from 12.4 million record of preceding year, and value at

\$4.29 billion, off 8.4% from all-time high of \$4.68 billion. In b&w, units were down 18.7% to 4.92 million from 6.06 million. Value had almost matching drop, falling 18.9% to \$437 million from \$539 million. EIA b&w market figures are lower than those of Commerce Dept.'s import totals for both years (Vol. 23:10 p10), presumably reflecting EIA attempt to factor out at least some monitor imports. There was no significant domestic b&w set production last year.

Indicated color TV average pricing decline of just under 1% to \$373.39 marked reversal of trend toward higher prices that followed bottoming out at \$307.52 in 1973. Picture presented is somewhat contrary to that posed by EIA sales-to-dealers figures that showed significant increase in 25" table and console models, as well as higher percentage of sets with remote control (Vol. 23:14 p13), and so would indicate higher average pricing. Difference, we presume, is because our average pricing is based on value of factory production, and U.S.-based plants held down output to work off own and distributor inventories. Result is that lower-priced imports accounted for larger share of market at new supply level than at wholesale. As for b&w, average price was down slightly for 2nd consecutive year. Helping maintain it in period of shrinking volume was increased importance of higher priced battery portables, including combinations, which accounted for about 23.5% of mix last year, up from 20.5% in 1981.

Here's 22-year color & b&w TV average pricing history as derived from EIA figures (foreign & private-brand imports not included before 1971):

Year	Color	Monochrome	Year	Color	Monochrome
1961 . . .	\$380.95	\$124.62	1972 . . .	\$319.39	\$78.77
1962 . . .	351.60	128.24	1973 . . .	307.52	76.74
1963 . . .	345.88	117.95	1974 . . .	316.01	79.06
1964 . . .	347.58	109.35	1975 . . .	341.05	83.97
1965 . . .	356.28	105.79	1976 . . .	349.04	88.93
1966 . . .	371.31	98.16	1977 . . .	349.96	89.00
1967 . . .	362.21	92.48	1978 . . .	350.01	84.95
1968 . . .	335.64	74.19	1979 . . .	359.99	85.93
1969 . . .	328.08	77.84	1980 . . .	367.62	89.02
1970 . . .	316.54	75.07	1981 . . .	376.96	89.00
1971 . . .	323.76	81.21	1982 . . .	373.39	88.79

**Tape topics:** 3M has acquired metal tape manufacturing license and technology from Japan's Matsushita, says it will produce cassettes for upcoming 8mm Video VCRs... Konica, subsidiary of Japan's Konishiroku Photo, will introduce video and audio cassettes under Konica brand this summer... BASF says worldwide sale of video & audio tapes jumped 25% last year to top \$300 million with growth pace set in U.S. Company said it increased workforce at BASF Systems, Bedford, Mass. by 100 in first quarter, and that it plans to spend \$15 million there this year on plant improvements... Fuji has introduced Super High Grade VHS & Beta cassettes for professional use... Videovision is planning to spend \$750,000-\$1 million on L.A.-area cassette duplication plant, expects to install "hundreds" of slave VCRs, according to Chmn. Stephen Flaks. Facility is supposed to go onstream later this year at operation already producing audio tape for company's American Tape label. Company said it has decided against marketing own videotape brand.

**Tapeless recorder**, an industry first, is contained in digital watch introduced in Japan by Deiko at \$105. Unit contains pair of 16K RAMs that will record and play back messages of up to 8 secs.

**EEC is challenging France's grant of \$7.32 million to Timex** for expansion of electronic watch production there at time it was cutting employment at plant in Dundee, Scotland. France has month to submit information to show it was not violating rules that prohibit member countries from using incentives to drain industries from each other. EEC has right to force France to withdraw such illegal aid, though its findings are subject to court appeal. U.K. filed complaint with EEC when Timex announced plan for French expansion (Vol. 23:7 p14). That came just after Timex announced it was cutting 1,900 watchmaking jobs at Dundee, warned remaining 2,300 workers it would close plant if 1982 history of work stoppages was repeated this year.

**Sony sold 20,000 digital audio Compact Disc players in Japan last year**, expects to sell 100,000 there, export 150,000, in 1983, according to statement by Pres. Norio Ohga in current issue of Electronics magazine. His view is presumably more optimistic than that of Matsushita, which sees total worldwide sales of only 350,000 units, including 150,000 in Japan. Matsushita has started pilot pressing of CD discs in Japan, will supply them to Panasonic to support launch of Technics player here.



**VCR PATTERN CHANGE:** Dramatic shift in geographic VCR wholesale sales distribution last year is reported in Annual Review published by EIA Consumer Electronics Group. It shows that strongest 1982 sales growth came in formerly sluggish Northeast market, which of course indicates that area is where software distributors can look for increased demand for recorded & blank tape. Figures in booklet also confirm that average VCR selling prices were down sharply last year.

Northeast states accounted for 25.9% of VCR sales to dealers last year, EIA says, up from 21.9% in 1981. With nationwide unit sales up 49.5% to 2.03 million last year, it means area absorbed 527,000 VCRs in 1982, up 76.8%. In contrast, other 3 major market areas all had declining shares.

South, while continuing as biggest market, had share slip to 27.3% from 28.9%, with indicated volume up 41.2% to 556,000. For West, share dropped to 26.8% from 28.4%, with unit sales up 41.1% to 546,000. North Central provided 20% of sales, down from 20.8%, on 43.8% unit increase to 407,000. Change in selling patterns seemingly reflects actual market experience, rather than some alteration in reporting methodology. That conclusion is based on figures showing no change of as much as 1% in same breakdown of sales for color and b&w TV.

Mid-Atlantic carried growth ball on regional basis, with 20.5% share, up from 17.9%. Shares for other regions, with 1981 shares in parentheses: New England 5.3% (4%); South Atlantic 13.5% (15%); East South Central 4.4% (3.9%); West South Central 9.4% (10%); Pacific 22.2% (23%); Mountain 4.6% (5.4%); East North Central 14.9% (15.2%); West North Central 5.1% (5.6%).

Why product shortage blues are currently being sung by hardware marketers is evident in figures showing that while new supply rose 17.7% to 2.03 million last year, factory sales jumped 37.3% to just under 2.2 million. As for financial picture, value of factory sales was put at \$1.3 billion, up just 15.6%, or less than half growth rate of unit shipments. That indicates average factory selling price of VCR last year was about \$645, down \$121 from \$766 in 1981.

It was generally financially rough year for industry, according to EIA figures that put 1982 factory sales of traditional products at just under \$11.2 billion, down 4.1% from record \$11.7 billion of 1981. Only gains, aside from VCR, came in color cameras, up 57.8% to \$232 million; home radios, up 5.8% to \$530 million; b&w TV, up 0.4% to \$507 million.

Audio systems led list of losers, with sales of \$573 million, down 20.4%. Projection TV declined 17.8% to \$236 million, audio components fell 13.4% to \$1.18 billion, portable audio tape dropped 16.1% to \$971 million, car stereo fell 6.8% to \$1.41 billion (after restatement raising 1981 sales to \$1.51 billion from previously reported \$1.25) while color TV slipped 2.2% to \$4.25 billion. Individual copies of Annual Review, which covers broad spectrum of consumer electronics products, are available free from EIA CEG, 2001 Eye St. NW, Washington, D.C. 20006.

**COMPUTERS KEEP FALLING:** Domino effect on computer pricing, that started with cuts by Texas Instruments and Commodore, is continuing to click its way through industry. This round involves Atari high end home model and personal computers from TI & Radio Shack.

Atari announced it was instituting \$100 mail-in rebate offer on 64K 1200XL console, retroactive to April 11. Unit carries \$899 list, but is generally available at about \$675. With \$100 rebate on high end and \$50 offer on low-end 16K model 400, it's assumed Atari will soon slip one in on 48K model 800, lowering street price from current \$475 to under \$400.

Latest rebate makes for clean price cutting sweep of top home computer models, probably is intended to set stage for yet another market position scramble at Summer Consumer Electronics, opening in Chicago June 5. Among expected introductions is Atari model 600, essentially 400 with standard keyboard, and carrying list of about \$250. Commodore is known to have 16K version of VIC 20, which goes now for as little as \$85 with 5K.

Radio Shack, due soon to unveil TRS-80 Model IV model, trimmed pricing on Model III, dropping 16K version with single disc drive \$200 to \$799, cutting 48K dual-disc step-up \$500 to \$1,795. TI, meanwhile, has upgraded recently introduced 64K Professional Computer, making 256K standard, while leaving price at \$2,595. Move, which will continue at least through 2nd quarter, represents \$700 price drop.

Panasonic, and affiliate Quasar are expected to beef up portable computer line with briefcase model featuring 8-line 40-character LCD, built-in modem, 16K RAM & 20K ROM, priced at about \$600. That would make it \$200 less than similar model introduced by Radio Shack last month (Vol. 23:13 p11).

Audio system penetration of U.S. homes dropped to 79.9% last year from 81.3% in 1980, according to study conducted by Market Facts for EIA Consumer Electronics Group. Decline came in consoles, where indicated ownership fell to 24.1% of homes from 28.8%, while compact penetration rose to 43.7% from 40.7% and components held level at 31.2%. Study segment showing penetration of portable stereo radio-cassette combos jumped to 17.8% from 8.4%, indicates that this newer music delivery form has eaten into demand for more established products. Report shows ownership of car stereo radio-tape combos rose to 34.4% from 27.7%, with all increase coming in cassette, which jumped to 21.2% from 12.2%. Copies of study, containing data on product buying trends and consumer demographics, are \$100 each from EIA CEG, 2001 Eye St. NW, Washington 20006.

Consumers are aware of, and interested in, high-definition TV, home video recording and stereo TV sound, but are significantly less enthusiastic about videotex information & banking services, according to recent survey by NAB. It also found only modest buying interest in projection TV and videogames, relatively low utilization of games, computers & VCRs already owned.



**RCA, COLECO NET UP:** RCA and Coleco reported sharp rises in opening quarter earnings, but rebating and price cutting in home computers and videogames resulted in loss at Warner Communications and steep earnings decline for Texas Instruments (see financial table).

RCA operating net rose 47.5% in first quarter, but net profit was down 46.6% from same 1982 period, which included \$38.6 million in non-recurring profit on sale of businesses and tax credits. Sales were up 6.2% to \$2.09 billion. RCA said it was major contributor to industry's first quarter rise in sales of color TVs, VCRs and videodisc players. It said Consumer Electronics Div. ended period with reduced inventories and higher profits "despite continuing competitive pricing pressures." Total earnings of Electronics Segment were down, however, as gains from consumer & govt. products were offset by declines in solid state devices, picture tubes and commercial broadcast systems.

Coleco sales more than tripled and net jumped 250%, thanks mainly to Colecovision videogame. Company said sales of game consoles topped 500,000 in period, or just short of 550,000 sold in all of 1982, plus 400,000 Atari game and driving expansion modules. Pres. Arnold Greenberg said that with production of more than million console units since last Aug., manufacturing cost reductions will let company cut wholesale price \$20 to \$140, effective May 1, and still have higher gross profit on sales than it did last year. Price reduction, Greenberg said, will benefit consumer more directly "than a rebate, trade-in or other promotional gimmick."

Warner's consolidated loss stemmed from \$45.6 million operating deficit at subsidiary Atari, which had 22% sales drop to \$329 million. In same 1982 quarter, Atari showed profit of \$100.6 million. Company blamed Atari results on intense competition and excess dealer inventories in videogame cartridges, said company sales increased sharply. It also reported lower sales & earnings from Atari's coin-op arcade videogame operation.

TI said 74.4% drop in opening quarter earnings stemmed from intense competition in home computer market that forced "price declines earlier than we had projected." TI also had unexpected expenses and sales halt because of safety recall.

3M had improved results, said it experienced strong demand for video & data recording products.

Plant for CD digital audio discs will be built in Terre Haute, Ind. by CBS/Sony. Japanese venture is setting up subsidiary to acquire record plant CBS closed last year, will spend \$21 million for facility and new equipment. It will have start-up workforce of about 200 when it goes on stream late next year with 10.5 million annual disc production capacity.

Home computer market in Europe is in for spectacular growth, according to estimate by Texas Instruments. It expects sales of units priced at less than \$500 to hit \$2.4 million this year, jump to \$6 million in 1984.

**VHD HITS MARKET:** JVC, with support from other hardware makers, launched VHD videodisc system in Japan last week, predicted sales of 150,000 machines in first year, compared with 50,000 VHS units sold there in start-up year 1976 and 30,000 Laservision players since 1981 start.

Thorn EMI still remains most likely candidate to adopt VHD outside Japan, but JVC Pres. Ichiro Shinji said final decision still hasn't been made. Meanwhile, Thorn has been talking with N.V. Philips about supplying programs to LV, now struggling in U.K. market. Philips has spent \$5-\$6 million promoting system.

Completely redesigned Laservision player has been introduced in Germany by Philips. Simplified unit with wireless remote lacks random access feature. Controls provide pause, sequential index, 6-speed fast forward, 2-direction scan and frame-by-frame, 1/3 speed. Hour-per side CAV speed is identified on control panel as "Long Play," 35-min.-per side CLV as "Active Play." Although affiliate North American Philips currently is buying its Magnavox & Sylvania disc players from Japan's Pioneer, it plans to introduce new Philips-made model in 1984. That one is expected to be slot-load version, possibly with solid state laser. As reported here, Philips expects to buy SS lasers for LV from Sharp, which currently is its 2nd source for lasers for its digital audio Compact Disc player. Philips spokesman told us company hopes to use SS laser in LV in year or 18 months.

Still to come is announcement of overseas launch of RCA's CED disc system. It's no secret RCA is eyeing Europe, and U.K. is best candidate for starts. It's considered likely Hitachi and Toshiba, strongest non-affiliated CED supporters in U.S., would also join in European sales effort, though in Japan they are firmly in VHD ranks.

Laservision players are being considered by 5 manufacturers for use in next generation of arcade videogames, according Pioneer Video. Deal for 5,000 has been signed, we're told, and that's in addition to Sega order for 10,000 being supplied to Enterprises. New prospect could be Laser Disc Computer Systems, Boston, which has designed game using 2 players — one handles on-screen action while 2nd gets ready for next display, jumps ahead to next choices on parallel disc. Other single LV player arcade games under development have delay of up to 4 secs. when laser searches for correct response. PV says it also has orders for 1,500 players for use in point-of-purchase displays.

Akai has halted production of VCRs at its French hi-fi plant because of restrictions on imports of kits. Akai started output there last Dec. following France's imposition of restrictions on imports of complete sets, has turned out about 10,000. Kits are included in 4.55 million quota Japan has adopted on VCR exports to all EEC countries this year. Akai indicated it was told that it would not be allowed to bring in enough kits to meet its planned 45,000 production target for this year.



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**RCA DISC PRICES UP:** RCA boosted catalog prices on 174 of its 400 CED videodiscs \$3-\$5, but says it was in effort to improve profits and to match competition, and that they're likely to come back down later this year. "We'd be fools" not to respond to industry-wide drop in recorded cassette prices, said RCA Videodisc Vp Thomas Kuhn. Pressure clearly is increasing, and Kuhn thinks he will have better idea of pricing requirements in fall when he gets replication cost schedule for next year from Selectavision plant in Indianapolis.

Expected declines, if any, will be minimal but mandatory — market situation forces them "whether we like it or not," Kuhn acknowledges. Aside from cassettes, RCA Videodiscs also has to combat disc rentals, increasingly widespread, he notes. Unless there are major changes in RCA internal accounting, Kuhn sticks by earlier predictions that his operation will be at break-even or in black next year.

Kuhn said increases keep RCA pricing on par with CBS/Fox Video and MGM/UA Home Video, supplied by CBS in Carrollton, Ga. Plant is producing 14,000 discs daily, 3.5 million a year. Open question is response from studios with disc sub-distribution deals. Senior Vp Robert Klingensmith said Paramount Video hasn't decided whether or not to go along, thinks it gains "a little bit of a competitive edge" by standing pat.

Presumably to support launch this year of first random-access player, RCA is negotiating with Vidmax to replicate & distribute CED version of 2 Mysterydisc releases, we're told. Vidmax expects to have 2nd Mysterydisc on Laservision by mid-year, may raise price of both above current \$29.95. Company said 4 distributors accounted for lion's share of 7,000 copies of Mysterydisc 1 sold to date — Pioneer Video (60-70%), Magnavox (about 10%), N.Y.-area Metrovideo and Ultravideo, which handles disc mail order for MCA's Spencer Gifts. Twelve distributors in all carry product.

**Giveaways:** Curtis Mathes will offer 2-for-1 air travel coupons, good on Republic Airlines, to purchasers of selected products May 1-June 15, up to 4 years of free air travel to winners of sweepstakes... NAP Consumer Electronics is offering 50 Odyssey Home Arcade Centers, 19" color TV & game console housed in arcade-like stand, to winners in sweepstakes promotion of new Turtles cartridge... Activision has \$35,000 in cash and prizes for winners in sweepstakes promoting Intellivision-compatible Happy Trails cartridge. HT purchasers also get \$5 rebate coupon good toward purchase of Stampede cartridge.

**U.S. Supreme Court** has refused to consider appeal by Bose for reinstatement of libel damage award against Consumers Union. Bose filed suit in 1970, charging CU knowingly acted unfairly when it tested, then issued unfavorable report on its speakers. Bose won in Boston federal court last year, was given \$211,000 in damages and fees (Vol. 22:3 p11). Finding, however, was overturned on appeal.

**INSIDE SPECTRAVIDEO:** Spectravideo (SV) has \$7 million order backlog for 32K RAM, \$299 home computer console and peripherals it introduced at last Winter Consumer Electronics Show, but no shipments have been made yet, according to preliminary prospectus for \$1 million share offering company expects will raise \$5.4-\$6.65 million.

In its 6-month operating life last year, SV netted \$184,900 on \$3.3 million sales, essentially all derived from 6 Atari-compatible videogame cartridges, plus single computer game and a joystick control. Prospectus notes SV had operating loss of \$150,000 in first 2 months of 1983, attributes that to computer introduction and ad expenses, says company has \$300,000 order backlog for non-computer products.

SV spent \$565,000, or 17% of net sales, on ads & promotion in 1982, says it has \$1.2 million budget for this year. In addition to expanded ad outlay, company says it will use \$2 million of stock sale proceeds to finance purchase of computer equipment, \$500,000 for software acquisition & development, \$350,000 for trade shows, rest for other corporate purposes and working capital.

Though current SV-318 console isn't yet on market, SV says step-up SV-328 with full-stroke 88-key keyboard and larger memory is in works, as is computer keyboard adaptor for Atari videogame, which SV plans to list at \$79. It also expects to introduce 15 new videogame and computer programs this year.

SV is 25% owned by Bondwell Holdings, Hong Kong conglomerate which controls companies making SV products there. SV is 50% partner with Bondwell in SV International, which holds rights to its products outside of North America, and has 25% in game cartridge producer Bondwell Systems. Stock offering would put 36.7% voting interest in SV in outsider hands, leave Bondwell with 15.8%, with rest divided between 2 family trusts of which Pres. Harry Fox and Vp Axel Weiss are beneficiaries.

**Conference schedule** for upcoming Summer Consumer Electronics Show in Chicago lists kick-off market overview session for opening afternoon, June 5. June 6 will have computers & games conference in morning, telephone equipment conference, retail management workshop and export seminar in afternoon. June 7 has videoconference in morning, retail ad & promotion workshop in afternoon. Audio conference in morning is only event for closing day, June 8. Special product sales seminars will run 11 a.m.-2 p.m. most days, covering computers and software, video systems, digital audio.

**Ad notes:** Fuji appoints Lord Geller Federico Einstein for Magnetic Tape Div., replacing Paul Kaufman Assoc... Epson America names Foote, Cone & Belding/Honig, for new \$15 million computer products account. Ripley-Woodbury, Cerritos continues for printers... Apple Computer assigns \$1 million in overseas billings to BBDO/West, names Krupp-Taylor for direct-mail program.



## Consumer Electronics Personals

T. Sugawa, Sharp (U.S.) pres., is returning to parent in Japan, successor to be announced next week... Bruce Maier, Discwasher pres., adds post of consumer products group vp for parent, International Jensen... Richard Childs resigns as vp-gen. mgr., Paramount Home Video, plans, replacement, unannounced... Herbert Jacobson promoted at RCA from Pacific region licensing dir. to vp-licensing for Pacific & Western Hemisphere; Douglas Alligood resigns as corporate ad dir. to join UniWorld Group (advtg.) as pres... Gerald Weinerman, NAP Consumer Electronics credit dir., named vp... John DeFilippis, ex-ITT Personal Communications, joins Mura as product development vp; Sydney Levy, ex-U.S. Pioneer, named operations vp.

Paul Miller, ex-Maxell, joins Konica as gen. mgr. of new Audio-Video (magnetic tape) Div... Stanton Bauer, ex-RKO Tape, named Fuji Magnetic Tape Div. national sales mgr.; Thomas Daly promoted to industrial products mgr.; Edwin Havens, ex-TDK, appointed technical service mgr... Raymond Allen promoted at Cetron from vp to senior vp-mktg.... Howard Brown joins Portavideo as pres., succeeding founder Ted Thrush, who continues as consultant on international market development; W.H. Voyles joins as Retail Stores Div. vp; Joseph Bowman resigns as national sales dir... Howard Siegel resigns as national sales mgr., Superscope Rentabeta.

David Black advanced at Alpine to national sales mgr. for Alpine & Luxman lines... William Matthies, Pioneer Electronics senior mktg. vp, and Joan Steen, mktg. services dir., resign... Dean Miller promoted at Nakamichi to national sales mgr.; Lee Adams advanced to mktg. mgr.; Ken Ohba appointed mktg. dir.; Kevin Ferner named east region mgr., succeeding Miller; Suzy Bress named credit supervisor... Mark Weisenberg promoted at JBL to west region mgr.

Robin Montgomery resigns as mktg. dir., RCA/Columbia Pictures Home Video... Jed Daly advanced from mgr.-program planning & research to program acquisition dir., CBS/Fox Video; Lisa Alter joins as attorney... William Donnelly, resigns as Young & Rubicam communications services senior vp, will continue as consultant... Martin Keltz advanced from exec. dir. to pres., Scholastic Productions; Jane Startz promoted from vp-motion picture & TV development to exec. vp, new post; Craig Virden becomes dir. of special projects; Robert Fanelli, ex-Canon, joins as national accounts mgr. for Wizware computer software... Michael Smith, exec. vp of Mayflower Corp., becomes pres. of subsidiary Major Video Concepts; Paul Guhl named vp-gen. mgr.; Louis Randle resigns as pres. of Mayflower subsidiary ADI Electronics and head of Major Video operation in Ind.

GE is negotiating to acquire 3M's ceramic & IC packaging business, which consists of plants in S.C. & Tenn., employs about 900. Purchase would increase GE's vertical integration in IC field.

**FEB. TV IMPORTS:** Feb. complete color TV import story was near repeat of Jan. with both months showing rise of better than 58%, according to Commerce Dept. figures (Vol. 23:16 p14). Major difference was in cast of growth characters. Taiwan set increase pace for major source countries in Feb., replacing Korea, and month's shipments from Japan & Singapore were up enough to more than offset effect of declines logged in Jan.

Following are by-country TV import totals for Feb. and 2 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

	Total TV			
	Month	%chge.	2 months	%chge.
<b>Japan</b>				
total...	111,900	+18.1	232,900	-15.0
color...	84,100	-30.2	164,400	- 7.7
b&w.....	27,800	- 7.7	68,600	-28.4
<b>Taiwan</b>				
total...	209,100	-24.8	456,300	-26.3
color...	66,900	+160.7	140,100	+117.6
b&w.....	142,200	-43.6	316,200	-43.0
<b>Korea</b>				
total...	208,600	+ 5.4	446,800	+ 7.4
color...	68,600	+ 4.1	176,400	+94.9
b&w.....	140,000	+ 6.0	270,400	-16.7
<b>Singapore</b>				
total...	47,400	+53.5	102,500	+32.4
color...	46,000	+89.4	97,900	+58.6
b&w.....	1,300	-79.6	4,600	-70.9
<b>Malaysia</b>				
total...	14,600	--	31,000	--
color...	9,400	+1948.3	21,100	+4379.3
b&w.....	5,200	--	10,000	--
<b>Canada</b>				
color...	5,400	+ 6.1	9,800	+10.2

### Complete Color

<b>Japan...</b>	56,200	+78.7	126,900	+58.9
<b>Taiwan...</b>	65,000	+163.3	120,900	+100.2
<b>Korea...</b>	63,900	- 3.0	159,700	+76.4
<b>Singapore</b>	17,800	+27.2	27,700	+ 8.5

### Color Chassis & Kits

<b>Japan...</b>	27,900	-15.7	37,500	-44.5
<b>Taiwan...</b>	2,000	-51.1	19,100	+378.3
<b>Korea...</b>	4,700	--	16,700	--
<b>Singapore</b>	28,200	+173.9	70,200	+93.8
<b>Mexico...</b>	150,800	+10.2	220,300	- 7.7

Import monitoring program, to keep close tabs on incoming hi-fi equipment and electronic watches from Japan, has been started by EEC. Action is expression of concern for health of domestic producers. Japanese have estimated 56% share of European audio market, 14% of watch sales. While monitoring itself has no impact on product flow, similar efforts in past resulted in restrictions on Japanese exports of color TVs, picture tubes & VCRs.

**Correction:** In report on Sony's new color line last week we noted 26" console starting price was down \$260, but showed incorrect tag. List is \$900.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>AT&amp;T</b>			
1983-qtr. to March 31	16,797,200,000	1,736,600,000	1.87
1982-qtr. to March 31	15,638,100,000	2,010,600,000	2.40 <sup>a</sup>
<b>Arvin Industries</b>			
1983-13 wk. to April 3	126,065,000	1,899,000	.23
1982-13 wk. to April 4	113,798,000	501,000	.03
<b>A. H. Belo</b>			
1983-qtr. to March 31	52,162,000	5,638,000	.60
1982-qtr. to March 31	43,243,000	2,731,000	.29
<b>Capital Cities Communications</b>			
1983-qtr. to March 31	170,128,000	21,116,000	1.58
1982-qtr. to March 31	149,350,000	18,010,000	1.37
<b>C-COR Electronics</b>			
1983-9 mo. to March 31	20,800,000	2,826,000	.87
1982-9 mo. to March 31	16,801,000	2,236,000	.74
1983-qtr. to March 31	6,038,000	909,000	.26
1982-qtr. to March 31	6,555,000	881,000	.29
<b>Coleco Industries</b>			
1983-qtr. to April 2	180,170,000	16,210,000	1.01
1982-qtr. to April 2	54,739,000	4,520,000	.29 <sup>b</sup>
<b>Comsat</b>			
1983-qtr. to March 31	108,428,000	12,586,000	1.40
1982-qtr. to March 31	94,102,000	10,330,000	1.29
<b>Conrac</b>			
1983-qtr. to March 31	36,893,000	1,601,000	.61
1982-qtr. to March 31	27,593,000	2,808,000	.65
<b>Cowles Bcstg.</b>			
1983-qtr. to March 31	5,208,000	772,000	.19
1982-qtr. to March 31	4,590,000	764,000	.19
<b>Cox Communications</b>			
1983-qtr. to March 31	133,654,000	13,456,000	.47
1982-qtr. to March 31	108,905,000	13,320,000	.47
<b>Craig</b>			
1983-9 mo. to March 31	47,744,000	(2,902,000)	--
1982-9 mo. to March 31	67,375,000	1,258,000	.42
1983-qtr. to March 31	12,950,000	(1,282,000)	--
1982-qtr. to March 31	16,421,000	58,000	.02
<b>Gannett</b>			
1983-13 wk. to March 27	386,799,000	32,247,000	.61
1982-13 wk. to March 28	338,859,000	31,640,000	.60
<b>GTE</b>			
1983-qtr. to March 31	3,034,720,000	219,982,000	1.17
1982-qtr. to March 31	2,897,044,000	197,961,000	1.14
<b>Knight-Ridder Newspapers</b>			
1983-qtr. to March 31	340,932,000	19,703,000	.59
1982-qtr. to March 31	311,589,000	15,138,000	.47
<b>LIN Bcstg.</b>			
1983-qtr. to March 31	20,652,000	3,942,000	.36
1982-qtr. to March 31	17,405,000	3,083,000	.29
<b>Meredith</b>			
1983-9 mo. to March 31	339,284,000	22,523,000	7.22
1982-9 mo. to March 31	340,553,000	21,481,000	6.80
1983-qtr. to March 31	107,129,000	6,399,000	2.04
1982-qtr. to March 31	112,151,000	6,521,000	2.09
<b>Milton Bradley</b>			
1983-qtr. to March 31	64,383,000	(1,923,000)	--
1982-qtr. to March 31	72,252,000	3,360,000	.46 <sup>c</sup>
<b>3M</b>			
1983-qtr. to March 31	1,703,000,000	157,000,000	1.33
1982-qtr. to March 31	1,666,000,000	152,000,000	1.30

Company & Period	Revenues	Net Earnings	Per Share
<b>Motorola</b>			
1983-qtr. to April 2	941,800,000	32,000,000	.83
1982-qtr. to March 31	913,400,000	34,600,000	.96
<b>Multimedia</b>			
1983-qtr. to March 31	58,337,000	5,732,000	.37
1982-qtr. to March 31	49,378,000	4,907,000	.32 <sup>b</sup>
<b>RCA</b>			
1983-qtr. to March 31	2,086,400,000	32,300,000	.18
1982-qtr. to March 31	1,965,500,000	60,500,000	.57 <sup>c</sup>
<b>Regency Electronics</b>			
1983-9 mo. to March 31	59,736,897	4,597,131	.86
1982-9 mo. to March 31	49,768,210	4,396,207	.81
1983-qtr. to March 31	22,850,394	1,867,314	.35
1982-qtr. to March 31	16,254,861	1,248,543	.23
<b>Scientific-Atlanta</b>			
1983-9 mo. to March 31	229,615,000	(4,368,000)	-- <sup>d</sup>
1982-9 mo. to March 31	256,265,000	16,451,000	.75
1983-qtr. to March 31	80,933,000	1,466,000	.06
1982-qtr. to March 31	84,648,000	5,643,000	.24
<b>Tandy</b>			
1983-9 mo. to March 31	1,885,126,000	204,061,000	1.96
1982-9 mo. to March 31	1,533,897,000	162,056,000	1.57
1983-qtr. to March 31	589,860,000	57,385,000	.55
1982-qtr. to March 31	470,607,000	45,350,000	.44
<b>Tektronix</b>			
1983-40 wk. to March 5	906,676,000	40,318,000	2.13
1982-40 wk. to March 6	876,652,000	58,656,000	3.14
1983-16 wk. to March 5	373,036,000	13,711,000	.72
1982-16 wk. to March 6	347,873,000	23,652,000	1.26
<b>Texas Instruments</b>			
1983-qtr. to March 31	1,174,000,000	7,100,000	.30
1982-qtr. to March 31	1,078,500,000	27,700,000	1.17
<b>Time</b>			
1983-qtr. to March 31	915,531,000	28,890,000	.46
1982-qtr. to March 31	805,017,000	27,697,000	.45
<b>Walt Disney Productions</b>			
1983-6 mo. to March 31	585,818,000	47,234,000	1.39
1982-6 mo. to March 31	459,455,000	39,057,000	1.19
1983-qtr. to March 31	315,676,000	30,020,000	.87
1982-qtr. to March 31	247,675,000	21,648,000	.65
<b>Warner Communications</b>			
1983-qtr. to March 31	869,399,000	(18,880,000)	--
1982-qtr. to March 31	948,837,000	77,879,000	1.20 <sup>a</sup>
<b>Washington Post</b>			
1983-13 wk. to April 3	196,545,000	6,155,000	.43
1982-13 wk. to April 4	183,135,000	5,106,000	.36
<b>Wometco Cable TV</b>			
1983-12 wk. to March 26	12,673,000	1,159,000	.16
1982-12 wk. to March 27	9,872,000	383,000	.05

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

Talking greeting cards have been developed in Taiwan by national Electronics Research & Service Organization. Being produced by United Micro, cards contain voice synthesizer IC that says "Happy Birthday to You" when opened. Versions for other occasions are on way. UMC says it now has local orders for 6 million monthly.

Voice recognition & synthesis adaptor for Atari 2600 & 5200 game consoles is being developed by Milton Bradley under agreement announced last week. MB is producing similar device for Texas Instruments computer. Atari said it was working on 18 voice game cartridges to be introduced over next 3 years.