

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

IN THIS ISSUE: Television Digest's Annual Consumer Electronics Forecast

JANUARY 2, 1984

VOL. 24, NO. 1

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

APPEALS COURT AFFIRMS CRT, deals blow to cable industry. Court unanimously upholds 3.75% copyright fee for largest cable systems. (P. 1)

WHAT'S AHEAD FOR CONGRESS IN 1984? Lots to do but little time or incentive to do it in upcoming election year. Plans & prospects for Capitol Hill. (P. 2)

GROUND SHIFTS UNDER HBO as result of Showtime/Paramount deal. Detailed look at deal shows tough times ahead for Time Inc. unit. (P. 5)

WARNER'S WHITE KNIGHT: Chris-Craft Industries said it plans to acquire 19% of Warner Communications, Warner to get 42.5% of Chris-Craft TV subsidiary. (P. 6)

WESTMORELAND STRIKES BACK AT CBS, releases 30 affidavits he claims contradict alleged conspiracy to underestimate Vietcong troop strength before Tet Offensive. (P. 6)

CTW OFFICERS BEST-PAID in public broadcasting with 3 earning more than \$100,000, according to latest IRS documents. (P. 8)

NAB RENEWS SEARCH FOR GOVT. HEAD as 2 top choices decline because salary offered isn't high enough. Trouble brewing on annual report. (P. 8)

APPEALS COURT AFFIRMS CRT: In stunning blow to cable industry, U.S. Appeals Court, D.C., affirmed Copyright Royalty Tribunal's decision to raise copyright rate to 3.75% of gross revenue for distant signals added by cable systems since June 1981. Few details were available because decision came down at our deadline, and most figures in case were away from their offices for holiday. Unanimous decision by 3-judge panel affirmed CRT in all regards.

NCTA Pres. Thomas Wheeler said Court didn't analyze correctness of rate and concentrated only on CRT's power to adjust copyright rates, comment echoed by Turner Bestg. System. Said Wheeler: "The Court's decision rests largely on the broad legislative mandate given the CRT. That mandate, however, has been construed by the CRT to justify reversing communications policy and denying 10 million consumers TV channels which they have been receiving. The consumer impact of the Court's decision cries out for Congress to provide more

Copyright © 1983 by Television Digest, Inc. Reproduction in any form, without written permission, is a violation of Federal statute (17 USC 101 et seq.). On written request, permission will be granted liberally for reproduction of occasional articles.

Consumer Electronics

ZENITH SHIFTS TO VHS, dropping Beta, will have JVC-made line in March. Major brands to bring 8mm Video to CES, will show if Kodak does. (P. 10)

1984—BOOM ROLLS ON: First 20-million TV year, more than 15 million color sets, 6 million VCRs, industry profits seen in our annual forecasts. (P. 11)

JVC SEES NO THREAT to home market for 1/2" VCRs from 8mm Video, says any new format faces nearly insurmountable software handicap. (P. 13)

SAMSUNG GETS \$9.1 MILLION in state bond financing for N.J. color TV plant. Completion of 232,000-sq.-ft. facility slated for Aug. (P. 14)

COMPUTER WILL MERGE into TV set in next 5 years, Kaypro's Kaye forecasts. (P. 15)

VHD VIDEODISC PLAYER sales in Japan were in 70,000-80,000 range last year, or about 50% of 150,000 goal set at launch last April. (P. 15)

COLOR PICTURE TUBE IMPORTS dipped 5.6% in first 9 months, but are up sharply when tubes in imported color sets & kits are counted. (P. 16)

VIDEO SOFTWARE MARKETERS see 50% growth in demand in 1984, increasing promotional outlays, Video Week survey shows. (P. 16)

specific direction to the CRT." He said NCTA would now turn to Congress for legislation limiting impact of significantly higher rate. NCTA has said 3.75% rate is 1,500% higher for some operators, especially newbuilds in urban markets.

Court apparently rushed to release its decision before Jan. 1 copyright filing period by cable operators, meaning accounts for first half of 1984 by larger (Form 3) systems must reflect 3.75% rate. Based on NCTA estimates, implementation of higher rate will increase industry's copyright bill by \$18-\$22 million in 1984.

CRT arrived at 3.75% rate in Nov. 1982 after long proceeding. In succeeding uproar, Ted Turner persuaded Sen. Mattingly (D-Ga.) to introduce bill delaying rate increase. After Mattingly bill passed, House & Senate conferees agreed to delay implementation of new rate to March 15, 1983, date which became known as "Black Tuesday." Rate applies to channels added by Form 3 cable systems after June 1981 — when FCC repealed its syndicated exclusivity and distant signal quota rules. Form 3 systems are those with semi-annual gross receipts of \$240,000 or more.

Decision, running 27 pages, was authored by Judge Ruth Ginsburg, court spokesman said. Clerk in judge's office would say only that CRT "was affirmed," that no other comment would be made by judge's office.

NCTA had attacked rate as arbitrary & capricious and not supported by record of proceeding. Assn. alleged CRT took rate proposed by copyright owners (5%) and "discounted" it by 25% to arrive at 3.75% rate.

MPAA Pres. Jack Valenti was ecstatic: "The Appeals Court has confirmed that the CRT did its job as the Congress intended it to do. Although the new rates affect only the largest cable systems in the U.S. with over 75% of cable systems exempt from these rates, this decision is a vindication of the marketplace as the supreme arbiter of price and demand. All the CRT did was to verify marketplace economics, which is what free enterprise and competition is all about in this land and which copyright owners passionately support."

Spokesman for CRT said "we feel vindicated." He added that: "We feel the rate was appropriate and reflected the evidence that was presented to us. We are pleased the court found our judgment to have been correct and proper. We did our utmost to be fair and we are gratified we were."

Turner spokesman said Court's reasoning turned "on the fact that the Tribunal was given a very broad grant of discretion by Congress. [Judges] didn't find [rate] was rational or the proper rate but it was within the discretion given the CRT." Spokesman said Turner organization is "disappointed," but he said TBS has "said all along that we need legislation that recognized the growing reality of superstations in the marketplace [and] we intend to aggressively pursue that route."

HEAVY COMMUNICATIONS AGENDA AWAITS CONGRESS: With distraction of Presidential politics, not to mention congressional campaigns, chances are slim in 1984 that Congress will complete much work on many legislative leftovers from 1983. Congress in 1983 considered long list of communications measures, including border broadcasting (S-736), broadcast & cable industry deregulation (S-55 & HR-2370, 2382 & 2873 and S-66 & HR-4102), cable copyright (S-1270, HR-2902 & 3419), financial interest & syndication (S-1707 & HR-2250), home video and audio taping rights (S-31, 32 & 33 and HR-1027, 1029 & 1030) and major telephone bills.

Here's unfinished business for coming year:

--Broadcast deregulation. Four on House Energy & Commerce panel involved in drafting compromise, Telecom Subcommittee Chmn. Wirth (D-Colo.) and Reps. Swift (D-Wash.), Tauke (R-Ia.) & Tauzin (D-La.), plan meeting before Congress returns. Staff draft was circulated before Congress adjourned, but has come under attack from every side. Wirth has promised to continue talks and said he'll hold markup as soon as possible. Proposal by Tauke & Tauzin (HR-2382), with majority of House members as co-signers, would codify FCC's court-approved radio deregulation, extend much of it to TV. Swift offered deregulation proposal to quantify

public interest standard (HR-2370). Ohio Reps. Luken (D) & Oxley (R) have introduced Senate-passed version of broadcast deregulation (S-55, as HR-2873), including cost of regulation fees.

—Minority ownership. Reps. Collins (D-Ill.) & Leland (D-Tex.) have introduced bills to beef up minority participation in broadcast ownership and new technologies (HR-1155 & HR-2331) and to strengthen EEO requirements throughout communications industry.

—Children's TV. Congress is feeling pressure to do something about "programercials," programs that promote products. Wirth has proposed bill (HR-4097) to have all commercial TV stations carry quota of educational programs for children. Pressure for congressional action will increase now that FCC has refused to issue any rules or guidelines (TVD Dec 26 p1).

—Financial interest. Legislation to stop FCC action for at least 5 years has been introduced by Sen. Wilson [R-Cal.] (S-1707) and by Rep. Waxman [D-Cal.] (HR-2250). House amended Waxman bill by shortening delay to 6 months, and FCC has agreed not to adopt final rules relaxing program ownership restrictions against networks until May. Senate is holding off action until March at earliest, by which time networks & program suppliers have been told to try settle their differences. There's every indication that House & Senate can and will pass longer moratorium if industry doesn't come to accord.

—"Rule of 7's." Staff draft of compromise measure would give minorities preference in applications & renewals. With Commission nearing decision to loosen ownership restrictions, Leland has offered measure (HR-4120) which would prohibit Commission from repealing 7-7-7 rule. No hearings have been slated, and without them bill has little chance of moving.

—Cable copyright. Before House are 2 measures (HR-2902 by Rep. Synar [D-Okla.] and HR-3419 by Rep. Hall [D-Tex.]) that would void latest rate increase in compulsory license fees. Another bill (HR-1388 by Reps. Frank [D-Mass.] & Sawyer [R-Mich.]) would make cable systems that carry distant signals subject to full copyright liability in a year. In Senate, S-1270 by Sen. DeConcini (D-Ariz.) is being pushed by its most obvious beneficiary, Turner Bestg., whose WTBS Atlanta would be made exempt from higher fees. Measures would recognize superstations as "national cable broadcast networks" when they pay for national rights to programming. House has held hearings but more have been promised before bills are moved.

—Home taping rights. Failure of U.S. Supreme Court to act on Betamax case may force Congress's hand. Amid speculation that justices simply needed more time, either to settle differences or write opinions, Court asked for 2nd argument on whether use of home video (and audio) recorders violates copyright law. But, 2 months have passed since reargument and Court is in recess.

Studios & manufacturers already have turned back to Congress for solution. House Copyright Committee has held hearings, heard Dec. 14 from Administration that it supports Fair Marketing Amendment (S-31 & 33 by Sen. Mathias [R-Md.] and HR-1027 & 1029 by Rep. Edwards [D-Cal.]). Another hearing on record rentals is expected soon after Congress returns. But, as Senate already has approved a record rental proposal (S-32 by Mathias), pressure on House to act has increased.

—Border broadcasting. One explosive issue involves problem of copyright royalty payments from foreign cable systems that retransmit U.S. broadcasts. Senate may have held final hearing on its bill (S-736 by Sen. Leahy [D-Vt.]) to stop royalties to Canadians until they extend reciprocal treatment, but issue has drawn only limited attention from Congress.

—Daytime broadcasting. Radio for most part plays small role in issues before Congress. While it figures heavily in broadcast deregulation battling, only other radio issue in which legislators have real concern is daytime radio. Daytimers are disappointed with way recent FCC decision would expand hours, are expected to push case in Congress for S-880 (by Sen. Pressler [R-S.D.]), HR-1589 (by Rep. Applegate [D-O.]) or HR-2385 (by Rep. Weber [R-Minn.]). They want to be able to broadcast 2 hours before sunrise and after sunset.

House will have to clear cable bill before it can move to other measures. Bill (HR-4103), introduced by Wirth, has 58 co-sponsors, including 21 from Energy & Commerce panel which is

expected to take up measure soon after House returns (depending on how Chmn. Dingell [D-Mich.] deals with natural gas measure, another controversial bill awaiting full Committee action). Senate already has passed cable bill (S-66) and HR-4103 is similar. Bills would permit cable to provide unregulated data transmission in competition with regulated telcos, provision that has drawn fire from Dingell & Swift. Swift has introduced bill identical to HR-4103 (HR-4229) except it omits telco provision. Also competing for Committee's attention is HR-4299 by Rep. Bryant (D-Tex) that would restrict cable's ability to provide traditional & new telco services.

Biggest obstacle to cable bill passage remains split among cities over extent of deregulation and fracture in their compromise with NCTA over bill. National League of Cities & NCTA had worked out compromise that became S-66, which passed Senate, but when several larger cities found problems with bill, League eventually all but disassociated itself from accord.

House has host of other issues pending: (1) Measures to limit TV coverage and other benefits enjoyed by boxing until some safeguards for boxers are made mandatory (HR-1778 by Rep. Florio [D-N.J.]). (Another bill, HR-2498 by Rep. Richardson [D-N.M.], was killed on floor in July.). (2) Democrats are pushing resolutions that would ask broadcasters to restrict voluntarily their use of TV election projections (H. Con. Res.-227 by Swift & Thomas [D-Cal.] and proposal promised for Jan. by Rep. Edwards [D-Cal.]).

Special House Elections Task Force has been exploring problem of declining voter turnout. It hasn't released conclusions, but interest has been high and several hearings have been held. Investigation has prompted measure (HR-4140) by Rep. AuCoin (D-Ore.) which would prohibit release of all election results until 11 p.m. EST. Broadcasters have been pressing for common hours for voting precincts across country.

Then, too, there remains S. Res. 66, effort by Majority Leader Baker (R-Tenn.) to bring TV & radio into Senate chambers. Baker retires at end of this session and may not get chance to pass proposal, which would permit televised Senate floor proceedings in much same way House has since 1979. Resistance continues from some of senior & conservative members, particularly Sens. Danforth (R-Mo.) & Long (D-La.), who believe TV would be intrusion, and from Sen. Ford (D-Ky.), who prefers radio only coverage.

Finally, Congress will have to deal with usual budget authorizations — including reauthorization of expiring 2-year budget for NTIA and new 3-year authorization for CPB. Also remaining is House Energy & Commerce Oversight Subcommittee's investigation of NPR's financial troubles this year. Being conducted by GAO, investigation is expected to result in hearing early in new session, but sources say NPR will escape with only few bruises.

Group W and Viacom are leading commercial broadcasting effort to air 2-hour nationwide celebrity gala in early Dec. 1984 as moneymaking kickoff to PTV's fund-raisers, PBS Pres. Lawrence Grossman reported. He said Metromedia discussed participation, hasn't committed yet. Show would air with commercials, but agreements would allow PTV stations to use tapes during their fund-raising programs, he said. Three major networks have rejected participation, Grossman and Group W TV Pres. William Baker said.

FCC has allocated \$50,000 from fiscal '84 research budget to continue study of AM skywave measurements in Alaska. Study began in 1981 with appropriation of \$146,000; another \$50,000 was allocated this year. Additional money will permit project to "develop a reliable propagation prediction model" at high latitudes, Commission said.

Radio Peking is sponsoring May 11-29 tour by American radio broadcasters to China. Tour is limited to 32, costs \$3,126 (including transportation, hotels, most meals). Details: Abe Voron, NRBA, 202-466-2030.

British Telecom will sublease 3 Intelsat V transponders to United Cable Programmes (UCP) for cable channel aimed at operators in U.K. and western Europe. Deal calls for service to launch March 1, offering ad-supported entertainment, which later will become scrambled movie channel. UCP partners are Rediffusion, Plessey, Rank Satellite & Cable, UIP Pay TV, Visionhire.

FCC has issued list of meetings slated for first 3 months of 1984. In addition to Jan. 10 en banc oral arguments on appeals of rulings by administrative law judges on nonwireline cellular radio applications, FCC plans meetings on Jan. 12 & 19, Feb. 3 & 14, and March 1, 15 & 30.

Date for LPTV West conference & exhibit for low-power TV industry has been changed. Show was scheduled for Jan. 16-18, is now planned for March 27-28 at Disneyland Hotel, Anaheim. Details: John Reilly, National Institute for LPTV, 212-966-7526.

Least preferred by women TV viewers are "women's shows," according to survey of 1,000 women by Opinion Research Corp. for TV Guide.

'TOUGH YEAR' SEEN FOR HBO: Showtime/Movie Channel's exclusive 5-year, \$500 million deal with Paramount isn't just another pay-TV exclusivity arrangement, as HBO pictured it in 3-paragraph response which said merely that "agreements of this sort serve to underscore the continued growing importance of pay TV to the financing of theatrical motion pictures." Deal won't necessarily alter HBO's status as top pay movie service but could freeze its market share while Showtime (if not Movie Channel) grows at Cinemax's expense in 1984-85. "I think it's going to get very tough for HBO in the next few years," analyst told us. "HBO had a great run for a while there, but 1984-85 looks very weak."

With no upfront payment, according to our sources, Showtime's deal is extended quarterly payout of licensing costs — pay-as-you-show deal over 5 years. Thus, S/MC gets chance to generate revenues from hit movies starting with *Flashdance* in Feb. before payments even begin.

S/MC also is cutting its rates to major MSOs, while HBO just instituted 7% price increase in 1983. As part of deal to purchase Spotlight from Cox Cable, Tele-Communications, Storer & Times Mirror, service offered discounted ratecard of 75¢-\$1 savings per subscriber per month which extends beyond Spotlight substitutions, includes entire pool of some 6 million potential subscribers. Operators of these systems stand to make considerable savings in any switch from HBO to Showtime or Movie Channel. Discounting probably will extend to other 1984 contract negotiations, we're told.

In contrast, HBO has at least \$1 billion worth of production bills coming due in next 3 years, with some analysts doubling figure. Since S/MC has gotten as many as 90-100 exclusives without investing in production "Showtime doesn't have all that capital outstanding," we were told. Meanwhile, some HBO financing arrangements aren't performing as expected. Silver Screen Partners, \$83 million venture with money-back guarantee from HBO, has only one project under way and is having trouble attracting more because top producers are dissatisfied with arrangements that give HBO all TV syndication & pay-TV rights. "Take a look at those terms if you want to see why everyone's walking away," producer told us. HBO "knew that Silver Screen terms would attract B films, but they're not getting 2nd-rank scripts, they're getting lousy scripts," another source said.

HBO's big budget exclusives are getting expensive. Columbia's *Tootsie*, for example, could cost up to \$24 million — \$18-\$19 million for licensing (due to escalation clause in contract), \$4-\$5 million for 25% of production costs. Columbia also ranks behind Paramount, Warner and Universal as distributor, sources note.

"Greatest threat" is to Cinemax, analyst said. Cinemax is "going to be a dead letter in 2-3 years," he predicted. "There'll be no point for an operator to package HBO/Cinemax when he can sell HBO/Showtime." Indeed, Cinemax has been source of confusion to cable operators and object of much tinkering at HBO. After 6-month experiment,

Cinemax will be increasing its duplication with HBO to 2-3 major titles monthly in 1984, HBO Network Group Pres. Winston Cox told us. Current pay-TV negotiations are being conducted with duplication in mind, he noted. This move comes at time when cable operators are clamoring for less duplication on channels: "Duplication on the movie channels is just killing us," midwestern operator told us.

Both Cinemax & HBO original production plans are premised on existence of weak competitor. HBO deals now with competitor which is not only greatly strengthened, but has shifted terms of competition away from mere differentiation — which HBO could more or less control with its made-for-pay films & specials — into brand new territory: Battle for Hollywood boxoffice hits. Unfortunately, previously committed dollars premised on old model — and 30% hike in production costs over last year — have HBO less prepared to do battle than it might wish. "They can't substitute major movies with HBO's made-fors," studio executive said. "They can't take the chance that a subscriber will choose only one pay service." Result will be dollars taken out of production and put into "movies they can't afford to be without." "You can't sell a service on 'Between Friends,'" said another insider.

Though in one sense, "S/MC is playing the game the way HBO has always played it," as studio executive put it, in another sense it isn't. S/MC is vying for shelf space — classic model of cutting costs and using appealing product to get subscribers (and operators) wooed over from HBO & Cinemax. But HBO produced its own productions to cut costs of programming, not to attract new subscribers. HBO wanted "to keep their cash cow for Time Inc. and they saw Hollywood product as too expensive," Wall St. source told us. Result is string of "medium quality pictures." At same time, he notes: "HBO didn't take this seriously. They never expected Paramount to do this. All they could see was that S/MC couldn't possibly have the money and Paramount would eventually have to come back to them. HBO really got ambushed on this one."

RCA Americom proposed cutting its transponder tariffs on Satcom 4. Flat \$150,000 per month rate for minimum 3 years of service would be replaced by new leasing rates starting at 2 years of preemptible service costing \$66,667 per month, which could be upgraded to protected service after 2-year period to 3 years of protected service at \$135,000 per month, according to tariff filing with FCC. Three years of unprotected service would cost \$135,000 per month. With 5-year lease for protected service, first 2 years would cost \$130,000 per month, increasing to \$135,000 per month.

Total employment by all TV-radio stations with 5 or more employees increased by 1,207 (up .75% over 1982) in 1983, according to FCC. Employment in 4 main categories (officials & mgrs., sales, professionals, technicians) was up 1,184 (.89%) to 132,773. Of these, women represented 35,791 (26.9%), minorities 16,988 (12.8%), both percentages up slightly from 1982.

CHRIS-CRAFT MOVES IN ON WARNER: In deal that satisfies goals of both companies, Chris-Craft Industries has agreed to swap 42.5% stake in its broadcasting subsidiary for 19% of Warner Communications voting stock. Unexpected deal, confirmed by both companies last week, will be followed by additional purchases of Warner stock that will raise Chris-Craft's stake in Warner to about 25%.

Warner will acquire 42.5% of BHC, Chris-Craft's TV unit, which owns KCOP L.A. and KPTV Portland, Ore., by issuing 15.2 million convertible preferred shares to BHC. Preferred Warner shares have face value of \$276 million, will have one vote each and be convertible into 12 million common shares, which represent 19% of voting power at Warner. Those shares will be controlled by Chris-Craft through its remaining 57.5% in broadcasting unit.

Although Warner Chmn. Stephen Ross denied it, move was seen by many stock analysts as way to block possible takeover of Warner by Australian publishing mogul Rupert Murdoch, who earlier acquired about 7% of Warner stock. Takeover by Murdoch apparently now would be illegal under Communications Act, which forbids foreign ownership of U.S. TV & radio stations. Ross was quoted as saying it had "nothing at all to do" with Murdoch, but Merrill-Lynch analyst Harold Vogel said: "There's no question it's an anti-Murdoch move."

Warner shares closed at \$27.75 on N.Y. Stock Exchange Dec. 28, making Chris-Craft's 12 million Warner shares worth \$309 million. Because BHC will own preferred Warner stock — and Warner will own 42.5% of BHC — bottom line is that deal will cost Warner \$175 million, analyst noted.

Chris-Craft has pursued stake in major entertainment company since 1980, when it bought 22% interest in 20th Century Fox; it sold those shares when Fox was taken private by oilman Marvin Davis. Move widens Warner's horizons beyond cable TV, movies and consumer electronics into broadcasting, field it believes offers more stability. Besides its L.A. & Portland stations, Chris-Craft owns 50.1% of United TV, which owns KMSP-TV Minneapolis-St. Paul, KTVX Salt Lake City, KMOL-TV San Antonio and KBHK-TV San Francisco. United also is applicant for cellular radio licenses in several cities.

Ruling KSOL(FM) San Mateo, Cal.'s programming performance from 1969 to 1977 had been "minimal," with news "largely a rip and read operation," FCC Judge Frederic Coufal proposed to deny station's license renewal and award facility to Afro-American Communications. KSOL is owned by subsidiary of United Bestg., which earlier had lost licenses for WOOK(AM)-WFAN(TV) Washington for violating FCC rules. In granting Afro application, Coufal also denied application of San Mateo Bestg.; both are black-owned. Afro was favored on local ownership.

CNN signed more than 2.5 million households in Nov., largest monthly gain since metered measurement began in April 1982, CNN said. It's now available in 30% of households with TVs, more than 25 million, CNN said.

WESTMORELAND, CBS TRADE SHOTS: Senior Johnson Administration officials who led Vietnam War effort say in court affidavits there was no conspiracy by Gen. William Westmoreland to underestimate enemy troop strength just before 1968 Tet Offensive, as alleged by CBS in 1981 report "The Uncounted Enemy: A Vietnam Deception." Thirty affidavits Westmoreland made public last week as part of his \$120 million libel suit against CBS represent "shocking" evidence "which belie the broadcast's premise" that he conspired to present false view of Vietcong strength, Westmoreland said at Washington news conference. Affidavits "all refute the broadcast's thesis," he claimed.

CBS executives said they still stand behind story, that nothing Westmoreland made public "refutes the contentions in the report." Said CBS attorney, in referring to material network unearthed in preparation of case: "We've had a lot of discovery in the case and we believe the discovery demonstrates overwhelmingly that there was a conscious, concerted deception in the month leading up to Tet, and we now have sworn proof of that deception..." Information presented during 1981 broadcast "is not deniable," CBS responded after Westmoreland's news conference. "What Westmoreland has attempted to do by holding his press conference is to try to distract attention from overwhelming support [for CBS's thesis] developed in the evidentiary record," attorney said.

Rainbow Satellite has chosen RCA Astro-Electronics to build its Ku-band satellite system, Pres. Timothy Flynn told us last week. System will consist of two 24-transponder in-orbit satellites and one ground spare. RCA was chosen over 3 domestic and one international satellite provider which submitted bids because RCA's 4,000 series strikes "balance between state of the art and versatile system configurations," Flynn said. Satellites will have high-power 40-watt traveling wave tube amplifiers, will give either full or 1/2 CONUS coverage. Rainbow already has reserved launch date with Ariane, either in late 1986 or early 1987, depending on when satellites are ready and Citibank has agreed to finance system construction and launch, Flynn said: "All systems are go... the time has come for the small carrier with inherent versatility to become a dominant influence in the U.S. domestic satellite market."

PBS placed revenue generating activities under new organization called Enterprise Jan. 1. Senior Vp Neil Mahrer, who heads marketing & ventures, will become Enterprise exec. dir., give up engineering responsibilities. Plan is for Enterprise to include PBS data transmission ventures, such as project with Merrill Lynch, teleconferencing, National Auction Service. Organization could become PBS subsidiary. Reorganization will result in promotion of David Baylor, dir., technical & satellite operations, to PBS officer reporting to James Klutts, senior vp-finance, Mahrer said.

Cox Cable earned \$4 million from local ad sales on its cable systems in 1983, up from \$2 million in 1982, according to Pres. David Van Valkenburg.

Chase Manhattan has agreed to develop software packages for cable-fed home banking and other interactive financial services for Cox Cable. Cox will work with local banks to offer services to subscribers. System will use interactive home terminal GI's Jerrold Div. is developing in conjunction with Cox. Chase currently is testing home banking in N.Y., plans to expand effort next year. Arrangement with Chase, we're told, isn't exclusive, leaving Chase free to make similar deals with other operators.

WQXR-AM-FM N.Y. will cut commercial time average 15% Jan. 1, with spots in some time periods reduced as much as 40%, according to Pres. Warren Bodow. One result: Newscasts at beginning of each hour no longer will be followed by commercials, will lead directly into music.

Third quarter sales at Cable TV Industries were \$7.65 million, down from \$7.79 million last year. Net income was \$177,000 (6¢ a share), compared with \$1.7,000 (8¢ a share) last year.

AAF plans its first west coast ad & public policy seminar Feb. 23, Beverly Hilton Hotel, L.A. Group has sponsored similar seminars in Washington for 7 years and Pres. Howard Bell said AAF was responding to requests from west coast ad community in scheduling L.A. seminar. Registration is \$175 for AAF members, \$210 non-members, \$100 govt. officials, \$75 educators, \$30 students. Contact Janet Kennedy, AAF western dir., 415-421-6867.

Adult contemporary format remains most popular among radio stations, according to survey by NRBA. Of 3,497 stations responding, 29% program that format, followed closely by 28% using country music. Copy of 24-page survey, "A Nation of Radios," is available from NRBA, 1705 DeSales St. NW, Washington 20036.

Cox Cable Communications will design, build & operate cable franchise in borough of Queens, N.Y., as minority partner with Queens Inner Unity Cable Systems. System will serve 180,000 homes.

CELLULAR RADIO 84

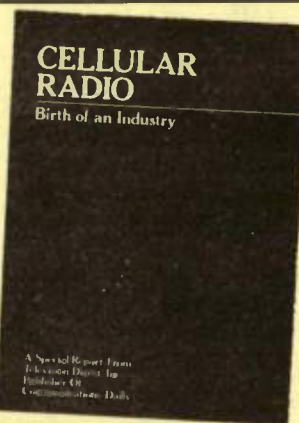
Facts for the New Frontier

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

The All-New Update to "Birth of an Industry"

CELLULAR RADIO 84

Facts for the New Frontier



New territories are opening for cellular, even as the first operational cellular systems are opening for business. Stay on top of developments in this dynamic new field with **CELLULAR RADIO 84**, the second volume of the authoritative cellular radio source book published by Communications Daily.

CELLULAR RADIO 84 puts the latest cellular facts at your fingertips, and contains:

- Application data for markets 61-90, including a *city-by-city* directory of organizations seeking cellular franchises, wireline & non-wireline, and a *company-by-company* cross-index, showing which organizations are applying where.

- A backgrounder on cellular developments in 1983, derived from the news archives of Communications Daily, covering the latest *FCC actions*, the *joint ventures*, and the introduction of cellular services into the *marketplace*.

CELLULAR RADIO 84 is available on its own, or can be ordered as a package with our 1983 cellular fact book: **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, which we have now reprinted, due to continuing strong demand. **BIRTH OF AN INDUSTRY** contains comprehensive directories of the top 60 cellular markets, a background news archive, and a clearly-written primer on cellular, authored by the specialists at Communications Daily.

Don't get left behind on the cellular frontier — order today.

RETURN THIS RESERVATION CERTIFICATE TODAY

- ☐ Yes, please send me _____ copy(s) of **CELLULAR RADIO 84** at \$85 per copy, including domestic handling & delivery. Add an additional \$10 for foreign orders.

- ☐ I prefer the package deal. Please send me _____ copy(s) of **CELLULAR RADIO 84** along with **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, at \$175 for both books. Add an additional \$10 for foreign orders.

ALL ORDERS MUST BE PREPAID. D.C. buyers must pay 6% sales tax on book amount.

Name _____ Title _____

Organization _____

Address _____ City _____ State _____ Zip _____

____ Payment enclosed (Make checks payable to Television Digest, Inc.)

____ Please bill my credit card. Card Type (circle one): American Express, Visa, MasterCard

Card Number _____ Expiration _____

Signature _____

Return to Book Order Desk, Television Digest, Inc., 1836 Jefferson Pl., N.W., Washington, D.C. 20036.

CTW OFFICERS WELL PAID: Children's TV Workshop (CTW) officers had highest salaries among public broadcasting personnel not at stations, latest available Internal Revenue Service returns indicate. Three officers of firm, which produces children's shows like Sesame St. and Electric Co., were paid more than \$100,000 in year ending June 26, 1982, according to IRS returns. Pres. Joan Cooney received \$127,737, substantially less than \$183,091 (including \$56,235 performance bonus) paid to William Whaley, products group pres. Paul Firstenberg, exec. vp, was paid \$100,200 for job which took 78% of his time.

At top salary levels of 3 public broadcasting entities are PBS Pres. Lawrence Grossman, who received \$79,630, former NPR Pres. Frank Mankiewicz, \$70,000, and CPB Pres. Edward Pfister, \$69,630. At PBS, Neil Mahrer, senior vp-mktg., information services & personnel, had 2nd highest salary at \$69,000, tax return through June 30, 1982, stated. He was followed by Michael Hobbs, senior vp-corporate secy., \$66,650; Daniel Wells, senior vp-engineering, \$65,167; Peter Downey, senior vp-program support group, \$64,650; William Reed, senior vp-educational services, adult learning & instructional TV, \$62,850; James Kluttz, senior vp-finance, administration & computer service, \$59,950; Suzanne Weil, senior vp-programming, \$57,500; Eric Smith, senior vp-gen. counsel, \$54,991; Eric Sass, vp-program administration, \$54,000; Lawrence Horn, senior vp-gen. counsel, \$51,775. We'll report figures for major public TV stations at later date.

At National Captioning Institute, Pres. John Ball had salary of \$80,918, according to tax data for 1982. Thomas Watchorn, treas., \$61,699; Sharon Earley, exec. dir.-operations, \$54,083; Phil DeLuca, exec. dir.-finance & administration, \$43,491; Dave Crane, dir.-technical operations, \$39,463; Martin Block, transcription specialist, \$39,102; Deborah Popkin, dir.-West Coast Captioning Center, \$37,604.

Elizabeth Young, Public Service Satellite Consortium pres., had salary of \$65,520, according to tax return through Sept. 30, 1982. Robert Mott, vp, \$62,830; Louis Bransford, vp-promotion & development, \$53,520; Dail Ogden, vp-operations, \$51,324; Daniel Gorton, dir.-system engineering, \$41,280. At Assn. for Educational Communications & Technology, Howard Hitchens, exec. dir., was paid \$41,481. National Federation of Community Bestrs. Pres. Thomas Thomas was paid \$12,431.

Justice Dept. official has confirmed that Antitrust Div. is looking into TV networks' practice of promising advertisers that ads for competing products won't be aired on same show. Investigation is said to be result of complaint by Stroh Brewing (Schlitz, Old Milwaukee & Stroh beers) when ABC wouldn't permit it to buy into U.S. Football League games starting in Feb.

U.K. House of Lords voted 74-24 to experiment with TV coverage of its proceedings. House of Commons also has voted to allow TV coverage, but no plans have been finalized. Both houses permit radio coverage.

NAB RENEWS SEARCH FOR GOVT. HEAD: Both of top choices of NAB Pres. Edward Fritts and Exec. Vp-Gen. Mgr. John Summers as senior vp-govt. affairs have turned job down. Reason: Salary offered wasn't enough. "We're starting over from scratch," Fritts said. He stayed in Washington most of last week to conduct interviews.

First choice of NAB to succeed Steven Stockmeyer as head of govt. relations was James Grange, legislative aide to Senate Majority Leader Baker (R-Tenn.); 2nd choice was ex-FTC Comr. David Clanton (who now is expected to join law firm) — both were offered job. Stockmeyer was paid \$90,000, and NAB was willing to go above that but couldn't top Summers' salary of \$112,500.

On plus side, Fritts said NAB is getting close to picking successor for Senior Vp-Gen. Counsel Erwin Krasnow (who makes \$100,000), who plans to go into private practice in early April. NAB also is searching for replacement for Senior Vp-Public Affairs Shaun Sheehan — who is expected formally to announce his resignation this week to join corporate staff of RKO General — and for 2nd in command for govt. affairs.

NAB Exec. Committee meets Jan. 4-5 in Washington, will take up: (1) Staff-proposed budget of \$10.23 million income, \$10.14 million expenses for fiscal year starting April 1. Committee is expected to have "line-by-line discussion," propose several changes before submitting it to board for final approval during Jan. 17-20 meetings in Maui.

(2) "Readdress" draft of NAB's first annual report. "There's a little fluff in there that needs to be taken out," Exec. Committee member told us. Another added: "There's too much puffery... It's a sensitive area, I suppose... but [we] want to make sure all the political overtones are removed." NAB Chmn. Gert Schmidt said report puts too much stress on administration of NAB, not enough on work of staff, committees and "the guys in the trenches... I want to stress what the Association is doing overall."

(3) Consideration of Futures Committee report which recommends that NAB structure remain pretty much as is (TVD Dec 12 p3).

NAB plans 4-hour teleconference to 28 cities Feb. 23 on political broadcasting. It will originate from U.S. Chamber of Commerce studios in Washington, is designed to help stations "get through the election year as smoothly and as profitably as possible." Seminar will provide 2-way audio interaction, and communications lawyers will be at each site to answer questions. Cost is \$75 for members, with graduated fee for participation by more than one from same station, \$125 for non-NAB members. For registration forms, 800-368-5644.

Senate Foreign Relations and House Foreign Affairs Committees will investigate taping of phone calls by USIA Dir. Charles Wick. White House counsel Fred Fielding is also reviewing matter. Wick has told President Reagan he taped telephone conversations without informing parties involved. White House spokesman Larry Speakes said Reagan still supports Wick.

ersonals

Mauro Sardi, ex-United Artists, named Warner Bros. TV Distribution worldwide operations vp, new post... **Robert Decherd**, A.H. Belo exec. vp, assumed COO post Jan. 1; reporting to him are **Ward Huey**, Belo Bestg. pres., and **John Rector**, Dallas Morning News pres.

Paul Amos advanced to CNN vp & exec. producer of CNN Headline News... **Kathy Lavinder** advanced to gen. mgr.-news programming, ABC Radio; **Don Dunphy** promoted to ABC-TV News syndicated news service dir... **Frank Roberts**, exec. vp of WREG-TV Memphis and sales. dir. of N.Y. Times Best. Group, also named WREG-TV gen. mgr... **Leonard Goldman**, ex-WBZ-TV Boston, named local sales mgr., WNEV-TV Boston... **Gary Knell** promoted at WNET-TV N.Y. to dir.-Office of Telecommunications... **Bruce Kanner** advanced to national mgr.-group broadcast sales, UPI... **James Carter** elected vp-gen. counsel, Nielsen.

Andy Spitzer promoted to Group W Productions vp-national sales... **Sally Smith**, ex-Tektronics, appointed KCWS Glenwood Springs, Colo. controller; **Laurie Brown**, ex-Warner Bros., named dir.-administration & program exec.; **Lee Reams**, ex-KGMC Okla. City, appointed dir.-promotions, PR & commercials.

Fay Farquhar promoted to Katz Communications Media Data Div. TV computer services vp... **David Martin**, ex-WCLR(AM) Chicago, named Doubleday Bestg. vp-programming; **Alan Goodman**, ex-WAFL-FM Minneapolis-St. Paul, appointed regional vp & gen. mgr. of WAVA(FM) Washington, will also supervise WAPP(FM) N.Y... **Jeffrey Olson**, ex-Georgetown U. and Citizens Communications Center, and **Joseph Godles**, ex-Covington & Burlington, join Washington law firm Goldberg & Spector.

Berkshire Cablevision appeal of federal court ruling that cable isn't publisher should be dismissed and court ruling vacated, NCTA said in brief filed with U.S. Court of Appeals, Boston. Case stems from cable franchising in Newport County, R.I., where bidder Berkshire asked court to overturn state cable rules mandating access for public, educational, govt. & leased channels. Judge Raymond Pettine, in opinion seen as blow to cable industry's bid for full First Amendment status, upheld state rules after concluding that 1978 Midwest Video case, which struck down FCC cable access rules, didn't apply.

One hundred members of French National Assembly received Minitel videotex terminals and another 370 will be added to system by next March, according to Intematique, French govt. telecommunications agency. France has some 75,000 Minitel terminals in place.

Young & Assoc., PR firm specializing in telecommunications and computer-related fields, opens N.Y. office at 164 Madison Ave., N.Y. 10016, 212-686-4916.

WEEKLY

Television Digest

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.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036

Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren..... Editor & Publisher
Dawson B. Nail..... Executive Editor
Paul L. Warren..... Senior Editor
Jonathan Miller..... Senior Editor
Paul Travis..... Senior Editor
Steven Tuttle..... Associate Editor
Mary Crowley..... Associate Editor
Mike Schwartz..... Associate Editor
Art Brodsky..... Associate Editor
Melinda Gipson..... Assistant Editor
Daniel Warren..... News Editor
Deborah Jacobs..... Info. System Mgr.

Television and Cable Factbook

Michael Taliaferro..... Managing Editor
Mary Appel..... Editorial Director
Lynn R. Levine..... Senior Editor
Barbara E. Van Gorder..... Senior Editor

Factbook Research, Inc.

Marilou B. Legge..... Director

Business

Roy W. Easley III..... Controller

Barbara J. Pratt..... Marketing Dir.
Chery Grund..... Advertising Dir.
Betty Alvine..... Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
 Phone: 212-686-5410

David Lachenbruch..... Editorial Dir.
Robert E. Gerson..... Managing Editor
Seth Goldstein..... Senior Editor
Julie Talen..... Assistant Editor

JAPAN REPRESENTATIVES

(Editorial & Business)

Aske Dam
Richard E. Varner

c/o Foreign Correspondents Club of Japan
 Denki Bldg., 20th Floor 1-7-1
 Yuraku-cho, Chiyoda-ku
 Tokyo 100, Japan
 Phone: 211-3161 Telex: J24600

NCTA has published 1983-84 edition of "Minority Cable Contractors" listing more than 140 minority-owned businesses serving cable. Book contains model minority purchasing program, regional minority purchasing councils, commodity index, vendor roster and listing of purchasing agents and program buyers at top 50 MSOs. Copies cost \$5 for members, \$8 for non-members.

TV boycott by 17,000 residents of Farmington, Conn. is scheduled for one week next month. City's residents are being asked by school board and library to sign pledge cards promising to turn off their TV sets. Officials said they hope to make people more aware of importance of reading and doing other things with free time than watching TV.

Obituaries

Godfrey Kauffmann, 66, died of cancer Dec. 28 in Washington. He was pres. of holding company which formerly owned Washington Star, WMAL-TV(now WJLA-TV)-AM-FM Washington, WSET-TV Lynchburg-Roanoke, Va., and WCIV Charleston, S.C. Kauffmann retired when family-owned company was sold to Joseph Allbritton in 1966. Wife, daughter, 2 sons, survive.

Robert Lemon, 65, pres. of NBC Radio Div. from 1972-75 and ex-pres. of National Academy of TV Arts & Sciences, Dec. 27 in Bloomington, Ind. He was with NBC for 18 years after becoming program dir. for WRCV-TV Philadelphia, then NBC-owned. Eight years later he was named WMAQ-TV Chicago vp-gen. mgr. Son, 2 daughters, survive.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Dec. 16 (50th week of 1983):

	DEC. 10-16	1982 WEEK	% CHANGE	DEC. 3-9	50 WEEKS 1983	50 WEEKS 1982	% CHANGE
TOTAL TV#.....	440,009	356,730	+23.3	443,800	18,911,175##	16,447,677	+15.0
COLOR#.....	330,016*	237,347	+39.0	315,199*	13,427,329##	10,958,429	+22.5
MONOCHROME....	109,993	119,383	- 7.9	128,601	5,483,846	5,489,248	- 0.1
PROJECTION TV...	3,658	3,380	+ 8.2	3,820	136,580##	111,871	+22.1
HOME VCR.....	119,745*	74,636	+60.4	119,868*	3,858,114##	1,918,456	+101.1
COLOR CAMERAS...	12,741*	10,572	+20.5	14,746**	385,006##	280,249	+37.4

Color TV 5-week moving average: 1983--332,018*; 1982--260,866 (up 27.3%).

Home VCR 5-week moving average: 1983--120,397**; 1982--68,310 (up 76.3%).

Excludes projection TV. * Record for period. ** All-time record.

Exceeds full-year record.

ZENITH SWITCHES TO VHS; CES TO SEE 8MM: Zenith will make its long heralded switch from Beta to VHS at Feb. distributor convention, with line made by JVC scheduled for March marketing, as it drops its Sony-built Beta line. Zenith probably will be first to sell tiny VHS-C Video Movie camcorder in U.S. Meanwhile, prototype 8mm Video camcorders will be brought to CES this weekend by many major brands, with intention of showing them only if Kodak introduces 8mm system at series of international news conferences this week.

Zenith will field complete line of VHS recorders — home & portable decks, plus cameras, Video Movie — including "exclusive Zenith-engineered and developed features," company announced over weekend. JVC, leading VHS supplier in Europe (to entire Thomson group), has had little exposure in U.S. other than its own brand, supplying only audio manufacturers Jensen & Sansui and, for a while, Kenwood.

Zenith was first U.S. manufacturer to adopt VCR, showing product line to its distributors 7 years ago (TVD Feb 7/77 p7) — which we called "stunning development" at time — followed less than 2 months later by RCA's more stunning introduction of first 4-hour VHS machine, with playing-time differential from which Beta never recovered.

Relations between Sony & Zenith have been stormy at times, both sides chafing under Sony's first big private-label contract. Zenith's choice of supplier was widely reported to have been political, since Sony was only major Japanese TV manufacturer not accused of transgressions in Zenith's varied legal actions. Many Sony higher-ups felt Zenith never promoted or marketed VCR aggressively enough. Zenith is believed to have quietly liquidated almost all of its Beta inventory in preparation for VHS launch.

Although most Japanese & U.S. VCR marketers oppose adoption of new 8mm Video format in near future, they've developed stop-Kodak strategy which they can implement at CES, depending on what film giant shows & says this week about its video plans. With exception of JVC (see report below), virtually all of them will bring prototype 8mm camcorders to show to demonstrate they're abreast of newest & latest — to blunt thrust not only of Kodak but of any showing VHS-C Video Movie in back rooms (Zenith, possibly JVC).

Even RCA, which has blown hot & cold on 8mm, is believed to be preparing contingency plan to show prototype this week. By complete coincidence, RCA has scheduled news

conference 2 hours after Kodak's Jan. 4, plans to show its Hi-Fi VHS recorder, possibly new tiny MOS camera. Hitachi-made 8mm camcorder could be added to list at last minute.

Kodak's video line introduction will be international in true Kodak style, with news conferences Jan. 4 in N.Y. & L.A., others in Belgium, Canada, England & Holland. N.Y. and foreign meetings will all start at 10:30 a.m. EST, L.A. beginning hour later. Although there are strong indications Kodak plans to show extremely small 4.5-lb. Matsushita-made camcorder, Matsushita Pres. Toshihiko Yamashita last week repeated statement he made to us (TVD Dec 12 p13) that no deal had been made to supply Kodak. He added that Kodak had asked company to supply it with 8mm system and said Matsushita is studying proposal, will discuss it when Kodak officials visit Japan this month.

Just as Beta lost one U.S. brand it gained one — Sony subsidiary Aiwa announcing unique Beta Hi-Fi portable system here. Aiwa produces Beta Hi-Fi VCRs in Japan for Sony, markets them there under own name as well. New unit, available in March, has portable VCR with built-in tuner-timer, power supply, weighing only 13.7 lb., separate stay-at-home 5-watt-per-channel audio amplifier for use with own speakers or as preamp for audio system. Complete system is \$1,395, companion 3.5-lb. camera with 1/2" saticon, power zoom, \$950.

1984—THE BOOM ROLLS ON: The Great Video Boom of 1983 will continue into 1984, which will go down in history as first year of more than 20 million TV sales, 15 million color sets — and 6 million VCRs. It will also be year in which traditional TV manufacturers will have opportunity to make a buck — but it will see continuation of tough price competition, particularly in VCRs and low-end color. Signs of stability will return to videogame & computer field as weak-sister shakeout runs its course, while audio market proceeds with recovery and video software business booms.

Our forecasts below bear little resemblance to those in our industry survey last week (TVD Dec 26 p15) — or to consensus forecasts EIA will present at Winter CES in Las Vegas this week. Last year, too, our predictions were more optimistic than industry's, but, like everyone else, we were far too low. Here are our guesstimates for 1984 sales to dealers:

Product	1984 (forecast)	1983 (estimated)	1984 vs. 1983	1982 (EIA)	1983 vs. 1982
Total TV#.....	20,600,000*	19,710,000**	+ 4.5	17,131,568	+15.1%
color#.....	15,100,000*	13,950,000**	+ 8.2	11,366,334	+22.7%
monochrome#.	5,500,000	5,760,000	- 4.5	5,765,234	- 0.1%
Projection TV..	175,000*	142,500**	+23.2	117,253	+21.5%
Home VCR.....	6,000,000*	4,075,000**	+47.2	2,034,797	+100.3%
Color cameras..	700,000*	405,000**	+72.8	295,947	+48.2%
V'disc players.	500,000*	300,000**	+66.7	222,625	+34.7%

Excluding projection. * Projected record. ** Record.

We see 1984 starting off strong in consumer electronics, continuing pace of 4th quarter 1983, with extremely strong first half, 3rd quarter showing more modest increase over last year, 4th quarter equal to 1983 period, or perhaps slightly below, but not enough below to keep year from emerging as all-time record-buster for consumer electronics, whose pace will far outdistance economy as whole. As for specific products & issues:

Color TV: Olympics and Presidential election, coming on top of demand for color sets as display devices, will keep sales roaring. Color, more than ever, will be 3-tier market — competition hot as ever and prices low as ever in low end; mid-line will see some firming of prices, high end will enjoy general increase due to stepping up, greater percentage of large-screen sets, monitor receivers, stereo audio systems. Square-cornered tubes will be commonplace by year's end, as they start appearing in U.S.-made sets, but in top tier only, as Japanese manufacturers begin featuring them in some mid-line models.

VCR: We don't see this product leveling off, even to extent industry consensus does — no in 1984. Instead, fever will continue, buoyed by prices so low it will be tough to make a buck on them. Anticipating mass entry into market by Koreans, Japanese will make even lower-priced sets, and by year's end floor prices will be below \$299. Hi-fi stereo VCRs will catch on, but it will be low end which will pile up tonnage to hit 6-million mark.

Color cameras: Lightweight units with solid-state pickups will provide the excitement, and cheaper low-end units will provide the sales momentum, and, as in VCRs, we could see some cameras around \$300 level. VHS Video Movie and new version of Betamovie will help push camera market, and while some other manufacturers will join Kodak in 8mm, product will be too new by year's end to give any clue as to new format's acceptance. Camcorders — Betamovie, VHS Video Movie and 8mm Video — are included twice in table above, as both color cameras and VCRs.

Videodisc players: This is the year they'll get moving. Lines will be more sharply drawn — CED at low end, Laservision at high — both showing increasing strength. RCA will overcome prejudice against its "primitive" system by showing surprisingly sophisticated new version of interactive machine. Disc as computer & game peripheral won't make major impression on home market in 1984.

Projection TV: Numbers will continue low, but dollars will about equal those brought in by color video cameras. Screens will get smaller — down to 35" — and cabinets more compact, as gradual improvements in brightness, contrast, resolution and viewing angle continue. It will be largely a rear-projection business, but 2-piece giant screens will still garner the publicity and decorator appeal.

Monochrome TV: Still the old standby, not impacted very much by soaring color sales, with novelty market (pocket TVs, etc.) accelerating.

TV imports: There'll be no respite from intense import competition, and 1983's record 4 million complete sets should be surpassed, if only modestly. Look for Korea's Daewoo and Taiwan's AOC to join steadily growing ranks of foreign manufacturers with U.S. assembly operations. Final dumping duty assessments on shipments from Korea & Taiwan will be as minor as preliminary findings indicated, preventing U.S. & Japanese marketers from implementing price hikes at low end. Big issue of 1984 will be COMPACT's bid to change rule that now allows foreign assemblers to import picture tubes as part of kits and pay only 5%, instead of standard 15% duty. Administration will go along with argument this threatens health of domestic tube makers, order Customs to shut that door.

Computers & games: Videogame cartridge liquidations should have completed feed through market by midyear, leaving more stable, but significantly smaller business. This should be long-awaited breakthrough year for home computers, with IBM providing needed legitimacy, Atari, Commodore and, if it can overcome bad startup publicity, Coleco riding that wave. Flood of low cost peripherals from independents and general price pressures will hold down hardware profits, have lesser effect on software. Future of U.S. console producers will cloud at year's end when first MSX standard models from Japan start showing up.

Audio: Coming of stereo TV broadcasting will help make 1984 another year of modest improvement for components and packaged systems. Smaller, better performing models will help keep stereo portable tape business growing, though profits will stay low. It will be good year for CD digital audio, with player prices coming down and discs more widely available, but not enough to spur general consumer acceptance.

Video software: Given margin for error on upside, we think total cassette deliveries will hit 18 million, with ratio holding at 80-85% theatrical & specialized titles, 15-20% adult, with music and children's programs emerging as significant business. Margins for program suppliers will improve with expected 10-20% decline in tape duplication costs, no change in packaging. Rise in disc player sales will be matched by increased demand for discs, particularly at new lower prices.

* * * *

Those are our general product predictions. Now for some specific out-on-a-limb forecasts:

Videotaping controversies: We think U.S. Supreme Court finally will uphold major aspects of Appeals Court rulings that home taping infringes copyright, in effect dumping problem into lap of Congress, which will work on fee legislation. Fair Marketing Amendment will pass, to give studios control over tape & disc rental, but will face certain court challenge.

Stereo TV: We can see FCC departing from its marketplace stance just this once, to adopt unanimous industry choice, Zenith system with dbx companding, by 3-2 vote. By next winter, adaptors, set-top multichannel TV sound radios and complete multichannel TVs will be available in a trickle. There'll be some broadcasting in stereo by PBS, some commercial bilingual transmissions in big cities. However, feature won't be widely advertised by set makers (not enough product) or by broadcasters (not enough audience).

Digital TV: No impact in 1984, except on trade & technical press. At least 2, maybe 3 or 4 manufacturers, will show sets in 2nd half, but deliver few, if any. Recognizing that magic of word "digital" isn't enough (and that picture is indistinguishable from analog one), these manufacturers will also show digital peripherals & features scheduled for 1985 introduction. They'll include teletext, ghost & noise canceler, picture-in-picture, possibly high-resolution system expanding standard 525-line picture to 1,050.

DBS: Fever will grip public, and manufacturers — not necessarily TV manufacturers — will respond with announcements of grandiose plans for low-cost dishes, receiver-converters. Lots of talk and preparation for the big action to come.

As always, in this first issue of year, we try to be as specific as possible in our forecasts -- vastly increasing the danger we'll be wrong. But these are our best guesses, based on our observation of industry for nearly 40 years, and for 1984 they spell out, strongly & positively, Happy New Year.

JVC SHRUGS OFF THREAT FROM 8MM VIDEO: Coming 8mm Video VCR format will be so handicapped by shortage of blank & recorded software that it may never pose significant threat to home market domination of 1/2" tape. That's view of JVC top management as expressed to us by senior official — who asked not to be identified — during our recent visit to company's Yokohama hq.

JVC, he pointed out, was among founding members of 8mm Video standards development group that started with intention of coming up with lightweight compact one-piece camcorder "to replace or do more than super 8" film cameras. "The thought was that 1/2-in. wasn't capable of this and that a new format was needed." At JVC "we went 2 ways," working on 8mm while "further developing VHS, though most companies went one way and didn't study the possibilities of the old formats."

Result was JVC's VHS-C Video Movie that provides all targeted requirements of 8mm Video "without adding to the present 3-system incompatibility, and we feel that less formats is better." VM, he said, is smaller & lighter than 8mm, will cost 20-30% less, and tapes will be 1/3 as expensive as metal tapes needed for 8mm. "If 8mm picture quality were much better, then we would have another story," but there will be little quality difference because of the small head drum size used in new format, he claimed. As for VM's limited playing time — 20-min. per NTSC cassette — "theoretically speaking we can make that up to 3 times longer, but we believe it's long enough for most uses."

VM, he stressed, is accessory to, not replacement for, full-sized VHS equipment, as 8mm is reputed to be. Except for such replacement use, sales of 8mm Video would be too small to support production by even 10 of the 122 standards committee members, he said, noting that world market for super 8 movie cameras is just 1.5 million annually. As for pushing 1/2" out of market, "by the time 8mm appears we will be selling 50 million VCRs annually. They will have to create a momentum to reverse that situation and technology isn't enough to do it. This is not like TV, where the introduction of a flat screen would stop sales of present sets immediately. The more a product relies on software, the harder it is to overcome the software availability problem," as is being shown today in video and CD audio players.

Strong backing from software marketers will be needed, and that won't be coming, he predicted. "It's not just hardware manufacturers — tape & software manufacturers are making money on 1/2-in. too, and they won't invest in a new format unless they are sure they can sell." It took JVC "a lot of money to reach the breakeven point in VHS, and now we all share the profit. For a new format do to the same thing now will take too much time and money." N.V. Philips, he said, "showed it's aware of this" by moving to VHS even though it's supposed to introduce 8mm in 1984. As for success of short-play vs. long-play camcorders, VM will be out in Japan this spring "and we will wait to hear the voice of the consumer. We have to see what the market shows us."

JVC has similar view of digital TV. System may provide better pictures and more functions, "but at a high cost, and how many people will appreciate that?" Prime attraction, JVC believes, lies "in lowering the cost of production. Digital TVs would need no adjustments, so we could have a factory without any people, and that's where the real advantage is."

On videodisc front, development effort centers on 3-way — video, audio, computer — system concept, we were told by Toshiya Inoue, senior managing dir. responsible for R&D Center. We saw demonstration of interactive computer controlled VHD-based videogames, learned JVC is working on "standard VHD computer language that, with interface, can be used with any computer." Talks now are being held with several manufacturers and compatible language could be ready next year, Inoue told us.

Upcoming VHD II interactive disc format will be able to hold 3 Mbytes of data in audio channel B, along with regular video & audio information. Experimental golf program we ran offered choice of clubs, swing strength and direction for each shot. Single hole has 500 on-screen action options. AHD, digital audio disc companion for VHD, is due for marketing later this year and also can be used for computer program. Disc, which normally provides 2 hours play time per side, can alternatively hold hour of audio, 160 Mbytes of data and 3,000 still frames. Inoue said he feels AHD, not CD, digital audio disc will become accepted computer program system "as its capacity is 4 times as much and the pictures are much better."

SAMSUNG GETS FINANCING: Korea's Samsung last week received start-up financing for 232,000 sq. ft. color TV and microwave oven assembly in N.J., with state Economic Development Authority sale of \$9.1 million of industrial revenue bonds to N.Y.'s Chemical Bank (TVD Oct 24 p11, Nov 28 p11).

Samsung said total investment in facility will be \$25 million, with company putting in \$2 million, raising rest from other U.S. sources. Plant in Roxbury Twp. will be highly automated, have design capacity for production of 450,000 color TVs, 300,000 ovens, annually. Company expects to break ground next month, complete construction in Aug. Employment will be 125 at start, including personnel at U.S. hq in Secaucus, eventually expand to 300.

Samsung said U.S. accounted for 65% of its 1983 export sales of \$500 million. It claims 2.4% share of U.S. market for color TVs, 7.8% for microwave ovens. Based on estimated full year results, Samsung sold about 330,000 color sets, 460,000 ovens here in 1983.

Cracked crystal balls aren't restricted to consumer electronics prognosticators. Industry wasn't alone in drastically underestimating strength of 1983 consumer demand. At start of year, AHAM predicted factory sales of microwave ovens would rise 7.5% to 4.07 million. Latest actual sales figures show Nov. shipments jumped 52.9% to 648,000, putting 11 months at 5.34 million, up 46.9%.

Home videogame exemption from testing, labeling & recordkeeping requirements for electric toys has been requested by EIA Consumer Electronic Group. In petition to Consumer Product Safety Commission, CEG asserts that recent inclusion of such games under toy safety rules is unnecessary, that 1969 regulations weren't intended to cover games and that compliance puts unfair burden on manufacturers. Petition notes games are used mainly by older children & adults, and that though some 15 million are in use, not a single videogame-related injury has been reported.

China is asking Japanese to give technological boost to its developing color TV manufacturing industry. China reportedly is ready to spend up to \$4 million for help with plant modernization and automation program designed to hike production tenfold to 4.5 million sets annually by 1990. China also is in market for VCR manufacturing know-how. Separately, Philips Brazil said it received \$20 million contract to supply China with 1.5 million b&w picture tubes in 1984-85.

Scandinavia is joining in general consolidation of Europe's consumer electronics industry. Nokia Oy, Finnish producer of commercial electronics, plastics & metals, said it will buy majority interest in 2 major color TV makers, Salora Oy of Finland and Sweden's Luxor. Terms weren't disclosed. Luxor also produces computers, TV reception & audio equipment.

1989'S COMPUTER A TV? What's the difference between a computer and a TV set? Five years from now — nothing, according to Pres. David Kaye of Kaypro Corp.

Kaye, who estimates his company is now No. 4 in sales of over-\$1,000 personal computers with 6% of market (IBM 25%, Apple 18-20%, Radio Shack 16%), is beginning to make stronger pitch for home market, speaking at CES computer seminar and exhibiting at show. He says about 25% of Kaypro computers are in homes.

We recently asked Kaye to look 5 years into future of computers — into start of "5th generation" of product. By 1989, he said, "the personal computer will be as ubiquitous as the TV set — as a matter of fact, it will be one and the same. The TV set will become the true computer. Full libraries will be available on easy-to-use computer media — perhaps optical Compact Discs. Reference materials will be instantly accessible by TV."

Successful computer of 1989 "will concentrate on ease of use — not on the kind of programming we have today," in Kaye's opinion. "How many families will even know what word processing is? They'll all have it, and use it. The same with data bases and educational programming." They'll simply be accepted as part of the interactive compuTV of future, Kaye believes.

Will Kaypro's growing family of computers survive in world of IBM, AT&T and other giants? He believes it will — "in the current shakeout, we're the shaker, the price leader," with popular Kaypro II now at \$1,595, including bundled software. "A solid contender can stand up to IBM through price advantage. Life still exists outside of IBM."

Can Kaypro avoid fate of look-alike Osborne? Said Kaye: "Osborne's major mistake was in not keeping up with technology" — mistake he believes Kaypro is avoiding with steady stream of new models & peripherals.

Changes in near future to make computers more friendly to average consumer and to small business, Kaye believes, are such devices as "flying keyboard," which can be detached from terminal and carried along as self-contained portable computer, as well as LCD displays with 25 lines, 80 characters, which will be lighter and more convenient than CR tubes and just as easy to read.

Kaypro is working on systems with more "soft keys" which can easily be dedicated to eliminate memorizing of commands, on models with built-in modems for data base access, which Kaye thinks will be one of most important uses of future computers.

Company currently is turning out 8,000-10,000 computers monthly — "we could do 50% more if we could make enough [hard disc] Kaypro 10s." Kaye says company has \$30 million in back orders for model 10. It shipped 53,000 units in fiscal year to Aug. 31 vs. 2,000 in fiscal 1982.

Curtis Mathes is launching nationwide franchise program, will announce details this weekend at Winter CES in Las Vegas.

VHD'S FIRST YEAR: JVC and other Japanese supporters of last April's VHD videodisc format launch have learned it's no easier to crack market there than it has been for RCA with its CED system here.

JVC estimates that consumers bought 70,000-80,000 players of all brands in 1983, only about half of 150,000 predicted when sales started (TVD April 25 p16). JVC says its own brand accounts for about 33% of market. Sales pace picked up in final quarter, when volume was running at about 10,000 monthly.

There are about 450 VHD titles on market in Japan, more than double the 200 JVC started with. JVC itself has 300, is custom presser of rest. JVC has 22 presses running at its Yamato plant, where capacity is 600,000 discs monthly. Presses are being kept busy, but not with movies. Best sellers now are karaoke, Japan's unique sing-along music discs, which currently account for 70% of production. JVC and others have introduced Karaoke VHD players featuring microphone inputs. Karaoke video has caught on quickly in bars & clubs, started making inroads in homes.

Sony Chmn. Akio Morita will head delegation from Japan's strongest business group, Keidanren, when it visits Washington next month to argue for legislative elimination of unitary taxes being imposed by individual states. Under unitary system, states base corporate taxes for foreign companies on worldwide profits rather than on results of local operation. Japanese contend this is unfair and discourages investment in U.S. In past, U.S. Supreme Court has upheld legality of unitary taxation, but recently agreed to look at issue again. Special committee headed by Treasury Secy. Donald Regan also is studying situation, is slated to report to President Reagan in Feb.

Coleco hired Honeywell's Customer Services Div. to set up & run nationwide service center network for Adam home computers. Honeywell expects to have 5 open this week, 35 by April, more by end of 1984. Customers now bring non-functioning Adams back to stores, which ship them to Coleco for repair. Adam has been criticized recently for high defect rate, but Coleco says that in many cases problem was with instruction book, not computer. Current production defect rate is less than 10%, Coleco contends, quotes Honeywell spokesman as saying Adam "has been designed to the highest quality & reliability standards."

Commodore 444 home computer slated for introduction at WCES in Las Vegas next week at about \$700 will have built-in word processing, spreadsheet & graphics software. It will contain AT&T-developed Unix operating system so it won't be able to run programs designed for Commodore 64 computers. Commodore is expected to offer translator module that will allow new computer to use at least some of software library developed for 64.

Yamaha will introduce CD digital disc player at CES at \$599. Its first model was \$1,300.

PICTURE TUBE IMPORTS: Though domestic color TV manufacturers have been complaining about tight picture tube supplies, situation has apparently not been serious enough to force set makers to seek foreign suppliers. That's impression gathered for Commerce's import figures for first 9 months of 1983. They show total color tube imports at just 489,800, down 5.6% from same 1982 period.

But tube import figures don't provide complete picture. Tubes are also imported along with chassis and other parts as kits. Figures show that imports of tube-inclusive color kits and semi-finished color sets jumped 336% in period to just under 360,000, bringing number of tube imports to 848,700, up 41.4%.

If set maker does purchase foreign tubes, there's major cost advantage to bringing them in as part of kit. When imported along with kits, effective duty rate on tubes is same 5% as it is on other parts and on complete sets. Tubes entered alone are dutiable at 15%, and that can mean duty saving of \$4-\$9 each, depending on value. Bulk of such kit imports has been from Mexico, represent Matsushita's combining chassis it assembles there with Japanese-made tubes. Kits are sent to Matsushita Electric Industrial plant in Franklin Park, Ill., used to assemble Panasonic & Quasar sets. But in recent months there also have been significant imports of kits from Japan & Singapore.

Despite sharp rise in overall tube imports, they continue to account for relatively small share of U.S. demand. U.S. color plants turned out estimated 7.13 million new sets in Jan.-Sept., so imports represented 11.9% of apparent OEM demand, up from 8.5% in 1982. Percentage overstates import penetration, because substantial, but unknown, portion of foreign tubes ends up in replacement or commercial market. Factoring 9-month imports of 2.7 million complete color sets, each of which contains foreign made tube, indicates tube imports accounted for 36.1% of total new U.S. supply of 9.83 million, up from 25% in first 9 months of 1982.

With U.S. no longer active producer of b&w TV sets, imports of monochrome tubes are dwindling. Figures show 9-month shipments of just 230,300, down 55.3%. Here's breakdown of 9-month tube imports by type and screen size:

U.S. 9-MONTH PICTURE TUBE IMPORTS

Type	Units	%chg.	\$ Value	%chg.
Color				
12" & under	27,106	-62.9	1,743,227	-63.1
13"	125,231	-23.1	5,591,075	-26.4
14-15"	54,074	-19.5	2,645,043	-21.8
16-17"	5,945	-31.0	695,051	-10.4
18-19"	159,839	+25.1	9,960,778	+ 2.0
20" & over.	117,591	+47.3	7,419,591	+49.6
w/TV kits..	358,958	+336.0	n/a.	--
Monochrome				
12-16"...	31,615	-78.9	581,526	-74.0
Other....	198,660	-86.0	3,552,771	-90.1
For projection TV				
	50,378	n.a.	2,467,856	n.a.

VIDEO SOFTWARE MARKET: Video software distributors purchased 9.1 million standard program cassettes, another 2 million of X-rated product, in 1983, significantly up from 1982, according to results of industry survey conducted by our sister publication Video Week. It shows 1984 outlook for 50% increase to 13.5-14 million range for movies and speciality programs, X-rated holding about even.

As for disc, there are some predictions of high growth in 1984, 70% increase to 14 million units, but for most part respondents were cautious about CED & Laservision prospects. Attitude about both formats is very much wait-&-see, in large part because cassette picture has improved so markedly.

Respondents indicated most important marketing factor in 1984 will be promotional outlays, not cassette price, with program suppliers expected to increase expenditures 20-50%. Despite greater emphasis on sellthrough, respondents didn't see much if any change in rental-sale ratios, generally expected to remain at 90:10.

Major development in 1983, as expected, was continued rise of independent marketers, with Vestron, Thorn & Embassy accounting for 15% of business, or 1.35 million tapes. Here's how survey indicates top companies ranked in sales:

	% Share	Unit Sales
CBS/Fox Video...	18	1,638,000
Paramount.....	18	1,638,000
RCA/Columbia....	12	1,092,000
Warner.....	10	910,000
MGM/UA.....	10	910,000
MCA.....	8	728,000
Vestron.....	6	546,000
Disney.....	6	546,000
Thorn EMI.....	5	455,000
Embassy.....	3	273,000
All Others.....	4	364,000

Transceiver dumping complaint against 2 Japanese firms has been filed with International Trade Administration and International Trade Commission by E.F. Johnson. U.S. producer said Kokusai Electric and Hitachi, 20% owner of KE, won contract to supply several thousand cellular radio transceivers to AT&T's Western Electric by agreeing to sell at prices lower than they charge in Japan for similar gear. Johnson said imposition of penalty duties is needed to prevent Japanese takeover of emerging cellular radio equipment market. Action marks 2nd attempt by Johnson to get protection from import competition. In 1977, it led group of U.S. CB makers in successful Escape Clause action resulting in temporary duty rate boost to 21% from 6%. Approval, however, came just after CB market bubble burst, and by time it was implemented virtually all domestic CB transceiver production had ended.

Mitsubishi's Singapore subsidiary, United Electronics, is investing \$1 million in automated equipment to boost monthly color TV output to 10,000 in 1984 from current 6,000. Bulk of production is for export to U.S. & Europe.

CONSUMER ELECTRONICS VIDEO DATA BOOK

1983 Edition

The market continues to change rapidly in the consumer electronics industry, and to see the future, strategists must examine the past. To aid them, editors Robert Gerson and David Lachenbruch have gleaned from Television Digest's news archives every important market statistic and projection for the past year—to July 1983.

These are some of the same statistics which led Sony Chmn. Akio Morita to tell Playboy magazine that Television Digest is "the leading U.S. trade journal" and required reading in Japan. This 150-plus page handy Data Book covers color & monochrome TV, VCRs, videocassettes, videodiscs & players, audio equipment—plus statistical forecasts & projections, along with summaries of market surveys and reports from a wide variety of industry sources. The **CONSUMER ELECTRONICS VIDEO DATA BOOK** is available for \$125, but subscribers to any Television Digest publication receive the preferred rate of only \$95.

Among statistics in this everyday ready-reference book:

- Table of weekly sales to dealers of total TV, home VCRs, projection TV and color cameras from July, 1982 to July, 1983;
- Monthly sales-to-dealers summaries, with inventory reviews and analyses covering 12 months;
- Quarterly data on total-market supply of color & monochrome TV sets, including TV Digest's own breakdown of domestic production and imports;
- Average prices, mix, imports & sales by screen sizes and U.S. exports;
- Monthly summaries of Japanese exports to U.S. and U.S. imports of major video electronic products;
- Television Digest's exclusive Share-of-Market rankings of color & monochrome TV and home VCR brands;
- Trends and forecasts, including statistical analyses from other sources—all major surveys in a 12-month period;
- Market studies and reports, including projections, covering all types of industry products for both the U.S. and overseas.

NOTE: If you don't already have your copy of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK**, covering Jan., 1981 through June, 1982, you may order it with the new edition at a discounted price of \$25.

Yes! Please ship me _____ copy/copies of the **1983 CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$125 (price for subscribers to Television Digest publications is \$95). Please add \$10.00 per book for foreign orders. D.C. purchasers add 6% sales tax per copy ordered. Make checks payable to Television Digest, Inc. All orders must be prepaid.

Also ship me _____ copy/copies of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$25.

Credit Card _____ American Express _____ Visa _____ MasterCard _____

Credit Card Number _____ Valid From _____ to _____

Signature _____

Name _____

Organization _____

Address _____

City _____ State _____

Return this form to Television Digest Inc., 1836 Jefferson Pl. NW, Washington, D.C. 20036.
202-872-9200

Consumer Electronics Personals

Alfred Kahn, Coleco mktg. head, promoted from senior vp to exec. vp... Frank DiLeo advanced at Dynascan from exec. vp-COO to pres., succeeding founder Carl Korn, who continues as chmn.-CEO... Richard Quinlan, ex-JVC Video Div. national field sales mgr., joins Aiwa as video products mgr., responsible for directing hi-fi firm's entry into VCR market... David Kennedy, ex-Instrumentation Lab, joins BSR as pres. of subsidiary dbx... Robert Gras advanced at RCA to financial analysis & reporting staff vp.

Robert Burnett advanced at 3M from Home Entertainment Products Dept. international mgr. to Magnetic Audio-Video Products Div. consumer products mktg. dir.; Richard Mueller named mktg. operations mgr.; George Kanda appointed quality assurance mgr... Irv Stern, ex-JBL exec. vp, and Arnold Wolf, former JBL chmn., named pres. and product design dir., respectively, of ECCO, new producer of \$300 audio amplification system for video products... Donald Haight named Ampex Audio-Video Systems Div. business management dir., new post... John Walther, ex-Post-Newsweek, named EIA Consumer Electronics Group administration & finance dir.

Al Bergamo resigns as pres., MCA Distributing, handling audio & home video; there are no plans to name replacement... Fritz Friedman advanced at RCA/Columbia Pictures Home Video to newly created post of mktg. services mgr.; Linda Donewald joins as mktg. mgr., succeeding Friedman; Mitchell Wallis promoted from senior accounts mgr. to ad mgr., also new post... Ray Bernstein, ex-Columbia Pictures, appointed business affairs vp, Vestron Video, new position; Nana Greenwald, ex-Showtime/Movie Channel, becomes film evaluation dir... Chase Carey promoted to senior vp, Columbia Pictures Pay Cable & Home Entertainment Group... Barbara Burns named Family Home Entertainment PR dir.

Walton Cottrell named Owens-Ill. planning vp, replacing Richard Lock, now vp-treas... George Vashel, ex-Signetics, appointed Intersil mktg. vp, succeeding Steve Pletcher, who returns to fulltime duties as GE Semiconductor Business Div. gen. mgr... Donald McGuinness promoted at Sprague from Active Components Group vp to corporate operations exec. vp... Richard Mau, ex-Sperry corporate & govt. relations vp, joins Raytheon as public & financial relations vp.

Ad notes: Apple appoints BBDO International for Europe, replacing Leo Burnett on \$11.3 million account... Ampex names Dailey & Assoc. for Computer Products Div... Pittway substantiated dual function ad claim for its First Alert smoke detectors. Responding to challenge by BBB, it showed ionization sensor in alarm is triggered by both large smoke particles and smaller particles from flame.

Lloyd's stockholders approved acquisition of audio marketer by distiller Bacardi for \$11.6 million in cash (TVD Oct 24 p13).

U.S. EXPORTS DOWN: Though rate of decline eased, U.S. TV exports continued to slump in 3rd quarter, leaving industry's foreign trade well below 1982 levels for first 9 months of 1983, Commerce figures show.

Value of 3rd quarter shipments dropped 23.7% to \$29.2 million on across-board product declines. In color, unit shipments were off 17.3% to 77,100, value down 20.7% to \$26.6 million; b&w dropped 47% to 16,800 at \$1.86 million, off 49.2%; combinations fell 21.3% to 2,000 at \$775,000, off 29.5%. For 9 months, total shipment value was down 48.1% to just under \$66 million, combinations providing only gains, with units up 25.6% to 7,300, value up 22.6% to \$3 million. In color for full period shipments dropped 46.2% to 164,100 and value fell 47.1% to \$58.1 million, while b&w units were down 72.6% to 34,200, with value down 67.1% to \$4.86 million.

Average export pricing for color & combination models also declined. In Jan.-Sept., average value of exported color TV slipped to \$354.27 from \$360.16 in same 1982 period, while combination average fell to \$409.81 from \$419.81. In b&w, average rose to \$142.26 from \$118.56.

Arcade games will be springboard for optical format domination of videodisc marketplace by mid-decade, providing 96% of hardware, 91% of software sales, in 1987, according to Frost & Sullivan report. It sees player sales growing from \$96 million in 1983 to \$2 billion in 1987, discs increasing from \$250 million to \$5 billion, with arcades accounting for 50% of hardware, 80% of software volume. Since schools are seen buying 40% of optical players, report sets aside just 10% for home entertainment market. It expects CED "will be largely restricted" to home use, "will continue to meet intense competition from other sources of video programming." Details: F&S, 106 Fulton St., N.Y. 10038

Video software notes: Embassy Home Entertainment is understood to have bought 5-year U.S. & Canada home video rights to ABC Video Entertainment hit Silkwood for \$1.7 million... Paramount is expected to announce sales of 530,000-550,000 cassette copies of Raiders of the Lost Ark, or 20-25% increase from start-up shipment. Assuming CED & Laservision have shown same improvement, disc deliveries should jump 20,000 to 100,000 units. Paramount expects opening orders for more than 150,000 copies of Flashdance.

Joint promotion & liaison office is expected to be opened in Tokyo by industry's 2 major west coast trade groups, American Electronic Assn. and Semiconductor Industry Assn. AEA plans for Far East were disclosed here last Oct. (TVD Oct 3 p16). U.S. Commerce Dept., it's understood, has agreed to underwrite some costs.

Superscope will resume international marketing of Superscope brand products May 1. Temporary rights to name outside U.S. & Canada were included when Philips acquired overseas assets of Marantz operations from Superscope in 1980. Superscope said it will begin limited foreign distribution of Superscope brand home & audio and video products in 2nd quarter.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

JANUARY 9, 1984

VOL. 24, NO. 2

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CBS & MPAA NEARLY AGREED on financial interest, but deal fell through when MCA complained. NBC & ABC didn't participate. (P. 1)

NAB PAY RAISES TRIMMED by Exec. Committee in drop from proposed 9% to 4.8%; top execs. to get even less. Structures Committee report recommending only minor changes approved. (P. 2)

ABC/HUGHES DEAL DETAILED: FCC filing outlines complex web of agreement between Ku-band satellite awardee and several Hughes subsidiaries. Rainbow seeks reprieve. (P. 3)

SLOW YEAR SEEN FOR VIDEOTEX, despite scheduled start-ups of Times Mirror and Keycom systems. (P. 4)

MURDOCH MOVES ON WARNER: Discloses intention to acquire 49.9% of stock, files FCC bid to block Warner-Chris-Craft stock swap. (P. 6)

INTV's 11th ANNUAL LOOKS GOOD with 121 members, 770 registrants, 79 programmers. Fowler to appear via satellite; Dawson, Quello to appear in person. (P. 7)

NCTA RETURNS TO VEGAS after disappointing experience in Houston. Theme is 'Cable: The Consumers' Choice.' (P. 7)

MPAA & CBS NEAR-ACCORD ON FINANCIAL INTEREST DIES: CBS and MPAA leaders in last several days held quiet talks that produced near agreement on compromise in long-standing programming financial interest dispute, we've learned. Thinking it had deal, network scheduled meeting with FCC Chmn. Fowler for morning of Jan. 6 at which CBS Pres. Thomas Wyman and MPAA Pres. Jack Valenti were to outline compromise. But day before, MCA Chmn. Lew Wasserman complained to Valenti after he was told of compromise by CBS, and meeting with Fowler was canceled.

NBC & ABC weren't involved, didn't approve of CBS action, particularly one in which CBS agreed to even more restrictions on network in-house productions than currently imposed by Justice Dept. consent decrees. Spokesmen for NBC & ABC wouldn't comment directly, but did say they had problems with any plan further restricting their in-house productions.

Deal that CBS and MPAA agreed to, we were told, calls for: (1) "Way less" than 49% network interest in programs, ownership figure originally sought by networks. (2) "Little if any"

Consumer Electronics

KODAK BRINGS OUT 8MM VIDEO, as RCA, GE counter Kodak by showing, announcing '84 plans. Others may show privately at CES. (P. 11)

KODAK'S VIDEO DEBUT: Two 8mm camcorders by Matsushita for sale this summer, videotape by TDK launch major effort in home electronics. (P. 12)

JAPAN'S VCR EXPORTS to U.S. set new record in Nov., breaking through 600,000 level for first time. Color exports also surged. (P. 14)

SHARP SEEKS FREE-ZONE designation for Memphis, Tenn. color TV-microwave oven plant. Says it will expand if bid is approved. (P. 14)

NEC ADDS VHS TO BETA line for sale in U.S., making it 3rd brand to offer both. (P. 14)

NEW PRODUCT INTROS for CES: RCA's palm sized camera, new low prices for Sony, Toshiba VCRs. Teletext decoders from Quasar, Sony. (P. 15)

EIA FORECASTS 16% increase in consumer electronics sales to \$22.3 billion this year as CES opens on note of celebration. (P. 16)

NEW FACE ON CES sees realignment of exhibitors with many giants out, Korea & Taiwan expansion. GE goes all out. (P. 18)

syndication rights. (3) Parties would go to Justice Dept. to seek changes in consent decree on in-house production that would further restrict networks. Deal fell apart when CBS official outlined it for Wasserman, who allegedly added new conditions that CBS couldn't accept. We weren't able to learn what conditions Wasserman added, although one source said most were "nit-picking." Apparently dead is demand by producers to trade partial ownership for rights to 30-sec. advertising spot when show airs (TVD Nov 14 p4).

"We have been talking quietly over the last couple of weeks," said Valenti, "and we had hoped that we could reach some kind of agreement"; but "it has just simply broken down and that's why there was no meeting over there [with Fowler]." Parties will reassemble this week and try again, Valenti said: "We are still talking and trying to arrange a meeting as soon as possible." We were told that meeting is tentatively planned for Wed. at CBS hq, after which parties will go public with their positions.

Valenti wouldn't confirm anything about accord with CBS, although he said CBS has been "easier to talk to" than others. He said he was confident compromise with networks can be worked out soon: "We've made some movement but I can't go beyond that; I'm pledged to the networks [to keep talks private]."

FCC has agreed with Congress to delay its financial interest rulemaking until May 10 to allow parties time to reach accord.

NAB EXEC. COMMITTEE TRIMS SALARY RAISES: Over objections of NAB Pres. Edward Fritts and Exec. Vp-Gen. Mgr. John Summers, NAB Exec. Committee last week severely trimmed proposed salary increase for employees to take effect April 1. Committee also trimmed proposed overall budget — cutting both expected income & expenses — although new expenses were added in some areas. Final approval of Exec. Committee actions will be up to joint board meetings in Maui next week.

Fritts & Summers had sought average 9% increase for staff in proposed budget of \$10,328,000 income, \$10,085,515 expenses. Committee cut staff increases back to average of 4.8%, but with further restriction: Top 14 NAB execs. would get average of only 3%; rest of staff would average 5.6%. Major reduction in expected income was made in dues from station members — \$3 million radio (up \$111,000), \$3.35 million TV (up \$155,000). Committee member said figures weren't "realistic... Let's face it, we've been flat in membership." Other major dollar source is expected profit of \$2.4 million on 1984 convention, up \$372,042 on net income from 1983. Adjusted income is expected to be about \$10.1 million, expenses \$10 million. Proposed budget for Science & Technology Dept. was cut most of any — \$100,000 to \$541,429.

Committee added \$169,000 to budget for capital expenditures, was warned another \$180,000 in legal fees may be necessary if Alberto-Culver suit against CBS and several TV groups (over split 30-sec. spots) isn't settled. Some groups have settled and NAB official said "we expect CBS to cave in" also — view echoed by CBS official.

Committee also approved for board action final report of Structures Committee, formed to make recommendations on "Kenney Plan" (TVD June 20 p11). As expected, both Committees rejected proposal of ex-NBC Washington Vp Peter Kenney (a 20-plus-year member of NAB board), instead opted for only minor changes (TVD Dec 19 p2). Among recommendations: (1) Internal "Policy Council" composed of top NAB executives to meet regularly, report to Exec. Committee. Its role would be to "identify major legislative and regulatory issues facing NAB"; to devise "strategy and goals" to respond; "to assess major industry trends and the opportunities they create"; "to assign roles in achieving joint governmental relations strategies, or separate and differentiated radio and TV strategies whenever these are required... and to negotiate complementary roles external to NAB."

(2) Senior lobbying specialists, one each for radio & TV, should be clearly defined in Govt. Relations Dept. "to oversee all radio or TV specific lobbying [and] work together on issues where differences do not exist. The respective senior vice presidents for radio and TV shall be consulted in these hires."

(3) In addition to staff, "NAB's lobbying efforts should utilize the expertise of... station operators who have requisite knowledge and representation skill." Also, Committee said, "where particular issues warrant, professional lobbying should be retained... augmenting staff resources as needed." Report was prepared with help of consultant Michael Tate of Arthur D. Little Inc.

Meanwhile, NAB TV Chmn. Jerry Holley disputed published report that he plans to step aside next spring in favor of TV Vice Chmn. William Turner. Holley said he definitely plans to seek 2nd term. Turner, who is seeking 2nd term on TV board, said it "would be presumptuous of me to say I'm a candidate for reelection when I've got to get reelected to the TV board."

HUGHES & ABCI JOIN FORCES: Advanced Business Communications, in series of agreements with Hughes subsidiaries, seems to have turned over more than 96% of company's expected revenue in effort to secure financing to launch its Ku-band satellite system. ABCI was one of 3 companies recently granted authority to launch satellite systems, conditioned on firms' ability to demonstrate financial qualifications by Dec. 31, 1983.

Other 2 firms were U.S. Satellite Systems (USSSI) and Rainbow. USSSI has been granted extension to show viability and Rainbow, at last minute, asked for similar reprieve. Details of Hughes-ABCI deal and Rainbow's plea for extension were contained in Dec. 30 filings with FCC.

All 3 attest to difficulty in raising capital, but only ABCI proposes what it calls "a creative form of financing" whereby Hughes Aircraft Co. (HAC) will defer payments on contract to build birds until ABCI receives revenues from sales or leases of transponders. Full payment is still due on delivery of spacecraft. Two HS-393 satellites will cost ABCI undisclosed minimum fixed price for procurement and launch.

Filing stated: "For amounts in excess of the minimum, HAC will receive a sum such that the total revenue received by HAC is equal to 96% of the revenues received by ABCI from the sale or lease of capacity on the spacecraft, net of launch costs." Meanwhile, HAC will make interest-free advances to ABCI of up to \$300,000 and will reimburse ABCI for certain operating expenses.

ABCI also has asked Commission for permission to sell its transponders, has turned to Hughes subsidiaries to help launch and market satellites. Hughes Communications Satellite Services (HCSS) is in charge of launch services and technical launch assistance, for which it will be paid unspecified amount, plus \$900,000 fixed service fee for each satellite after it's in orbit.

Hughes Galaxy has been designated "exclusive sales representative" to market transponder capacity on first of 2 satellites, for which it will receive 2% commission based on customer revenues. ABCI retains marketing rights on 2nd bird. HCSS will pay ABCI \$50,000 for right to perform transponder services on behalf of its customers on both satellites.

Galaxy has option in either 3-5 years from contract date or 1-3 years after launch of first satellite (whichever is later) to exercise option of purchasing shares of Matt Nilson, ABCI pres., founder and majority shareholder. Should such option be exercised, ABCI acknowledged, it would affect

transfer of control of company and be subject to Commission approval. Some industry and regulatory officials are wondering whether Hughes is already in deep enough to be required to file with FCC for "asset purchase" of company. FCC expert on such issues said that authority to manage system usually is included with outright purchase of assets. That isn't case here, according to ABCI, which vows it will retain responsibility and control of company despite fact that tiny fraction of revenues will ever see inside of company's pockets.

Conn. PUC shouldn't rate-regulate institutional services contemplated by Cablevision of Conn., NCTA said. Filing by Assn. comes in wake of PUC decision to investigate Aug. 1983 plan of Cablevision to offer private telecommunications network in its Fairfield County franchise area. NCTA said rate-regulating such services runs counter to recent FCC decisions and that marketplace forces would adequately control Cablevision's rates.

CableScope's Buffalo franchise has been renewed until 1994, conditioned upon rebuild to 54 channels from 36, 2-year rate freeze, establishment of public access center, restoration of 2 distant signals and 30% minority hiring goal. City Council also approved sale of company by Cowles Media of Minneapolis to TCI for \$41.5 million. Franchise would have expired in 1986.

FCC should reject petitions for reconsideration of its Nov. 15 order preempting state & local rate regulation of non-basic cable service, NCTA said in filing. Assn. mainly is attacking reconsideration petition filed by National League of Cities, which has "offered no colorable reason why the Commission should now reverse its decision" to preempt, NCTA said.

Tulsa cable franchisee has acquired professional soccer team Tulsa Roughnecks, current champion of North American Soccer League. Team had been on verge of bankruptcy when club's franchise was transferred last week to Tulsa Cable TV, unit of United Cable. Tulsa Cable has 110,000 subscribers, carried Roughnecks games last season.

NAB has distributed \$60,000 in cable copyright royalty fees to 18 commercial TV stations. Fees distributed were part of 1980 copyright fund, come on top of \$1.3 million NAB distributed in Sept. to 309 stations.

CTAM 84 will be held Aug. 12-15 at Waldorf-Astoria Hotel, N.Y.

NEW YEAR SLOW FOR VIDEOTEX: Consumer videotex & teletext will go nowhere in 1984, top industry analysts and industry participants concede, despite probability that 2 major consumer-oriented videotex systems could be operating by year's end. As in recent years, firms involved in new technologies will watch & hope, while consultants & lawyers prosper.

Sometime in mid-1984 — company officials aren't saying when — publishing giant Times Mirror will start Gateway videotex service in prosperous Orange County, Cal. Like Knight-Ridder's Viewtron videotex service in Miami area, it will use AT&T's Sceptre terminal. Keycom starts in April using Honeywell equipment.

Some observers believe consumer teletext is dying slow death since Time pulled plug on full-channel project. But others see teletext finally "shaking out" and placing technical difficulties behind it. As example, Zenith will pursue announced policy of building TV sets capable of decoding World System Teletext rather than N. American Best. Teletext Standard, reported selling fewer than 100 of its decoders for Taft Bestg. experiment in Cincinnati. Business use, such as stock market service being tested by Merrill Lynch and PBS, is considered by some best way for teletext to proceed. Teletext still suffers from lack of decoders.

"The home computer market is highly dependent on videotex to succeed although they may not know that," said Videotex Industry Assn. Chmn. Larry Pfister. "They need videotex to keep [personal computers] out of the closet 6 months after they are bought," added Pfister, who left Time's defunct teletext project to become pres.-CEO of newly formed Maritime Data Network, partnership which includes Marine Management Systems of U.S. and British firms Lloyd's Register of Shipping and Lloyd's of London Press. Pfister sees videotex future closely paralleling typewriter, which followed businessmen home from office. Others, like Richard Gingras, Cybernetics Data Products vp-broadcasting, expect progress in specific service areas such as home banking.

N.Y. cable operators must suspend service to subscribers if wiring inside home is substandard, causing signal leakage, N.Y. Commission on Cable TV ruled. Order is directed mainly at MATV systems in hotels, other multi-unit dwellings that are prewired, Commission said (Doc. 90271). State body said its staff "has increasingly detected signal leakage emanating from cable subscribers' homes." Operator is required under state rules to correct such leakage, but if access to home or hotel can't be gained, then operator must discontinue service, Commission said.

PBS is asking 3 networks to pay PBS's \$800,000 share of network pool coverage of political conventions. Also, PBS Pres. Lawrence Grossman has sent letters to major corporate underwriters trying to raise some of \$10 million needed by PBS to telecast Presidential debates and provide gavel-to-gavel coverage. Grossman set Feb. 1 deadline for raising funds.

FCC OKAYS PBS ITFS APPLICATIONS: FCC has granted 82 applications of PBS for ITFS, which will be part of National Narrowcast Service (NNS). Commission denied petitions by Microband Corp. of America, which argued NNS was attempt by PBS to "warehouse" as many ITFS channels as possible to prevent FCC from reallocating them to other services. Applications were approved Dec. 30 after commissioners signed off on order by circulation. Rivera cast lone dissenting vote.

Another 20 applications by PBS weren't approved, due to potential interference and other technical problems, PBS Senior Vp William Reed said. He said 20-30 individual PTV stations have filed for ITFS capability independently of PBS and another 20 PTVs are already operating ITFS. NNS will use PBS national satellite distribution network and is designed to provide instructional, educational, cultural, professional training & informational video materials throughout country. PBS has scheduled 2-year NNS demonstration to begin in Sept.

Microband also had challenged PBS's legal & financial qualifications under its bylaws to be licensee of broadcast entity. Microband, which has active campaign to lease excess ITFS capacity for commercial Multichannel Multipoint Distribution Service, also questioned appropriateness of PBS's proposed programming. FCC determined that ITFS wasn't broadcast service, found PBS fully qualified to be licensee. PBS is willing to assign its ITFS stations, upon request, to member stations serving communities where proposed ITFS stations will be located. Reed said PBS will begin forming strategy to determine how to help stations raise \$150,000-\$250,000, estimated cost to build ITFS 4-channel facilities.

U.S. Satellite Systems has signed agreement with Blyth Eastman Paine Webber under which latter will represent USSSI in private placement of up to \$50 million of equity capital. Figure represents relatively large amount of capital to be put up for equity transfer, but even if all equity is placed, company wouldn't be fully financed, spokeswoman said. Company has \$20 million line of credit from Manufacturers Hanover Trust and is investor in Wang. Company spokeswoman said Wang share didn't make that company major shareholder, even with equity offering, said she didn't know whether purchase of \$50 million offering in total would constitute majority share.

FCC should abandon proposal for applicant self-certification of technical data submitted with FM CP application or station modification, NAB said in reply comments. Filing excerpted statements in comments on rulemaking (83-805) filed by several other parties — all opposing move. NAB said it agreed with those parties that applicant self-certification of technical data would produce interference.

Spring TV affiliates' conventions, all at Century Plaza Hotel, L.A.: ABC May 7-9; CBS May 13-16; NBC May 20-22.

William Hanley's appointment to CPB board was improper because board isn't comprised of "officers of United States" govt. and therefore isn't subject to recess appointments, organization maintains in response to suit filed by Justice Dept. on behalf of President Reagan. Filed in U.S. Dist. Court, Washington, CPB response denies DoJ allegations against CPB and Democratic Dir. Gillian Sorensen. DoJ had urged Court to declare Hanley was CPB dir. and to "oust and exclude" Sorensen from board.

ABC Video Enterprises acted on its option to purchase up to 49% of ESPN by buying 15% of company from Getty Oil, it's understood. Getty will get about \$25 million, under terms outlined in Aug. 1982 agreement, which gave Jan. 1 deadline for minimum 10% purchase to keep option alive.

Broadcasters contributed \$81,310 to NAB's Political Action Committee during 1983. Leading list was D.C. with \$12,327; broadcasters from 4 states — Alaska, Ida., Mont., N.D. — contributed nothing.

FCC has granted waiver of rules to permit type acceptance of Harris Corp. Model STX-1A AM stereo exciter. In 1982, Model STX-1 was granted type acceptance, but this was later rescinded when Commission learned that equipment being used by radio stations operated differently from that described for type acceptance. FCC said new exciter meets all provisions for acceptance but one and that it could find no evidence that it would cause co-channel or adjacent-channel interference.

New England Sports Network took big step toward spring launch with acquisition of 10-m uplink facility from Scientific-Atlanta. Dish is focused on Satcom 1R, on which network has leased transponder. Network will offer Boston Bruins & Red Sox games.

Correction: United Cable Programs will sublease one Intelsat V Ku-band transponder for distribution of pay TV in U.K. We incorrectly reported (TVD Jan 2 p6) that UCP would sublease 3 transponders for ad-supported service to Europe.

CELLULAR RADIO 84

Facts for the New Frontier

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

The All-New Update to "Birth of an Industry"

CELLULAR RADIO 84

Facts for the New Frontier

CELLULAR RADIO

Birth of an Industry

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

New territories are opening for cellular, even as the first operational cellular systems are opening for business. Stay on top of developments in this dynamic new field with **CELLULAR RADIO 84**, the second volume of the authoritative cellular radio source book published by Communications Daily.

CELLULAR RADIO 84 puts the latest cellular facts at your fingertips, and contains:

- Application data for markets 61-90, including a *city-by-city* directory of organizations seeking cellular franchises, wireline & non-wireline, and a *company-by-company* cross-index, showing which organizations are applying where.

- A background on cellular developments in 1983, derived from the news archives of Communications Daily, covering the latest *FCC* actions, the *joint ventures*, and the introduction of cellular services into the *marketplace*.

CELLULAR RADIO 84 is available on its own, or can be ordered as a package with our 1983 cellular fact book: **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, which we have now reprinted, due to continuing strong demand. **BIRTH OF AN INDUSTRY** contains comprehensive directories of the top 60 cellular markets, a background news archive, and a clearly-written primer on cellular, authored by the specialists at Communications Daily.

Don't get left behind on the cellular frontier — order today.

RETURN THIS RESERVATION CERTIFICATE TODAY

- ☐ Yes, please send me _____ copy(s) of **CELLULAR RADIO 84** at \$85 per copy, including domestic handling & delivery. Add an additional \$10 for foreign orders.

- ☐ I prefer the package deal. Please send me _____ copy(s) of **CELLULAR RADIO 84** along with **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, at \$175 for both books. Add an additional \$10 for foreign orders.

ALL ORDERS MUST BE PREPAID. D.C. buyers must pay 6% sales tax on book amount.

Name _____ Title _____

Organization _____

Address _____ City _____ State _____ Zip _____

____ Payment enclosed (Make checks payable to Television Digest, Inc.)

____ Please bill my credit card. Card Type (circle one): American Express, Visa, MasterCard

Card Number _____ Expiration _____

Signature _____

Return to Book Order Desk, Television Digest, Inc., 1836 Jefferson Pl., N.W., Washington, D.C. 20036.

MORE MOVES BY MURDOCH ON WARNER: Rupert Murdoch last week signaled he's serious about moving in on Warner Communications by disclosing he intends to acquire up to 49.9% of WC stock and also by asking FCC to halt Chris-Craft/WC stock swap because he said it violates TV-cable cross-ownership rules. Murdoch also raised qualifications issue by noting that 2 Warner executives were convicted of federal crimes last year.

Murdoch said his News International intends to acquire up to 32,627,802 shares of Warner common stock, representing 49.9% of voting securities (he already had bought 7%). If deal goes through, acquisition would give Murdoch controlling interest in Warner, well ahead of Chris-Craft, which has agreed to acquire 19% of Warner stock in exchange for 42.5% stake in its broadcasting subsidiary (TVD Jan 2 p6).

Murdoch asked FCC to put hold on agreement whereby Chris-Craft would acquire more than 20% of WC, which in turn would acquire 42.5% of Chris-Craft TV subsidiary BHC Inc. News International claims deal must have FCC approval (position CC & WC deny) because of cable-TV cross-ownership violations. Warner owns cable systems within Grade B contours of BHC's KCOP L.A. & KPTV Portland, Ore. News International also claimed United TV (of which BHC owns 50.1%) owns KMOL-TV San Antonio — where News International (holder of 7% of WCI stock) owns San Antonio Express and News.

News International also raised character qualifications, noting that "in the recent past, 2 of the senior WC executives, Jay Emmett and Solomon Weiss, were convicted of federal crimes" related to WC purchase of Westchester Premier Theater. News International asked Commission for "expedited temporary relief" by ordering CC and WC to delay consummation of proposed deal, pending resolution of its complaint.

In FCC filing, Murdoch said CC-WC combine "is not in the best interest of Warner and its stockholders." He said News International will explore other measures, including examining "economic alternatives and seeking by the acquisition of additional shares of Warner, the solicitation of proxies or otherwise to influence the [WC] management or acquire control of Warner."

Murdoch's move came as no surprise to investment community, which hadn't expected him to be satisfied with 7%. Murdoch has eye on film library, we're told, reportedly "believes the film assets are undervalued — there's a huge value there that isn't being exploited," analyst said. Should Murdoch manage to circumvent legal technicalities, Murdoch-controlled WC would probably divest itself of money-losing Qube cable systems, N.Y.C. franchise and Atari, which would leave entertainment conglomerate free to concentrate on Warner Bros. studio, Warner Amex Satellite Entertainment (Nickelodeon children's channel and highest-rated basic cable channel, Music TV) and joint venture with Viacom and American Express in newly merged pay services Showtime/Movie Channel. Latter 2 would also serve as programming for Murdoch's currently tabled DBS service, Skyband.

"He was turned down by HBO; he was turned down by Showtime; he was turned down by everyone else for DBS. Maybe now he wants to go in there and get the programming for himself," one Viacom executive said recently.

FCC has set Jan. 20 deadline for comments on proposal to compensate U.S. AM broadcasters for costs of upgrading facilities to counter Cuban interference. Replies are due Feb. 7. Key issues that FCC is examining: (1) Definition of what would constitute interference by Cubans. (2) Types of expenses that should be covered. (3) Who should handle compensation requests, FCC or industry. FCC was directed to institute rulemaking in so-called Radio Marti legislation President signed in Oct. Meanwhile, in radio address beamed to Cuba last week by Voice of America, President reminded Cubans of new Marti broadcasts that legislation directs VOA to carry. He claimed Marti will "tell the truth about Cuba to the Cuban people" and cited his broadcast, which was on U.S. invasion of Grenada, as example of what Marti will do.

Several hundred govt. officials and telecommunications industry leaders from 32 countries are expected to attend 6th annual Pacific Telecommunications Council conference in Honolulu Jan. 8-11. Major speakers include Lionel Olmer, U.S. undersecy. of Commerce for international trade; Armando Vargas, Costa Rica's Minister of Information & Communications; Tetsuro Tomita, deputy dir. gen. of Telecommunications Policy Bureau for Japan's Ministry of Posts & Telecommunications. Details 808-949-5752.

Gross Telecasting said letter of intent to sell its TV stations to group financed through Forstmann Little & Co. had expired without reaching definitive agreement. Offer won't be extended or renewed, said Pres. James Gross. "Terms of the proposed leveraged buyout were not in the best interest of the company," said Gross, who noted that "negotiations for a satisfactory agreement will be continued with [ex-CBS Pres.] John Backe and a major shareholder in the original Forstmann Little offer." Gross owns WJIM-TV-AM-FM Lansing & WKBT La Crosse, Wis.

Some assets of RCA Cablevision Systems have been purchased for undisclosed cash amount by United Scientific Corp., Santa Clara, Cal., subsidiary of Data Design Labs, Cucamonga. Involved is cable TV headend equipment product line — modulators, demodulators, processors & related products — which will be handled by USC's Catel Div. RCA said it's talking with prospective buyers for remaining major product line, distribution equipment, including amplifiers and associated hardware.

Commerce Dept. is establishing new telecommunications group under Lionel Olmer, undersecy. for International Trade. Group will look into equipment and service issues generally, also will deal with telecommunications agreements between U.S. & Canada. Staff from office of Special Trade Representative William Brock also will be involved.

INTV's 11th ANNUAL LOOKING GOOD: With record 121 station and CP members, pre-registration of 775, 79 program distributors (56 of which will screen product), INTV's 11th annual convention starting Jan. 12 in L.A. promises to be biggest ever. And, to make programmers happy, 2 afternoons have been left open for program screening at convention running through Jan. 17 at Biltmore Hotel. Convention ends with flashy dinner-dance at Universal Studios on original Phantom of the Opera set.

It's just in last few years that programmers have been showing wares at INTV — much to consternation of NATPE, which has unsuccessfully sought merger with INTV. When NATPE scheduled 1984 convention for Feb. 9-14 (previous dates have been in March), INTV also moved to earlier date.

FCC Chmn. Fowler will address opening session live via 2-way satellite hook-up from Washington, while Comrs. Dawson & Quello will participate in person. "Congress and Independent TV" is Tues. panel featuring Reps. Bates (D-Cal.), Moorhead (R-Cal.), Tauke (R-Ia.), Rinaldo (R-N.J.). Immediately following, Sen. Goldwater (R-Ariz.), chmn. of Senate Communications Subcommittee, will give luncheon address.

Other major sessions include "Financial Interest & Domestic Syndication Rule: Where We Stand," with MTM Exec. Vp Mel Blumenthal and ex-FCC Chmn. Dean Burch, counsel for Committee for Prudent Deregulation; sports on independent stations; direct response advertising; continental breakfast with congressional and FCC staffers; future programming sources with Robert Bennett of Metromedia and Lawrence Gershman of MGM/UA Entertainment; role of independent TV news.

HBO's \$20 million consumer ad campaign through new agency BBD&O launches Jan. 9 with \$9.2 million ad thrust on primetime CBS & NBC, 5 basic cable services and 20 spot TV markets. Ten-week launch will be themed "There's No Place Like HBO." Print campaign in Time, People & TV Guide will start Jan. 23. Campaign will spend nearly \$15 million in first half of 1984, HBO Senior Mktg. Vp John Billock said, which is close to ad dollars originally slated for entire year, we're told. Campaign is largest ever by a cable service.

"What we have here is a First Amendment holocaust," Samuel Simon, exec. dir. of Telecommunications Research & Action Center, said in awarding FCC Chmn. Mark Fowler "Newspeak Award" for 1983-84 for "duplicious statements and actions contrary to the public interest." Citing 6 Fowler statements on various issues, Simon charged "Mark Fowler has given new meaning to almost every word in the English language. More means less, few means many, weak means strong... We call these 'Fowlercies.'"

Minneapolis ordinance defining pornography as discrimination against women was vetoed by Mayor Donald Fraser, who said he was concerned that definition was too vague and that it went beyond city's powers.

NCTA RETURNING TO LAS VEGAS IN 1984: After disappointing experience in Houston last year, NCTA will return to Las Vegas in June for annual convention, Assn. announced last week. Las Vegas Convention Center will be site of 3-day show which opens Sun. June 3, closes Wed. June 6. Convention floor will feature more than 200,000 sq. ft. of exhibits and will be open for 27 hours, 12 hours during which no other activity is scheduled. Convention will remain in Las Vegas for 3 of next 4 years, broken only by move to Dallas in 1986.

NCTA hopes return to Las Vegas will boost attendance, which fell to 15,637 last year in Houston; 1982 show in Las Vegas attracted 16,545. Assn. expects that return to Las Vegas, which has proven popular with convention-goers, at least will halt decline: "We hope to have about the same number [attending] in Las Vegas as we had last year," spokesman Edward Dooley said. Convention chmn. this year is Gustave Hauser, who said show will highlight cable's continued growth "as the consumers' choice for entertainment and information today."

Serving with Hauser on convention committee: David Batalisky, Showtime/Movie Channel dir. of conventions & trade shows, Viacom Cablevision Exec. Vp Edward Bennett, Council for Cable Information Pres. Kathryn Creech, Times Fiber Chmn. Lawrence DeGeorge, Arlington (Va.) Cable Partners Pres. John Evans, Prime Cable Senior Vp Jerry Lindauer, Newhouse Bestg. Exec. Vp Robert Miron, ATC Senior Vp June Travis.

Single system for multi-channel TV sound (MTS) "will result in the swift introduction of high quality, low cost stereophonic sound and separate audio program services," NAB said in filing with FCC. Without single standard, "the marketplace for MTS can be expected to remain dormant with the vast majority of broadcasters and receiver manufacturers waiting to see" if single system emerges, NAB said. Industry-wide committee has chosen Zenith system, will submit findings to Commission at end of month.

Caribbean Basin Telecommunications Consortium has been formed in Washington to "foster regional development" of Caribbean TV transmission facilities & programming. Robert Shaheen, consortium's pres., is self-described investor with "extensive experience in the financing and operation of communications systems in the U.S. and Africa." Shaheen is bankrolling operation now while group seeks funding from foundations and international development banks.

Odyssey Partners has bought 80% of independent WDLZ Miami for \$4.5 million in cash to Howard Conant of Chicago and other owners. Additional \$6.4 million will be paid 4 years after closing. Station went on air in Oct. with studios in Hollywood, becomes Odyssey's 4th independent UHF. Odyssey also has purchased, along with Gustave Hauser, cable system in Arlington, Va.

Japanese Ministry of Posts & Telecommunications is looking at possibility of direct satellite link with planned Staten Island Teleport, according to Japanese press.

CABLE PONDERES CRT MOVES: Cable's 2 trade associations, NCTA & CATA, are taking differing positions on what to do in wake of court ruling affirming Copyright Royalty Tribunal's hike in copyright rates. Ruling by U.S. Appeals Court, D.C., affirmed hike for post-Malrite distant signals to 3.75% of gross basic revenues (TVD Jan 2 pl). NCTA said it will seek legislative remedy, relying on statements by Rep. Kastenmeier (D-Wis.), chmn. of House Copyright Subcommittee, who has said CRT's decision "thwarts the intent of Congress."

CATA, on other hand, will resurrect novel loophole it said it found last year in Copyright Act that would allow any system to carry up to 33 distant signals before being liable for 3.75% rate (TVD Feb 21 p4). Loophole is wording in CRT decision that rate wouldn't apply to "any signal which was permitted" under FCC's old carriage rules "or a signal of the same type (that is, independent, network or noncommercial educational) substituted for such permitted signal."

Some 33 "specialty" stations — mainly offering religious or foreign language programming — were on air in 1981 and were permitted to be carried. CATA contends that because CRT lumped independents with specialty stations, systems now can carry up to 33 independents as substitutes for specialty stations without paying 3.75% rate. "We intend to fully litigate the CATA loophole," said Exec. Dir. Stephen Effros. Until NCTA appeal was decided, CATA "had no way of getting into court," Effros said.

Court decision was sobering for NCTA because, besides rejecting all Assn. arguments, judges did so in strong language: "The functions Congress has assigned to the Tribunal require us to accord a large measure of deference to its substantive rulings" when adjusting copyright rates as result of inflation and changes in FCC policy, Court said. While NAB made no official statement, NAB staffer expressed "delight" with decision.

Decision affects about 1,500 larger cable systems, NCTA said, and has meant that about 10 million cable subscribers have lost at least one distant signal as operators dropped channels to reduce costs. Liable for new rate are those systems with at least \$214,000 in semiannual gross income from basic service that are located within any defined TV market (called Form 3 systems).

Hardest hit are systems built in last 2-3 years in major city suburbs. "Those are the systems that came on line just after the [1981] FCC deregulation with lots of channel capacity, and they imported almost everything available to fill up the capacity," executive said. Moreover, those are systems still carrying heavy construction costs and gold-plated franchise contracts requiring carriage of many distant signals.

Meanwhile, Copyright Office is preparing updated forms reflecting new 3.75% cable copyright rate which should be available by June 1, official said. Copyright Office delayed implementing new rate for more than year while case was on appeal. Forms for first time will also reflect repeal of syndicated exclusivity; operators, in addition to

paying higher copyright rate, will have to pay surcharge for airing syndicated programs they no longer are required to black out.

Key question is whether systems will be charged interest on additional payments. Copyright Office apparently is leaning towards not charging interest on additional 1983 payments, official said. He recalled that Copyright Office didn't charge interest after 1980 proceeding in which CRT raised rates to adjust for inflation. "That may serve as a precedent," official said.

Copyright Office figures show cable royalty payments for first half of 1983, latest semiannual reporting period for which totals are available, aren't growing as fast as in previous years. First-half 1983 payments were \$22,415,152, up about \$1.3 million from \$21,118,383 that industry paid for 2nd half 1982, growth of about 5%; 10% growth was norm in recent years. Several pointed to lower growth in payments as proof that industry moved widely early last year to drop distant signals in order to avoid massive copyright fee increases.

NAB-NRBA MENDING FENCES: After months of squabbling, particularly on radio deregulation legislation in Congress, NAB and NRBA made major move last week to bury hatchet. Groups announced "cooperative effort to work together on legislative matters including, but not limited to, deregulation." At same time, NAB & NRBA disclosed plans (subject to approval by both boards) to combine their annual radio program conferences into one.

Two groups have been fiercely competitive on several issues — particularly deregulation and program conferences — and often engaged in name calling. Several state associations have called on NAB & NRBA to bury hatchet and announcement of cooperation is culmination of several meetings. They expressed "confidence in a smooth and harmonious working relationship and trust that they have addressed the overall best interest of radio." Bowing to NRBA, NAB plans to cancel scheduled Aug. radio conference in Atlanta, join NRBA Sept. 16-19 program conference at Bonaventure Hotel, L.A.

Meanwhile, both associations are continuing talks with Daytime Bcstrs. Assn. on possible merger. DBA has said it wants to maintain autonomy, secure certain guarantees about services to be provided daytime stations, from whichever group it joins.

Greater L.A. Council on Deafness will take case to U.S. Supreme Court, lawyer Abraham Gottfried said. U.S. Appeals Court, L.A., previously ruled that closed captioning of TV programs is adequate to insure viewing rights of hearing-impaired aren't violated. Defendants are KCET L.A., PBS, CPB, Dept. of Education, Health & Human Services, Dept. of Justice.

Procter & Gamble is suing Chesebrough-Pond to stop its TV ad for Vaseline Intensive Care Skin lotion. P&G said ad is false & deceptive because it claims lotion is unsurpassed in relieving dry skin.

THE BUSINESS OF TV NEWS

A 2-day seminar on the trends, promotion, personnel, viewing habits and formats in TV news and information programming.

New Orleans, February 27-28, 1984

Intercontinental Hotel

Sponsored by Television Digest & McHugh and Hoffman

The profits in television news continue to rise. But only for the station which is competitive and on top of change. With this in mind, Television Digest and McHugh & Hoffman, the respected television news consulting firm, have developed this unique seminar focusing on the topics which station managers and news directors ask about most frequently — formats, changing viewing trends, promotion, dealing with talent, new information programming concepts and more.

Faculty for this seminar include: Dr. Richard Renck, President, KPR Research Assoc., Inc.; Geoffery Garin, Vice President, Peter D. Hart Research Assoc. Inc.; Paul Bortz, Managing Partner, Brown, Bortz & Coddington; Ken Johnson, Vice President & General Manager, KTRK-TV; Ed Godfrey, President, RTNDA, WAVE-TV; Cliff Abromats, News Director, WABC-TV; Jim Topping, News Director, KTRK-TV; Steven Steinberg, Vice President & Director of Broadcast Services, WHAS-TV; Gil Buettner, News Director, WOKR; Bill Miller, News Director, KTSP-TV; David Salzman, President, N.I.W.S./Newscope; William F. Baker, President, Television Group, Group W Television; John Severino, President, ABC Television, American Broadcasting Company; Marc Doyle, Director of Programming, WAGA-TV; Moses Znaimer, President, CITY-TV; John Rohrbeck, Vice President & General Manager, WRC-TV; Andy Fisher, News Director, KNXT; George Hiltzig, Vice President, Policy Administration, National Broadcasting Company, Inc.; Jerry Smith, President, The Jerry Smith Studio, Inc.; Jerry Della Femina, Della Femina/Travisano; Carole Cooper and Richard Leibner, N.S. Bienstock.

To register, return the coupon below with your check or credit card authorization for \$595.00.

_____ Payment attached (Make checks payable to Television Digest Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires: _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place, NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268. Discounts are available for groups of three or more delegates registering as a group. Contact Deena Anderson at 202/872-9200 for details.

Personals

Raymond Lockhart, NBC News vp-news operations, adds convention operations to title... **N.Y. Times columnist William Safire** speaks at Jan. 10 sales seminar of N.Y. Market Radio Bstrs. Assn... **Network Entertainment Div. Pres. Lew Erlicht**, ABC, **Donald Grant**, CBS, & **Brandon Tartikoff**, NBC, participate in IRTS lunch Feb. 2, Waldorf-Astoria Hotel, N.Y., as part of IRTS Faculty/Industry Seminar & College Conference Feb. 1-6 at Harrison Conference Center, Glen Cove, N.Y.; **Carol Burnett** will receive IRTS 1984 Gold Medal Feb. 28 at Waldorf-Astoria.

Robert Bookman, ex-ABC, named Columbia Pictures exec. vp-worldwide operations, new post... **Carol Schoeneberger** promoted to Tocom vp-research & development... **Robert Iger** promoted to ABC Sports program planning dir... **Susan Roschelle** named USA Cable Network ad sales administration mgr... **Kenneth Donnellon**, ex-Katz, advanced to Blair TV creative services vp, new post.

Thomas Fitzpatrick, FCC asst. chief administrative law judge, appointed acting chief ALJ, replacing **Lenore Ehrig**, retired... **Rebecca Leet**, ex-Washington Star, appointed ABC News Washington dir.-news information... **Cecil Walker**, ex-KBTW Denver, named WXIA-TV Atlanta pres.-gen. mgr... **Rasheedah Madyun** promoted to KMOX-TV St. Louis business mgr... **Rosanne Sall** promoted to WBNG-TV Binghamton local sales mgr... **John Sie**, ex-Showtime/Movie Channel senior sales & planning vp, moves to Tele-Communications senior vp.

John Clark, RCA dir.-space applications & technology, will be vice chmn., Federal Advisory Committee on Technical Standards for DBS Service; Committee is chaired by ex-FCC Comr. **Stephen Sharp**... **Colin O'Brien**, ex-General Instrument, appointed Times Fiber Communications exec. vp-asst. to chmn... **Charles Lewis** advanced to AP Washington bureau chief, replacing **Walter Mears**, previously appointed corporate vp-exec. editor.

"Make a Sale" is theme of 10 TvB regional sales conferences, starting Feb. 28 in Tampa. **George Glover** of Institute for Personal Development will be featured at each conference. Meanwhile, TvB estimated that national & regional spot TV advertising increased 11.3% for first 9 months of year — from \$2.3 billion in 1982 to \$2.56 billion this year. GTE posted largest percentage gain — 361% to \$16.66 million — while Procter & Gamble remained largest advertiser, increasing spending 40% to \$159 million.

American Council for Better Bstrs. changes name to National Telemedia Council, subtitled "Look-Listen-Learn-Respond." Council said it would "maintain its original philosophy and its educational approach..."

Media broker Chapman Assoc. has formed subsidiary **Chapman TV**, according to Pres. **John Emery**, hq in Atlanta.

FCC's 18-GHz channelization plan should be amended so that all 6-MHz channels that can be used by cable would comprise contiguous block of frequencies, NCTA said in petition for partial reconsideration of Commission's new spectrum utilization policy. At issue is allocation of frequencies for cable local distribution service (LDS). FCC allocated 72 6-MHz LDS channels in 18-GHz band but they're in 2 separate blocks of 36 channels each.

Cal. Satellite Systems, MDS operator in Sacramento area, has filed federal suit against 50 local residents claiming they pirated signal with home antenna equipment. Suit, filed in U.S. Dist. Court, seeks injunctive relief plus compensatory and punitive damages of more than \$10,000 from each defendant. CSS also has sent letters to some 6,700 residents telling them company intends to file similar actions against them unless they dismantle antennas and pay company \$275 for past violations.

Arbitron Radio Advisory Council voted unanimously to oppose continued issuance of Arbitrends, new computerized monthly radio survey. Council said such service "has the potential of causing severe market confusion resulting in grievous harm to the entire radio broadcast industry." Arbitron said it would continue monthly reports.

C&P Telephone has sent letters to 18 companies & individuals who have shown interest in getting cabl franchise in Washington, has offered to build system, lease it to operator. C&P said it would consider working with more than one bidder. Cable bids are to be filed with D.C. govt. by Feb. 16.

To keep files current and attend to other "behind the scenes" functions, FCC's Mass Media Bureau public reference room closed Dec. 16, will shut down again Jan. 20. Commission said it plans future closings for full day, that it's convinced closings "will permit better service in the long run."

General Instrument has bought for \$2 million 15% interest in **Phasecom (Israel)**, subsidiary of L.A. telecommunications equipment manufacturer, may increase ownership to 25%. Phasecom said it expects GI to invest \$5 million over 2 years for expanded R&D and production.

American Legal Foundation has filed complaint with FCC against NBC Monitor program, claiming network "deliberately distorted, slanted and falsified" views of former Interior Secy. **James Watt** in segment on strip mining broadcast April 23 & Aug. 6.

Pharmaceuticals manufacturer A.H. Robins Co. is buying **WPET(AM)** & **WRQK(FM)** Greensboro, N.C. from **Mido Communications** for \$7.6 million. Broker: **Blackburn & Co.**

Fines of \$2,000 have been levied by FCC against **Clear-Vue TV**, **Durant**, Okla. and **Macon Cablevision**, Mobery, Mo. for signal leakage.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Dec. 23 (51st week of 1983):

	DEC. 17-23	1982 WEEK	\$ CHANGE	DEC. 10-16	51 WEEKS 1983	51 WEEKS 1982	\$ CHANGE
TOTAL TV#.....	402,805	317,393	+26.9	440,009	19,313,980##	16,765,070	+15.5
COLOR#.....	302,914*	192,450	+57.4	330,016*	13,730,243##	11,150,879	+23.1
MONOCHROME....	99,891	124,943	-20.1	109,993	5,583,737	5,614,191	- 0.5
PROJECTION TV...	4,031	3,131	+28.7	3,658	140,611##	115,002	+22.3
HOME VCR.....	139,357**	64,700	+115.4	119,745*	3,997,471##	1,983,156	+101.6
COLOR CAMERAS...	18,353**	10,055	+82.5	12,741*	403,359##	290,304	+38.9

Color TV 5-week moving average: 1983--326,898*; 1982--241,787 (up 35.2%).

Home VCR 5-week moving average: 1983--126,822**; 1982--67,821 (up 87.0%).

Excludes projection TV. * Record for period. ** All-time record.

Exceeds full-year record.

KODAPHOBIA BRINGS 8MM OUT OF CLOSET: 8mm video hit the fan last week, splattering all over Las Vegas CES opening, with repercussions in such world video capitals as Indianapolis, Portsmouth & Tokyo. With premiere of Kodak's one-piece camera-recorder in new 8mm tape standard (see report below), most industry resolutions to soft-pedal, ignore or postpone introduction of new system went out window.

Preemptive strikes came last week from 2 major manufacturers. RCA, which last Aug. said it would have 8mm this year, then indicated doubt in Sept. (TVD Aug 15 p11, Sept 26 p12), added prototype of its own 8mm camcorder to news conference immediately following Kodak's — scheduled long ago by RCA for introduction of tiny MOS camera (details elsewhere in this issue) — and announced 8mm marketing for later this year. GE managed to get out press release on eve of Kodak's Jan. 4 event announcing it would have 8mm camcorder, and called Jan. 7 CES news conference to say it would be marketed this year. At June CES, it had said it had no timetable for introduction and in Sept. said its market research showed 8mm wasn't "real hot item" (TVD June 13 p18, Sept 12 p11).

Whether 8mm video will show up anywhere aside from Kodak booth was still uncertain as show prepared for official start. NEC, Sanyo & Toshiba had major displays for Betamovie camcorders, but no 8mm in sight — similarly there was no indication that such tape makers as TDK, Maxell, 3M or BASF were ready with 8mm cassettes. Prototypes & mockups, if they show up at CES, will be in hotel suites rather than exhibits, but 8mm and Kodak cast giant shadow in Las Vegas on eve of show opening (see reports from CES opening elsewhere in this issue). Sony last week flatly denied published report in Japan that it would market 8mm video this year.

First 8mm camcorder system publicly announced for sale was by Philips for European market later this year. Its unit, understood to have been designed with Matsushita assistance, looks nothing like Kodak version which is being made by Matsushita. In Philips unit, recorder component can be removed from camera section for attachment to tuner-timer-modulator. Nor does GE's 8mm camcorder, also presumably to be made by Matsushita, bear any resemblance to either Philips or Kodak models. GE gave few details except to say its 8mm would have autofocus.

RCA's 8mm camcorder, unlike Kodak or Philips, uses solid-state pickup — same MOS used in its new "Small Wonder" camera (details elsewhere in this issue). Where Kodak's unit is placed on its side in cradle to play through TV set, RCA's docks in separate modulator-charger with or

without tuner-timer but stands right side up. Company showed 2 units, one of them a working model, indicated it was "product of the type RCA plans to sell" later this year, gave no specs. RCA Consumer Electronics Vp-Gen. Mgr. Joseph Donahue said there's been no change in RCA's plans, saw it as "limited specialty market in the first years." GE made similar appraisal.

"It would be very hard to conceive of more than 200,000" 8mm units sold in 1984, said Stephen Stepnes, who joined RCA last Aug. as Consumer Electronics mktg. vp after 20 years with Kodak. As for Kodak's move into RCA's territory, Stepnes said: "We are already selling some of their most important customers — such as K-mart — as well as photo specialty stores... We've been in the photography business 5-6 years." He told us he wondered how many friends Kodak will find it has made among video dealers after they realize that it may be costing them sales of 1/2" portables.

This, of course is what worries industry about new format — effect on booming sales of current formats. Entire industry this year had assumed Alphonse-Gaston attitude — "we won't introduce it if you don't" — and both GE & RCA had indicated that if competitors fielded 8mm they'd be right along. It took company outside the established video industry — one with 0% of market and no stake in either Beta or VHS — to send most of industry scurrying to market a product it doesn't want.

KODAK'S LARGE-SCALE VIDEO DEBUT: Ending years of speculation, forecasts, surmise & guessing, Eastman Kodak last week entered video in big way, its first products being 2 Kodavision 8mm combination camera & recorders (camcorders) & accessories built by Matsushita and full line of Kodak consumer and Eastman professional tapes made by TDK.

Introduction was typically Kodak, with 6 concurrent news conferences around world. Main event in N.Y. drew about 300 press, featured huge multi-projector film & slide presentation, dixieland band, army of PR people and Kodak executives morning of Jan. 4, followed by similar show for financial analysts in afternoon. Kodak stuck strictly to script, had no Q-&-A session, and in informal conversations later its people adhered to informational guidelines.

Kodak will ship camcorders & 8mm cassettes this summer in U.S. & Canada, next fall in international markets. Its Beta & VHS tapes will be available in N. America in fall, later in rest of world. "Shipments [of camcorder] will be in the tens of thousands as we roll out in July," we were told by Robin Faran, Photo Div. Planning Program Dir. Kodak will offer products to its 30,000 U.S. dealers — camera stores, mass merchandisers, drug chains — "as well as new outlets for Kodak such as video specialty shops, appliance & TV stores and music shops," said U.S. Mktg. Vp Frank Strong, using "expanded sales force."

Company plans to "invest more in advertising Kodak video products during 1984 than any other videotape advertiser spent in 1983," company said, using 3 TV networks, cable TV, magazines, etc. It will offer co-op funds, and "large minimum orders will not be required."

Products themselves are ingenious. Nicely designed camcorders drop into "cradle" for playback through TV set. Cradle can accommodate slip-in optional tuner for recording off air. Both camcorders have new 1/3" Newvicon pickup tube with 20 lux sensitivity, 1/2" electronic viewfinder, 6:1 power zoom, auto white balance, hi-fi FM helical mono sound (spokesman said Kodak saw no need for stereo now, although it can be added later), fast forward & reverse, 5X visual search, 4-sec. review feature.

Step-up model has 3 heads in place of leader's 2, autofocus, still frame, frame advance, provision to write date on tape, fade in & out, backlight control. Playback cradle charges camcorder's lead-acid battery (in handle) as well as extra battery, has same special effects as step-up camera plus wired remote. Tuner-timer which slips into cradle has 12-pushbutton tuning, 105-channel tuning, 2-event 2-week programmability, fluorescent display, wired remote.

Suggested list prices are \$1,599 & \$1,899 for camcorders, \$199 for mandatory cradle, \$300 for tuner-timer. "Our prices will be competitive," said Strong — and street prices for camcorders are expected to run \$1,200-\$1,400 or less, in line with Kodak's traditionally large markup.

Tapes in 8mm format — still unpriced but expected to be high initially — will be available in both metal particle and evaporated metal compositions (10 & 12 microns), first in 60- & 90-min. lengths, but presumably with somewhat longer playing times to be added later. Working models of camcorder were displayed and Kodak said picture quality was "at least as good" as 1/2" formats.

Exact weight of camcorder is still mystery, presumably because of variance in earlier prototypes and haste in getting system ready. In presentations, combined single-piece camera recorder was described as 5-1/2 lb. with battery; one release says 5.3 lb. with battery, and spec sheet, obviously printed earlier, gives weight as 2.2 kg (4.85 lb.) with battery. Both models were described as weighing the same.

At 5.5 lb., Kodak unit would be in middleweight camcorder category. At light end so far, at least according to published specs, is JVC's Video Movie (VHS-C format, not 8mm) at 4.6 lb. with battery & cassette; with battery & cassette, Philips' upcoming 8mm camera with 3/4" Newvicon tube is 5.5 lb., while Sony's standard-cassette Betamovie weighs 6.5 lb.; other brands with prototype camcorders (RCA, GE, et al.) didn't specify weight.

Kodak officials stressed their electronic knowhow, pointing out that company's electronic products & components brought in \$500 million in 1982 — and at same time pledged fealty to chemical photography, Worldwide Mktg. Vp-Gen. Mgr. William Prezzano stating that "vast share of Kodak business to come for as long as we can see" will be in traditional photography. Video, he said, will "continue & expand... the Kodak heritage" as "imaging" company — "a natural fit."

"Acquisitions and new ventures" in video electronics were mentioned several times as possibilities by Kodak executives, and products of future may well come from U.S. plants, they said. Some of Kodak projects include laser optical discs, film video displays (demonstrated last year) and digital enhancement of images — work paralleling that announced by Polaroid (TVD Dec 19 p15). One release mentioned "high-definition TV and digital TV" as offering "real promise." Kodak officials said deals with Matsushita & TDK let them get into video quickly with low startup costs, permitting large investment in marketing.

PAL version for European sale obviously isn't ready — in simultaneous elaborate London press conference, no working prototypes were shown, but wooden mockups instead; even 8mm tape cassettes there were dummies. Our London correspondent described Kodak officials at meeting as "staggeringly ignorant" of electronics. In N.Y., Kodak official said PAL version would be delivered in fall, added "SECAM is a question we're wrestling with now" — 8mm Standardization Conference postponed setting SECAM standards while it considers French Thomson-Brandt's proposal for baseband "Timeplex" recording technique.

Beginning in April, Kodak will market consumer & professional tapes worldwide in "more than 50 configurations." It will have 10 varieties of VHS tapes, 7 Betas. Sample list prices: T-120, \$16.99, super high grade (SHG) \$21.19; T-160 \$25.49, SHG \$31.89; L-500 \$14.79, SHG \$18.59; L-750 \$16.29, SHG \$18.59; L-830 SHG \$27.49.

For at least 10 years, Kodak has been exploring video field, has hundreds of patents, many of which were described in these pages, but isn't yet prepared to make mass-market products itself. Sagging profits made it imperative for company to move into exciting new field — thus it took uncharacteristic step of buying product developed & made by others, although it's obvious Kodak had input on design. Kodak is thus taking gamble in video — but not nearly so big a gamble as if it had come to market with product of own development & manufacture.

* * * *

Who's minding store in Osaka? Kodak introduction raises that question if past statements of top Matsushita corporate officials are to be taken at face value. Just 4 weeks before Kodak unveiling, Pres. Toshihiko Yamashita flatly told us there was no agreement to produce 8mm Video for Kodak, message given to us by at least 3 other senior officials. Only 2 weeks ago, at open meeting with Japanese media, Yamashita repeated that statement and said Kodak's request was still under consideration.

Following 8mm Video unveiling, Kodak corporate spokesman said to us "of course we have a firm deal — we've had one for months." Camcorders being demonstrated, he said, were

production models, not prototypes. Though details of arrangement with Matsushita are set, he acknowledged that official contracts won't be signed until later this month. Matsushita spokesman also had denied company would have any involvement with Kodak's N.Y. meeting. However, several Matsushita technicians were on hand, presumably to take care of any equipment malfunctions.

JAPAN'S NOV. VCR EXPORTS TOP 600,000: Japanese passed group of VCR milestones in Nov. — the one of most interest here being exports to U.S. of more than 600,000 for first time in any month. In Japan, month also saw new production and domestic sales records.

Japan's U.S.-bound VCR shipments were up 202.6% in month to 640,000, easily erasing 559,200 record set in Oct., and breaking traditional pattern of declining shipments in closing 4th quarter months. At home, production hit 1.86 million, up 46.5%, to top previous 1.79 million high of last Sept., while domestic factory sales of 419,000 exceeded Dec. 1982 record of 368,000. Nov. exports brought 11-month shipments to U.S. to 4.79 million, up 106.2%.

In TV, total Nov. exports to U.S. climbed 101.3% to 130,500, putting 11-month total at 1.29 million, up 0.8%, first such cumulative year-to-year increase of 1983. Big gain came in color, with month's exports up 131.6% to 99,000, for full period total of 1.02 million, up 14.2%. B&w shipments were up 42.6% to 31,400 for month, but were down 30% to 269,000 for 11 months. In color, exports of complete sets jumped 145% in Nov. to 72,700, closed full period at 594,300, down 1.8%. Shipments of color chassis & kits were up 101.2% to 26,400 for month, up 48.3% to 424,800 for 11 months. Japan's color production also set record in Nov., as output rose 2% to 1.24 million from previous peak of 1.21 million in Nov. 1982.

SHARP BIDS FOR FREE ZONE: Sharp is seeking foreign trade zone designation for Memphis, Tenn. color TV & microwave oven plant, has said it will expand operation to include export activity if status is granted.

Foreign-Trade Zone Board said Sharp has agreed to accept same restrictions on use of imported color TV tubes as were imposed when FTZB granted zone petitions for Sanyo plant in Forrest City, Ark. and Toshiba facility in Lebanon, Tenn. Under those limits, Sharp will pay full 15% duty on any tubes it imports for sets assembled for sale in U.S. Normally, such tubes could be imported duty-free and would be subject only to regular 5% duty charged on completed sets when they left factory. No duty is paid on imported parts in sets that are exported.

In application, Sharp says if approval is granted it will add up to 125 workers to plant's present 740. Alternative, it says, is to expand in other countries.

Coleco eased debt problem when U.S. lenders agreed to change terms of its \$150 million credit line to drop requirement company eliminate all short term debt by Jan. 31. Coleco said current debt, to U.S. & Canadian banks, is \$100-\$150 million. Under new terms to be finalized soon, Coleco will pledge certain current assets to secure debt. Until now, credit line has been unsecured. Coleco said new loan arrangement will assure necessary financing through year's end, quash speculation company might experience severe cash flow problem.

Automotive CD digital audio players are being shown by at least 2 companies at Winter CES. Both Kenwood and Philips Audio will feature models, but both are prototypes, and no delivery date promises are being made.

NEC ADDS VHS TO BETA: NEC announced at CES that it would add VHS recorders to its Beta line in U.S. Company said it will continue to offer Beta VCRs and add new Beta models. Its Betamovie camcorder is premiering at Las Vegas show.

NEC thus becomes 3rd brandname to appear on both Beta & VHS recorders in U.S. — after Sears, and, temporarily, Zenith, which will discontinue Sony-made Beta line. Zenith was previewing its first VHS models to invited guests in Las Vegas suite. NEC is expected to continue exclusively in Beta camp for domestic market in Japan, where Beta has substantial market share — its VHS recorders are for export only (TVD Nov 21 p15).

Semiconductor R&D co-op effort, through such multi-company ventures as Semiconductor Research Corp. and Microelectronics & Computer Technology Corp., plus growth of in-house production by major users, will help ease "cutthroat" competition among U.S. IC makers, help blunt market penetration drive by Japan, according to Frost & Sullivan study. As for market, it sees IC sales in U.S. climbing to \$18 billion by 1987, from \$8 billion last year. Shipments of solid state devices of all types are seen jumping to \$21.3 billion from \$13.9 billion. F&S said shipments of captive producers will nearly triple to \$10 billion by 1987, while sales by merchant suppliers double to \$21.3 billion. Details: F&S, 106 Fulton St., N.Y.C. 10038.

CBS Software is on computer program joint-development binge. At Winter CES, it will be introducing educational software created in cooperation with Neosoft, self improvement programs with Thoughtware, children's programs with Fred (Mr.) Rogers and Joyce Hakansson Assoc. (formerly with Children's TV Workshop).

MAJOR NEW PRODUCTS: In keeping with tradition, both exhibitors & no-shows at CES announced significant new products on eve of Las Vegas show — including 2.1-lb. MOS camera from RCA, new low-end VCR and first AM stereo Walkman from Sony, batch of color sets featuring 37" projection and 3.3" model from Quasar, higher resolution FST tube and low-end VCR from Toshiba, first video product from Pioneer electronics, first videocassette line carrying Canon brand.

First home teletext decoders for NABTS standard being used by CBS & NBC were unveiled at CES — from Quasar, Sony, perhaps others. Zenith is already marketing decoder for non-compatible WTS standard in Cincinnati. Quasar will begin shipping remote-control decoder this month at \$1,000 list. As foreshadowed here last month (TVD Dec 19/83 p18), Sony will offer decoder at midyear for Profeel system, including ghost canceler, split screen, multi-page memory, audio cassette interface, with wireless remote control. No price was given. Other new product highlights:

RCA palm-sized camera with MOS pickup chip at 35 oz., measures 5.5x8.5", about size of 35mm still camera. Shown last week in N.Y., it's 2 oz. lighter and, at \$995, some \$355 cheaper than Sony CCD camera (TVD Sept 5 p14), which went on market last month at \$1,350. Available later this month, it's RCA's 2nd MOS camera — first was autofocus model with color viewfinder at \$2,000 (TVD May 9 p12). New unit has 1/2" b&w viewfinder, f1.2 lens, 6:1 power zoom, has "quick review" feature, consumes only 3.7 watts, has 35 lux sensitivity. RCA, like others, plans to show Hi-Fi VHS recorder in Las Vegas.

Although RCA's new camera is smallest solid-state unit to be shown to date, new Konica unit with 1/2" Cosvicon tube, TTL viewfinder (TVD Sept 19 p18, Dec 26 p17) is lighter — weighing only 1.6 lb. including 5-ft. cable. Priced at \$795, it's now being delivered. Company expects it to be used in 2-piece 8mm outfits as well as with VHS or Beta portables. Konica also announced new super high grade cassettes in T-120 (\$17), L-500 (\$13.50) & L-750 (\$17) sizes, will add floppy discs, perhaps other computer products this year.

Sony is introducing new low-end \$500-list Betamax, \$100 below current leader. Employing E-Z Beta slimline design, front-load model has wired remote (pause/freeze, scan, play), 14 pushbutton tuning, 3-day timer, fluorescent display. Sony also premieres video-audio switcher at \$250 and RF switcher at \$150, both with 5 inputs, 3 outputs. In audio, Sony's AM-&-FM-stereo unit at \$170 will receive all 4 AM stereo systems. Sony introduced car stereo with new system to eliminate multipath distortion through use of 2 antennas and signal monitoring microprocessor which selects best signal, at \$650.

Quasar is showing new 3.3" color monitor receiver (91 channels) at \$390. Its other CES introductions include 37" rear projection TV in compact cabinet with picture 15% brighter than company's previous models — harbinger of many 37" introductions to come — at \$2,999. Quasar also

introduced 20" square-cornered monitor receiver with RGB input, 139 channels, and 4 decorator-color 10" sets. It's displaying prototype Hi-Fi VHS recorder, unpriced, due for spring introduction.

Toshiba is displaying 2 monitor receivers, 14" & 20" with "improved" flat square tube (FST), claimed to have 2,000-character display capability. Both have RGB terminals, 133-channel dockable remote control, dual sound system; for March delivery, 14" will be \$800 and 20" will be \$1,000. Toshiba also introduces its lowest priced Beta VCR at \$480 with 105 channels, search, freeze, one-touch timer, 9-function wired remote, available in Feb.

Pioneer Electronics is fielding its first video product — top-of-line stereo receiver with "complete video capability," handling switching of up to 2 VCRs, videodisc player, monitor, TV set, videogame at same time. The digital-tuning 125-watt per channel system is \$800.

Canon introduced line of super high grade VHS tape in T-120 (\$34), T-90 (\$31), T-60 (\$27) & T-30 (\$23) lengths.

Apple withdrew copyright infringement suit against Franklin Computer in return for \$2.5 million plus Franklin's agreement not to use Apple operating systems software in its Apple-compatible Ace computers. As part of settlement, companies also agreed to use outside mediator to resolve future disputes. Settlement follows precedent-setting Sept. appeals court ruling that built-in computer operating programs, as well as separately sold applications programs, are entitled to copyright protection. Both Apple & Franklin said they settled to avoid cost & uncertainty of court trial. Franklin, which claims it has sold more than 100,000 Ace computers, acknowledged it wasn't certain whether users will still be able to run all Apple programs on its computers.

Best VCR week in history was year's 51st week, ended Dec. 23, when 139,357 were sold to dealers (see State of the Industry). With one more week to go, Dec. has already beaten sales records for any month, with 507,947 sold so far. Color TV cameras also shattered record for any week's sales, at 18,353 units, and color TV sales were up 57.4% in week over year-earlier figure. Sales for full-year 1984 now appear to be headed for 14 million color sets, 4.1 million VCRs, 411,000 color cameras, 145,000 projection TVs — up somewhat from our projections last week because of unexpectedly strong Dec. business.

Kodak will start selling broadcast & professional videotape under Eastman name in April, both direct and through dealers. At first, it will offer 1/2" Beta & VHS formats along with 2/3" cassettes in both professional & broadcast qualities, later will add 1" broadcast quality tapes. Tapes are made by TDK. Announcement was almost lost in flurry of publicity over Kodak's introduction of 8mm home camcorder system (see report elsewhere in this issue). Revival of previously shelved 8mm tape standard could add new dark horse to broadcast camcorder race, already split among 1/2" Beta & VHS and 1/4" CVC camps.

EIA FORECASTS: Opening CES conference in "Outlook '84" series Jan. 7 heard what everyone wanted to hear, EIA Chmn. William Boss, RCA, jubilantly reporting in his prepared remarks that business in virtually every consumer electronic product far outstripped forecasts in 1983 and that consensus is for even better business in 1984.

Consumer electronics was \$19.2 billion business in 1983 factory sales and is expected to increase 16% to \$22.3 billion this year, according to EIA data released for session. Industry's traditional products (excluding home computers, videogames and their software and telephones & accessories) grossed \$13.2 billion last year, will rise 8.3% to \$14.3 billion in '84, consensus indicates.

This year, EIA is releasing dollar as well as unit figures by category. They show that VCR dollar volume last year was 43% of color TV volume, and project that it will be 50% this year; that videodisc sales will be twice as high as videodisc players in dollars this year. EIA sees firming of color TV prices, Boss said, "reflecting in part the trend toward high-end TV monitors and the multiple-set home..." Average factory price is seen rising to \$373 this year from \$360 in 1983, as compared with \$374 in 1982.

In data released at CES, EIA indicated it will count camcorders in its statistics as portable VCRs, but not as cameras, and that monochrome TV figures exclude those without picture tubes — LCD sets such as those by Casio & Seiko.

Here are EIA's consensus forecasts for 1984 coupled with projections for full-year 1983 (unit sales to dealers in thousands, factory value in millions):

VIDEO				
Product		Units	Value	Av. Price
Color TV.....	1983	13,900	\$5,000	\$ 360
	1984	14,200	5,300	373
Projection TV..	1983	145	275	1,896
	1984	165	350	2,120
B&w TV.....	1983	5,800	465	80
	1984	5,500	440	80
Total VCR.....	1983	4,150	2,150	518
	1984	5,500	2,650	482
table VCR....	1983	3,400	1,600	471
	1984	4,500	1,925	428
portable VCR.	1983	750	550	733
	1984	1,000	725	725
Color cameras..	1983	400	280	700
	1984	550	365	664
V'disc players.	1983	300	75	250
	1984	500	125	250
Blank cassettes	1983	57,000	485	8.50
	1984	77,000	590	7.66
Recorded cass..	1983	9,500	--	--
	1984	14,000	--	--
Videodiscs.....	1983	8,000	150	18.75
	1984	12,000	220	18.33
AUDIO				
CD players.....	1983	35	15	429
	1984	150	60	400
Sep. components	1983	--	1,250	--
	1984	--	1,300	--
Systems*.....	1983	2,950	650	220

AUDIO (continued)

Product		Units	Value	Av. Price
Systems*.....	1984	3,125	680	218
Portable tape..	1983	24,250	1,100	45
	1984	25,250	1,150	46
Home radio.....	1983	38,500	540	14
	1984	37,300	560	15
Autosound equip	1983	--	1,446	--
	1984	--	1,465	--
car radios...	1983	13,000	1,100	85
	1984	13,500	1,200	89
Blank cassettes	1983	215,000	230	1
	1984	225,000	240	1

COMPUTERS & GAMES**

Home computers.	1983	4,300	1,890	440
	1984	6,600	2,640	400
Prog. videogame	1983	6,650	760	114
	1984	5,000	450	90
Home comp. s.w.	1983	54,700	800	15
	1984	84,500	2,100	25
Game cartridges	1983	75,000	1,400	19
	1984	74,300	1,500	20

PHONES & ANSWERING DEVICES***

Total phones...	1983	19,701	925	47
	1984	31,000	1,275	41
cordless.....	1983	4,700	400	85
	1984	6,000	450	75
corded.....	1983	15,000	525	35
	1984	25,000	825	33
Phone answerers	1983	2,200	190	86
	1984	2,900	250	86

* Compact & component systems, excluding console phonos.

** Input by Frost & Sullivan, Mackintosh International, Venture Development.

*** Input by Mackintosh, Venture.

* * * *

Penetration estimates for consumer electronic products, as presented by Boss for EIA:

TV 98%, color 90%, monochrome 75%, projection 1%, VCR 10%, videodisc players 1%, programmable videogames 21%, home computers 7%, audio systems 80% (compact 44%, components 33%, consoles 20%), phone answerers 3%, cordless phones 7%, home radios 95%.

* * * *

RCA's forecast of industry sales for 1984 (in millions of units, 1983 in parentheses): Color TV 14.5 (14), VCR 5.5 (4.1), cameras 0.65 (0.4), videodisc players 0.5 (0.3). As presented by Consumer Electronics Vp-Gen. Mgr. Joseph Donahue, RCA sees 1984 color TV mix as console 20.5%; big screen portable-table 5.9%; 19-20", 45.5%; 15-18", 2.6%; 13-14", 19.1%; 12" & smaller 6.4%. Donahue forecast that 37.4% of color sets would have remote control, up from 25.4% in 1980, including 53.4% of consoles (vs. 32.2% in 1980) and 32.5% of portable table (vs. 23.8%)

Radio Shack retail sales rose 11% in Dec. to \$414.7 million, Tandy reported. Month's rise rate trailed sales growth of 14%, to \$1.29 billion, posted for full fiscal first half.

Early Warning Reporttm

The Industry's Best Marketing Tool Bargain:

Television Digest's Unique

EARLY WARNING REPORT

Now entering its 10th year, Television Digest's EARLY WARNING REPORT has consistently spotted sales trends before they show up officially.

THE BIG TV BOOM OF 1983 showed up clearly in EARLY WARNING REPORT in Fall 1982.

PROJECTION TV'S DECLINE, FALL AND RISE were foreshadowed in EWR.

AUDIO'S SHARP RECOVERY was evident in EARLY WARNING REPORTS in 1982.

THE VCR BOOM, THE SLOW MARKET IN VIDEODISC PLAYERS, INVENTORY GLUTS AND SHORTAGES, SUDDEN SALES PICKUPS -- subscribers to EWR were the first to know.

All this because the EARLY WARNING REPORT measures trends at retail -- fast.

Here's how EARLY WARNING REPORT works: Our nationwide Early Warning Network of retailers in key regions reports trends to us immediately... Sales trends, inventory trends, indicators of rising or falling business -- in color TV, monochrome, projection TV, VCR, videodisc players, stereo -- EARLY WARNING REPORT relays them to you -- FAST. Each monthly two-page EWR summary of trends goes in the mail the middle of each month, supplying valuable data for the preceding month, together with a highlight monthly review of the preceding four years for quick comparison.

NO OTHER RESEARCH GIVES THIS QUICK RESPONSE ON RETAIL TRENDS AND AT SUCH LOW COST. SEE FOR YOURSELF, AND ENJOY THE EWR ADVANTAGE -- FAST. FOR A FREE COPY OF EWR AND RATES, FILL OUT COUPON BELOW OR CALL 202-872-9200 COLLECT

Let me enjoy the EWR advantage FREE in February. Please rush me the January EWR as soon as it's published, and send me information on how I can enjoy the EWR advantage with the EARLY WARNING REPORT retail market trend service.

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Return to: Circulation Dept., Television Digest, 1836 Jefferson Pl., N.W., Washington, D.C. 20036. Or call collect 202-872-9200.

NEW FACE ON CES: It may be same old show but it has whole new look. Dropouts and exhibit expansions have put different face on Winter CES which opened at Las Vegas at last week's end.

Most striking change apparent on pre-opening tour was absence of Panasonic from its traditional main floor front row center position. Entire front row has been overhauled, is now dominated by giant Sony Tape, Fisher, Sanyo & GE exhibits. GE in particular has gone all-out with hi-tech booth that includes floor show.

VHS Hi-Fi is being launched at show by, among others, GE, Hitachi, Quasar & RCA. Panasonic, which has audio exhibit in main hall, side exhibit for other products, won't be joining sister company Quasar in launch, but will be holding private demonstrations, discussing availability of slaves with duplicators. JVC, a principal inventor of VHS Hi-Fi, won't be showing either. It isn't exhibitor, isn't even holding its customary hotel suite demonstrations.

Other former floor-space gobblers not at this show include Magnavox, Morse & Sharp, but their absences leave no gap in exhibit hall. Korean & Taiwan TV makers have expanded to take care of any vacancies, though dropout of Taiwan's Sampo is something of surprise. Gold Star is showing its first 25" consoles, and along with fellow Korean Samsung displaying VHS VCRs while Daewoo (corporate) is showing Beta. VCRs, we were told, are for demonstration only and sales won't start until next year. Taiwan's Tatum is showing expanded VHS line.

Pocket b&w TVs are also very much in evidence. Casio is adding 2nd version of its 2.75" LCD, this one with FM-AM and without backlight, at \$299. Japan's Citizen Watch is showing 2.7" pocket LCD TV it expects to offer at about \$200. Sinclair is saying flat tube 2" TV, now selling in UK for about \$110, will be on market here in 2nd half.

On videogame front, Mattel is adding 3D game for TV, will pack special glasses with each cartridge. It's also adding Colecovision cartridges to library it offers for other game formats. Milton Bradley put \$50 price on helmet with rotating glasses needed for 3D games played on self-contained Vectrex system, added light pen at \$40. Coleco is introducing group of peripherals for Adam computer, including disc drive, tractor feed for printer, modem, signed deal with Digital to offer Personal CP/M for compatibility with wide range of software. We'll have full details on show & new products next week.

Williams Electronics, arcade videogame manufacturer, said it's omitting quarterly dividend because of continuing losses. It said it expects to report pre-tax \$5-\$6 million operating loss this week for quarter to Sept. 7. Company is negotiating to sell some coin-op game division assets to Bally.

Showtime Video Ventures enters OEM market, supplying video accessories to Magnavox and BSR (Japan). Magnavox products will include audio-visual processor, mini camera enhancer, mini color processor; BSR's Japanese subsidiary will market 6 products made by Showtime.

MTS STANDARD FAVORED: FCC's proposal to let marketplace choose multichannel TV sound transmission (MTS) standard was opposed by broadcasters and most others filing comments, but endorsed by pager manufacturers in comments filed at Commission.

FCC is expected to receive staff recommendation that it depart from its deregulatory policy to adopt single standard recommended by EIA MTS Subcommittee after 4 years of deliberation & testing (TVD Dec 26/83 p12). First round of comments contained no real surprises; reply deadline is Jan. 30, when Subcommittee plans to file recommendation strongly urging that Zenith system with dbx companding be specified.

However, filings by radio pager manufacturers endorsed marketplace approach as most effective use of spectrum, giving them more flexibility in using aural baseband for burgeoning paging business. Up to 7 paging channels could be derived from TV aural baseband, said Telocator Network of America, independent radio common carrier industry group.

Networks commenting stopped short of endorsing EIA recommendation but said FCC should be "guided" by its findings. CBS came closest, argued parameters used by EIA Subcommittee resulted in best configuration for minimizing interference with visual TV signal. ABC said it was "skeptical" that marketplace approach "will result in the most expeditious institution of new services."

NCTA directed comments to must-carry question in fat filing that contained summary of its test result showing MTS can cause serious signal degradation for some cable operators. Although NCTA voted for Zenith in EIA polling, Assn. told FCC "none of the 3 proponent multichannel sound systems can be easily handled by cable systems" and argued cable operators should be allowed to make own decisions whether to carry MTS.

Mattel will sell its controlling interest in IC maker Solid State Scientific to Penn Central. PC announced it was exercising option under agreement it made with Mattel last Nov. (TVD Nov 21 p12). Mattel will get same \$12.3 million it paid for those shares earlier last year. PC said it will follow share purchase with proposal to acquire remaining shares for \$9.6 million, or same \$6.11 per share it's paying Mattel. PC is already in electronics components as parent, through subsidiary GK Technologies, of Sprague. For Mattel, sale is continuation of its disengagement from electronics and part of effort to raise cash to meet debt payments by liquidating operations. Last month, it agreed to sell Western Publishing for \$75 million.

Commodore scrubbed plan for Winter CES introduction of new home computer that uses Unix operating system, is unveiling instead line of enhanced consoles compatible with software designed for model 64. New computers also will have built-in software. Holdback on new computer family, it's understood, reflects concern for adequate supply of software & peripherals, as well as uncertain reception by dealers.

CONSUMER ELECTRONICS VIDEO DATA BOOK

1983 Edition

The market continues to change rapidly in the consumer electronics industry, and to see the future, strategists must examine the past. To aid them, editors Robert Gerson and David Lachenbruch have gleaned from Television Digest's news archives every important market statistic and projection for the past year—to July 1983.

These are some of the same statistics which led Sony Chmn. Akio Morita to tell Playboy magazine that Television Digest is "the leading U.S. trade journal" and required reading in Japan. This 150-plus page handy Data Book covers color & monochrome TV, VCRs, videocassettes, videodiscs & players, audio equipment—plus statistical forecasts & projections, along with summaries of market surveys and reports from a wide variety of industry sources. The **CONSUMER ELECTRONICS VIDEO DATA BOOK** is available for \$125, but subscribers to any Television Digest publication receive the preferred rate of only \$95.

Among statistics in this everyday ready-reference book:

- Table of weekly sales to dealers of total TV, home VCRs, projection TV and color cameras from July, 1982 to July, 1983;
- Monthly sales-to-dealers summaries, with inventory reviews and analyses covering 12 months;
- Quarterly data on total-market supply of color & monochrome TV sets, including TV Digest's own breakdown of domestic production and imports;
- Average prices, mix, imports & sales by screen sizes and U.S. exports;
- Monthly summaries of Japanese exports to U.S. and U.S. imports of major video electronic products;
- Television Digest's exclusive Share-of-Market rankings of color & monochrome TV and home VCR brands;
- Trends and forecasts, including statistical analyses from other sources—all major surveys in a 12-month period;
- Market studies and reports, including projections, covering all types of industry products for both the U.S. and overseas.

NOTE: If you don't already have your copy of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK**, covering Jan., 1981 through June, 1982, you may order it with the new edition at a discounted price of \$25.

Yes! Please ship me _____ copy/copies of the **1983 CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$125 (price for subscribers to Television Digest publications is \$95). Please add \$10.00 per book for foreign orders. D.C. purchasers add 6% sales tax per copy ordered. Make checks payable to Television Digest, Inc. All orders must be prepaid.

Also ship me _____ copy/copies of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$25.

Credit Card _____ American Express _____ Visa _____ MasterCard _____

Credit Card Number _____ Valid From _____ to _____

Signature _____

Name _____

Organization _____

Address _____

City _____ State _____

Return this form to Television Digest Inc., 1836 Jefferson Pl. NW, Washington, D.C. 20036.
202-872-9200

WEEKLY

Television Digest**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.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
 Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren..... Editor & Publisher
 Dawson B. Nail..... Executive Editor
 Paul L. Warren..... Senior Editor
 Jonathan Miller..... Senior Editor
 Paul Travis..... Senior Editor
 Steven Tuttle..... Associate Editor
 Mary Crowley..... Associate Editor
 Mike Schwartz..... Associate Editor
 Art Brodsky..... Associate Editor
 Melinda Gipson..... Assistant Editor
 Daniel Warren..... News Editor
 Deborah Jacobs..... Info. System Mgr.

Television and Cable Factbook

Michael Taliaferro..... Managing Editor
 Mary Appel..... Editorial Director
 Lynn R. Levine..... Senior Editor
 Barbara E. Van Gorder..... Senior Editor

Factbook Research, Inc.

Marilou B. Legge..... Director
 Business
 Roy W. Easley III..... Controller

Barbara J. Pratt..... Marketing Dir.
 Chery Grund..... Advertising Dir.
 Betty Alvine..... Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
 Phone: 212-686-5410

David Lachenbruch..... Editorial Dir.
 Robert E. Gerson..... Managing Editor
 Seth Goldstein..... Senior Editor
 Julie Talen..... Assistant Editor

JAPAN REPRESENTATIVES
(Editorial & Business)**Aske Dam****Richard E. Varner**

c/o Foreign Correspondents Club of Japan
 Denki Bldg., 20th Floor 1-7-1
 Yuraku-cho, Chiyoda-ku
 Tokyo 100, Japan
 Phone: 211-3161 Telex: J24600

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Chris-Craft Industries			
1983-qtr. to Nov. 30	44,265,000	2,726,000	.38
1982-qtr. to Nov. 30	23,045,000	2,596,000	.35
Jones Intercable			
1983-6 mo. to Nov. 30	4,663,600	909,000	.11
1982-6 mo. to Nov. 30	3,125,300	931,300	.11
1983-qtr. to Nov. 30	2,476,600	475,100	.06
1982-qtr. to Nov. 30	1,630,100	401,100	.05
A. C. Nielsen			
1983-qtr. to Nov. 30	171,088,000	11,718,000	.52
1982-qtr. to Nov. 30	161,529,000	9,938,000	.44

Notes: ^aRestated & adjusted. ^bIncludes special credit & adjusted. ^cAdjusted.

Council.. Glen Zimmerman appointed eastern regional mgr., Family Home Entertainment.

Appointments at Vestron Video: C.J. Kettler, ex-Scholastic Productions, to Children's Video Library; Sheldon Rabinowitz, ex-Intel, to controller; Anne Templeton, ex-CBS/Fox Video, to international mgr.; Maurie Perl, ex-Entertainment Channel, to national press mgr.; Sharon Streger promoted to creative services dir.; Susan Senk, creative services vp, move to London for year to help organize European operation.

Consumer Electronics Personals

Bruce Allan, ex-video systems product planning dir., promoted to strategic planning dir., RCA Consumer Electronics... Robert Mehl, ex-Sony, joins NEC Home Electronics Video Products Div. as SE district sales mgr.; Mark Hardy, ex-National Electronic Corp., named for SW... Michael Wertman, ex-Gusdorf, joins Furniture Concepts International (FCI) as senior vp, sales & mktg.

Robin Huff joins Alpine Electronics as mdsg. mgr... Bert Mazzaca named Akai eastern regional sales mgr... Dan Kraines appointed asst. to Kraco pres. Larry Kraines; Robert Bandell named asst. sales vp... Art Levis promoted to editor-in-chief, Consumer Electronics magazine... James Hackett named Billboard finance & administration exec. vp.

Charles Digate, ex-TI European Home Computer Div. mgr., joins software marketer Lotus Development as European software mktg. mgr... Joanne Koltow named Broderbund educational software editor, new post.

Lisa Harman, ex-Columbia Pictures, joins RCA/Columbia Pictures Home Video as planning mgr... Gary Rockhold promoted from exec. vp to pres. of Denver video distributor Commtron, replacing Jack Silverman, now chmn. & liaison officer to parent Bergen Brunswig... Alex Petchkin, ex-3M, named Disney Home Video Canadian sales mgr., new post; Robert Roberts, ex-Micro Courseware, joins as midwest regional sales mgr., replacing Richard Longwell, promoted to national sales mgr... Robert Glick elected pres. of National Video's Advisory

Atari's status in long term is clouded by publisher Rupert Murdoch's attempt to secure control of parent Warner Communications. Murdoch told SEC he'll see up to 49% of Warner. He's believed to be interested primarily in Warner's film library and segments of its cable TV operation. Speculation is that he'd spin off or sell other units, including Atari, if he takes over (for details on aspects of unfriendly acquisition, see report in front section of Television Digest). Though Atari joined rest of computer-game industry in taking red ink bath during last 18 months, company has restructured to reduce costs, plans expansion into home telecommunications.

Taiwan exports final 1983 figures will show electronic & electrical equipment & parts shipments jumped 40% to \$4.9 billion, marking return to growth after 6% slip to \$3.91 billion in 1982, Taiwan Electric Appliance Assn. said. Shipments in 1982 were held down because of quota on color exports to U.S. Color TV, electronic telephones, calculators and computer peripherals were growth leaders last year, TEAA said

ITA gave out 33 Golden Videocassette Awards in U.S. last year, up from 11 in 1982, along with 12 Golden Videodisc Awards, up from 5. Videocassette award is for minimum of \$1 million in wholesale sale & rental revenue, discs need \$1 million in sales at retail list. In Canada, where award program was started last year, 46 videocassettes sold gold, each representing at least \$150,000 at wholesale.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

JANUARY 16, 1984

VOL. 24, NO. 3

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NAB HQ IN HAWAII THIS WEEK: In-house matters vying for attention with regulatory issues at annual winter meetings. (P. 1)

WARNER AMEX BACKS AWAY from franchise commitments in Milwaukee, other cities citing "unforeseen circumstances. City outraged. (P. 2)

STC & CBS PLAN JOINT DBS SYSTEM: Changes to DBS plans offer cooperative system which could offer 12 channels of 'enhanced' TV. Other companies follow suit with specific orbital slot requests, causing overbooking at certain slots. (P. 3)

NAB TURNS TO FCC FOR NEW GC: Baumann to come aboard immediately, will succeed Krasnow as senior vp-gen. counsel in April. (P. 5)

GROSSMAN LOOKS BACK: After 8 years at helm of PBS, Lawrence Grossman looks ahead to NBC News job, position he said was too good to pass up. (P. 6)

MURDOCH-WARNER FIGHT CONTINUES: Battle heats up at FCC, courts, with Murdoch losing bid to halt proposed WC/CC stock swap. (P. 7)

REGIONAL OWNERSHIP LIMIT TARGETED: FCC launches rulemaking to modify or eliminate 3-station regional concentration of control rule. Only local ownership rules would remain. (P. 7)

NAB HQ IN HAWAII THIS WEEK: Annual winter meetings of NAB boards unfolds all this week at Wailea Beach Resort in Maui, Hawaii and in-house matters will vie for attention with regulatory issues. Setting stage for latter is 427-page report to board on broadcasting & govt., which sees "watchword" of both 1983 & 1984 as deregulation. On hand to give broadcasters support on deregulation will be staunch NAB ally in House on deregulation, Rep Tauke (R-Ia.).

Among major in-house matters (TVD Jan 9 p2): (1) Consideration of Structures Committee report, which recommends no major changes in NAB structural make-up and methods of operation. (2) Approval of \$10.1 million budget for fiscal year beginning April 1. Budget approved by Exec. Committee approves average raises of only 4.8% for all staff, less for top executives. (3) Recommendation that TV & radio board include both woman & minority member and that if member of both groups isn't elected in regular process that boards be expanded to add them. (Nominated Radio Board members apparently meet that criteria, but TV Board doesn't have woman nominee. See story elsewhere this issue.)

Consumer Electronics

1983 SALES: Record 13,986,000 color sets, 4,091,000 VCRs. Dec. sets new highs. (P. 12)

STAMPEDE TO 8MM sees most major brands slating introduction as Kodavision debuts to crowds at CES. Matsushita under pressure. (P. 12)

CES DREW RECORD 91,245 attendees to Las Vegas where good business, VCR format conflict, stereo developments, shared spotlight. (P. 14)

HRRC SEEN READY to swap FMA for royalty tax on hardware if Supreme Court upholds ruling that home taping is copyright violation. (P. 15)

ZENITH'S VHS LINE has 4 decks plus Video Movie. NEC adds 4 VHS models to 5 Betas. Mitsubishi supplying Emerson VCRs. (P. 16)

ATARI, COLECO to show loss in final 1983 quarter, Commodore had record results, companies report at CES meetings. (P. 17)

COMPACT DIGITAL DISC stole audio scene at CES with falling player prices, disc supply promises. Panasonic unveils ultra-mini radio. (P. 18)

NEW SONY HIGH-SPEED videocassette duplication could be on line this year, Komiyama says. \$9-\$10 short tapes possible by late 1985. (P. 20)

(4) Separate recommendation that TV board be expanded from 15 to 18 and that concept of electing TV directors by districts be established for TV board, as in radio. TV board Composition Committee would reject request by TV Operator's Caucus that group be guaranteed seat on board. (5) Proposal to change procedures for selecting NAB presidents in future, outgrowth of continuing controversy over selection of Edward Fritts in summer 1982 to succeed Vincent Wasilewski. Fritts, at time NAB chmn., resigned as chmn. of selection committee at last minute to seek presidency.

(6) Slide report on NAB long-range planning by John Abel, senior vp for research & planning. Among goals he will stress: Represent broadcasters well before Congress, FCC, other govt. agencies; provide members most current services & information possible; promote highest technical standards; provide public service to communities; inform public of uses & benefits of over-air broadcasting; involve emerging industry leaders in NAB affairs.

With help of NAB's first-ever annual report (out this week), Fritts will open joint board meeting Jan. 17 with an "association status report." Fritts' stewardship — while not on agenda — will be subject of much corridor talk, some of it caused by defection of several senior NAB executives. Exec. Committee attempted to put issue to rest by giving pres. vote of support last month (TVD Dec 19 p2). Radio Vice Chmn. Ted Snider told us: "I have heard nothing but good reports about Eddie and I talk to a lot of them [radio directors]... Eddie gets full credit for unification moves [with NRBA & DBA]. I'm very encouraged." TV Vice Chmn. Jerry Holley, who was instrumental in calling unusual night meeting of Exec. Committee which approved Fritts' stewardship, also was supportive, said he didn't expect NAB leadership to be issue in Maui.

However, radio director told us "Eddie's tenure and leadership will definitely be talked about at the closed [without staff] sessions" in Maui. He expressed dissatisfaction "with [NAB] decision to go to bed with the NRBA," particularly NAB's action in dropping its radio program conference in support of one sponsored by NRBA. "We have a lot more to offer than NRBA does — you know that." On other hand, TV director who has been critical of Fritts commended him for "coup" in working out deal with NRBA. Same TV director said he's much opposed to electing members to TV board by districts. "That won't help anything," he said. One reason for proposal by committee headed by Holley is belief it will be easier for well-established minorities & women to get elected in geographical districts than by running nationwide.

Meetings open today with sessions of Membership, Congressional Liaison and Convention Committees. At latter, retired ABC Vice Chmn. Elton Rule is considered shoo-in for Distinguished Service Award. Joint board meets Jan. 17 & 20, TV board Jan. 18, radio board Jan. 19.

W-A WANTS TO BACK OUT OF FRANCHISE COMMITMENTS: Warner Amex wants to save \$26 million building Milwaukee cable system by halving channel capacity and by activating 6 access channels instead of 18, among other changes, company said last week in claiming "extraordinary unforeseen circumstances" clause in franchise agreement. City officials were outraged: "I'm amazed at their effrontery," said cable administrator. Proposals were made by Chmn. Drew Lewis, who filed for changes in June 1983 franchise agreement under Economic Viability clause, which states "in extraordinary unforeseen circumstances which adversely affect the economic viability of construction or operation of the system, the company shall be entitled to relief."

Proposals included: (1) Make plant single cable rather than double. (2) Halve number of channels from 108 to 54. (3) Reduce local access channels from 18 to 6 with costs of local access paid for out of 5% franchise fee to city. (4) Build no local origination facilities now. (5) Drop universal 12-channel service provided at cost of installation, carry basic 12-channel package (with 8 must-carries and some local access) for \$3.95, carry unregulated higher tiers instead of 72 channels regulated by city. (6) Combine WACC Milwaukee system with Viacom Cablevision 14 suburban Milwaukee systems. Companies are ready to make agreement, Lewis said.

"My gut reaction to what occurred this morning was that the lord of the manor came out and told the peasants the tax on bread was going up 18%, patted us on the head and then took

off for Dallas," Telecommunications Office Dir. Robert Welch told us. Lewis has appointment with Dallas mayor Jan. 16 to discuss similar overhaul of Dallas system, WACC Govt. Affairs Vp Kenneth Lerer said, with remaining Qube cities to follow in spring. "We're reviewing all our metro franchises to see how to make them viable," Lerer said.

Said Welch, who has guided franchising process since 1971: "I didn't think they'd walk away from practically everything they'd promised — the ink's barely dry on the damn contract." Welch said contract changes would be reviewed in public meetings, after which he would make recommendation to city council. Milwaukee papers quoted at least 2 aldermen in favor of WACC cutbacks, WACC official told us. Neither side was eager to contemplate possibility of scratching WACC contract and starting over, though clearly WACC is ready to walk away from contract if necessary. "We want to work with them and see what we can do together," Lerer said. "We just want their total package to be closer to our total package." WACC was low bid of \$94 million in competition with Viacom, Group W, McLean-Hunter and city co-op.

"Economic realities of the cable industry" were cited as cause for requests, according to Lewis. "It's an indictment of the industry," said Welch. Over past year, Lewis wrote, "programming services have shrunk, ad revenues haven't materialized as rapidly as anticipated and competition from other service providers, including those that are not regulated, such as SMATV, have grown." Eight programming services have died in last year, he noted, and 54-channel system would carry same number of programming services as 108-channel system.

"There are simply not enough entertainment programming services available or contemplated to fill more than 40 channels," he told Office. He noted WACC research shows "virtually all" subscriber viewing goes to 36 channels. Local access is "vastly under-utilized relative to cost," Lewis claimed. WACC research showed access programming in urban markets attracts less than 1% of subscriber viewing, he said.

Limited partnerships to finance construction and other arrangements would be more easily achieved under new terms, Lewis said. Meanwhile, Welch considered move "beginning of a national assault on cities at a time when those cities should be concentrating relief through the Congress — they know we're fighting [legislation]."

On partnership with Viacom's 14 suburban systems, Lewis said "both systems will realize economies of scale and can develop a system which is more economically sound than either of the systems standing alone." Companies have discussed plan and are ready to make agreement, Lewis said. Welch considered this item least problematic of changes in proposal.

NEWCOMERS JOIN SCRAMBLE FOR DBS SLOTS: Last week saw furious activity in DBS arena as companies already awarded authorizations firmed plans and 4 new contestants joined fray. Eight DBS companies already given go-ahead to launch systems filed for specific slots that could afford viewing public over 40 new video channels; new applicants sought to offer 80 more. Though some of these matchups did much to confirm likelihood that some systems will in fact light up skies of late 1980's, financial future of many remains unclear.

Slot choices by applicants make for FCC headache; there are only 32 channels available at each of 8 orbital locations designated for U.S. use at Regional Administrative Radio Conference in Geneva last June. Three slots are overbooked — 148 degrees west with requests for 63 channels, 119 degrees west (34 requests) and 101 degrees west (71). Those companies already granted authority to proceed with systems — STC, CBS, RCA, WU, USSB, DBSC, VSS & Graphic Scanning — have first dibs on slots & frequencies. Whether firms actually launch systems also depends on ability of firms to finance systems.

New applications received last week included bid from Hughes Communications Galaxy to launch 32-transponder DBS system which it hopes to market as "video shopping center" in much same way as its Galaxy 1 cable satellite. Hughes proposes operation in 1989. Company spokeswoman, asked if system had any connection with plans of HBO and Turner Bestg. to launch DBS system with Galaxy bird earlier than that, said: "There's no connection."

Other new companies to request authority are National Exchange, Advanced Communications and Space Communications Services. National Christian Network, Satellite

Development Trust and Satellite Syndicated Systems confirmed their interest in going ahead with previously announced plans; Oak, which had earlier applied, withdrew its application.

National Exchange already has pending application for 2 Ku- and one C-band satellite at same place company would like to park its 2-satellite DBS system, making for 5-satellite system offering "myriad of integrated services through a variety of tailored communications networks," according to filing. Each satellite in "Spotnet" DBS system would have 8 transponders, one transmitting to east 1/2 CONUS (continental U.S.) area, other to west. Company plans to market NEX-Spotnet system as whole, said C-band would be most attractive and economical for high-density point-to-point traffic, Ku- for low-density point-to-point and DBS for point-to-multipoint.

Advanced Communications is headed by Daniel Garner, formerly of Tower Communications in Ark. Company wants 6-channel system via 2 satellites having 3 transponders each. Company plans to program 3 channels itself of entertainment, informational and educational material and commercial TV, would consider selling other 3 channels. Space Communications Services wants to offer 6 channels of video from each of 2 satellites. Firm is half-owned by Satellite Radio Services, Pa. corporation owned by RBC Communications. In other filings, National Christian Network, Satellite Syndicated Systems and Satellite Development Trust also affirmed commitment to launch systems.

Leaders among those already holding permits, Satellite TV Corp. (STC) and CBS proposed jointly-located system that could offer subscribers up to 12 channels of "enhanced" TV service. With slightly fewer channels, customers of cooperative system could be first in country to receive high-definition TV. Deal has yet to be finalized.

Requests to modify original applications: (1) U.S. Satellite Bestg. wants to leave options open for coverage areas, reiterated request for 2 satellites, each with 3 channels. (2) Direct Best. Satellite Corp. (DBSC) revised original plan of 3 coverage areas down to 2 and asked Commission to press for modification of Regional Administrative Radio Conference agreement to allow single satellite coverage of whole U.S. Each of 2 satellites would have 6 channels plus 3 spot beams with 4 channels each. Each area would receive total of no more than 10 channels.

(3) Western Union maintained interest in 4 coverage areas with 4-channel service to each region. Company still is seeking programming partner or partners "who will bring proven experience in that area to complement our knowledge and experience in satellite communications and our extensive nationwide field service and consumer billing operations," filing said. (4) RCA Americom wants 4 satellites in orbit covering 4 service areas corresponding to time zones, each receiving 6 channels. (5) Graphic Scanning maintained request for 2-satellite system with 2 channels on each bird. GS is only one of awardees to propose starting service with its western coverage area. (6) Video Satellite Systems, which said it filed revisions in Nov. — though Commission has been unable to locate document — proposed 2-satellite system, eventually with 6 channels.

Commission acknowledged that, even if all 8 DBS companies awarded permits to launch systems actually do, there's still room on block for more.

Only 2 bidders remain for St. Louis cable franchise following decision by Archway Cablevision to withdraw. Archway Pres. Paul Skulsky said his company was withdrawing because of "negative publicity" received by several prominent city residents who were allowed by Archway to buy shares of stock at favorable rates. Remaining bidders are STL Cablevision Partners, backed by Tele-Communications Inc., and St. Louis City Communications.

National Assn. of State Utility Consumer Advocates has formed Telecommunications Committee. Jack Shreve of Fla. will be first chmn. and 32 states are now members, with recent addition of Ariz., Wash., Tex.

FCC's next LPTV lottery will be Jan. 27, 9:30 a.m. in Commission meeting room. More than 100 applicants in 38 markets will be subject to lottery. Meanwhile, Commission has added 2 markets to public mobile service lottery to be held Jan. 27 at 2 p.m. Applying for Phoenix are American Paging and Southwest Telecommunications; in Memphis, mutually exclusive applicants are Millington Telephone and American Paging.

FCC has imposed \$10,000 fine on Kinston (N.C.) Cable TV for unauthorized use of aeronautical frequencies. Cable TV Branch spokesman said system, which has 7,000 basic subscribers, had been warned but continued using them. System is owned by Tar River Communications.

NAB TURNS TO FCC FOR NEW GC: Henry (Jeff) Baumann — who joined FCC in Oct. 1969 right out of Dickinson Law School — will become NAB senior vp-gen. counsel, replacing Erwin Krasnow when he moves into private practice in April with Washington law firm Verner, Liipfert, Bernhard & McPherson. Baumann will come aboard immediately, attend but not participate in this week's NAB board meetings in Hawaii, won't be subjected to questions such as "what's that issue look like from inside the FCC," according to NAB Exec. Vp-Gen. Mgr. John Summers. He will be gen. counsel-designate until Krasnow leaves.

NAB also had been talking to Willard (Randy) Nichols, chief of staff to FCC Chmn. Fowler, about job, but Nichols told Summers and NAB Pres. Edward Fritts he wasn't interested. Baumann — who often has appeared at industry conventions as panelist — has spent most of his professional career at FCC's Best. Bureau (now Mass Media Bureau). He joined as attorney in old Complaints & Compliance Div., moved to Hearing Div., then Review Board. In July 1979, he was named chief of Policy & Rules Div., then deputy chief of Bureau in Aug. 1981, post he currently holds. Baumann has been in forefront of broadcast deregulation at FCC, received 2 Senior Executive awards for work in that area.

Another major position at NAB — senior vp-govt. affairs — has been vacant since Sept., will remain so until after board meetings in Hawaii, according to Fritts. James Range, aide to Senate Majority Leader Baker (R-Tenn.), and ex-FTC Comr. David Clanton have turned job down for monetary reasons. Top names still under consideration: Stephen Holloway, ex-Republican staffer of Senate Commerce Committee, currently assoc. gen. counsel-legislation & regulation, Commerce Dept.; Andrew Vitalli, American Petroleum Institute; Lewis Andrews, Glass Mfrs. Assn.; Arthur Pankoff, ex-Republican staff dir. of Senate Commerce Committee now in private law practice.

Meanwhile, in unrelated move, Larry Tierney resigned as NAB membership vp to "pursue other opportunities within the industry." NAB said that resignation is "in conjunction with an organizational restructuring," that board will act this week on proposal to abolish Membership Dept. — move already approved by Exec. Committee. Tierney joined NAB in 1978 as regional mgr., previously had worked with stations in Ia. & Neb.

Market for backyard satellite dishes should jump from 225,000 units last year to 550,000 in 1984, bringing total to 875,000, KLM Electronics Pres. Peter Dalton said at Consumer Electronics Show in Las Vegas last week. CES had its usual parking-lot display of earth stations which drew mere glances from passers-by, problem that TVRO industry has yet to overcome, Dalton acknowledged. Sales potential of \$1.4 billion this year "unfortunately has been ignored by [these] dealers."

TV Guide will become official programming listing for Warner-Amex's Qube system in Columbus, companies said.

Anticipated meeting between MPAA and networks to discuss compromise in programming financial interest & syndication rules didn't come off, although MPAA Pres. Jack Valenti claimed he was willing. MPAA and CBS recently almost reached accord on compromise, but it fell through when MCA wanted further conditions placed on CBS, causing cancellation of meeting with FCC Chmn. Fowler (TVD Jan 9 p1). Parties had tentatively planned to meet Jan. 11 at CBS hq in N.Y. Said Valenti: "I wanted to meet... but I couldn't persuade [networks] to meet then." Valenti and ex-FCC Chmn. Richard Wiley, now CBS attorney on financial interest, were in Palm Springs last week to debate financial interest before convention of Cal. Bestrs. Assn. Session was canceled at last minute because of "sensitivity" of issue, we were told. Fowler was on just ahead of scheduled Valenti-Wiley session but didn't mention financial issue, noted in answer to question that issue is coming up at next session.

In departure from long-established policy of tightly controlling member schools' TV football rights, NCAA has decided to let schools & conferences make own arrangements for TV rights to Thurs. & Sat. night games. Games would be limited to NCAA districts to which schools are assigned. Many saw move as attempt to forestall unfavorable ruling from U.S. Supreme Court on NCAA handling of TV rights. High Court will hear arguments next month on ruling of Okla. district court (upheld by 9th Circuit Appeals Court in Denver) finding NCAA football rules in violation of antitrust laws.

U.K.'s Goldcrest Films & TV has signed contract to distribute films to cable TV systems in Japan, according to report in Japan Economic Journal. Contract is with International Communications. Goldcrest rates Japanese market highly, has approached 10 companies there which are planning CATV ventures, report said.

British TV producers expect to earn more than \$130 million through sale of programs to foreign markets, about half of it to U.S., according to survey of Independent Bestg. Authority members.

Reversing earlier initial decision, FCC Judge John Conlin recommended grant of new FM in Pasadena, Cal. to AWARE Communicators. Calling AWARE "a basically impressive applicant with an unblemished record," Conlin denied application of San Marco Bestg., which had won Jan. 1982 grant. However, FCC Review Board remanded that decision to consider "newly discovered evidence" and to determine whether San Marco principal James Gates, sales mgr. of KMJC(AM) El Cajon, Cal. misrepresented that station's location and coverage area. Conlin found that to be case. AWARE is 49% owned by ex-pro football star Willie Davis, member of NAB radio board.

PBS will pay about \$27 million to control 6 transponders on Westar 4 satellite, will save \$20 million over what it would have paid for satellite capacity through 1992, according to officials.

GROSSMAN LOOKS BACK: After 8 years at helm of PBS, Lawrence Grossman leaves next month to assume NBC News presidency, job he said was too good to pass up. Public broadcasting has thrived under Grossman, attaining its highest ratings and gathering working capital surplus.

He said he wants to forget how long it took to achieve unity in PTV. One touchy point that has been smoothed over, Grossman said during interview with our sister publication Public Bestg. Report, is relationship between PBS & CPB. He said legislative duties were shifted from PBS to National Assn. of PTV Stations and means by which federal funds are allocated were changed.

Priority on Grossman's agenda has been PBS's airing of gavel-to-gavel coverage of political conventions. He's convinced PTV can overcome public apathy while commercial broadcasters are turning away from comprehensive coverage. "We have an obligation to turn it around and to provide as much information and encourage as much involvement by the body politic in a democracy." Coverage cost is estimated to be \$10 million and so far only commitment is for \$500,000 from Gannett. "There is a lot of skepticism and concern by a good many stations about our role in doing this," he conceded.

Grossman took one year at a time at PBS. "I love the job and I love the work, so from my perspective I was doing very good things for television and providing, I think, a very important public service." He said he had a lot to learn but believes his success came in part because he had business background and corporate mentality of trying to get things done. He said his 3 big accomplishments are: (1) Helping create unified and smoothly functioning system which allows production of quality programs. (2) Putting PBS on a solid financial base. (3) Preserving PTV independence.

PTV remains "woefully underfinanced," he said but "I think the pendulum is swinging in the right direction, absolutely." Grossman praised FCC Chmn. Fowler "who began with very serious questions about public television and its future and its role, and now has acknowledged the need for us in children's programming and cultural programming and political access, and has become a supporter of increased funds." Grossman expressed great hopes for PBS ventures, particularly teletext venture with Merrill Lynch. "Nobody else seems to be making any money on non-broadcast distribution. Time-Life got out of the business. But we are." Grossman said PBS continues to explore pay TV, working with Columbia Pictures.

As for NBC, Grossman said his last news experience came when he was editor of the Columbia U. Daily Spectator. How does he feel about that? "One should not ignore that handicap — as obviously I have a lot of learning to do."

Survey of how to standardize access to videotex systems will soon be available from Videotex Industry Assn. VIA surveyed 34 firms and findings are available to non-members for \$395, free to VIA members. Contact VIA, 1901 N. Ft. Myer Dr., Arlington, Va. 22209, 703-522-0883.

First session of WARC for Short Wave Bestg. got under way last week in Geneva. Goals are to establish technical standards and "adopt the appropriate planning methods" for future use of HF bands allocated to broadcasting. First session, running until Feb. 10, will concentrate on broadcasting and planning principles; 2nd session will then use findings to plan band's use. U.S. position paper anticipates that disagreements may arise over what countries see as their broadcasting requirements and intentional interference or jamming by some countries. WARC '79 increased total allocation for HF broadcasting from 2350 kHz to 3130 kHz, but broadcast allocations for 6 & 7 MHz bands remained unchanged, so these bands will remain tight. Lower bands are increasingly in demand because HF is affected by 11-year sunspot cycle which passed higher range effects recently and will begin to decline toward lower bands. Added twist to complicate process is unhappiness of many developing countries which have used HF fixed service for long-distance phone service and have been displaced by broadcasters. Such countries will be accommodated in other parts of HF band but have voiced support for advanced country by country planning anyway — view U.S. vigorously opposes.

Exclusive contracts between SMATV operators and landlords are illegal, N.J. state Superior Court judge ruled. Suit was brought by Princeton Cablevision, Storer unit which had been denied access to condominium complex by owner who had exclusive deal with SMATV company. Court held that N.J. Office of Cable TV statute granting franchised cable operators access to apartments & condominiums is constitutional, that exclusive contracts are illegal. Defendant Communities of Concordia contended that holding contradicts recent FCC decision preempting state & local regulation of SMATV to zoning and public health matters.

New TV stations on air: (1) KHAI-TV (Ch. 20) Honolulu, owned by Media Central, Chattanooga. Morton Kent is pres.-treas. (64.72%), Donald Kent secy. Station went on air Dec. 30. (2) WKCH-TV (Ch. 43) Knoxville, where Dan Sullivan is gen. mgr. Station owned by Knoxville Family TV began broadcasting Dec. 31. (3) WBUO (Ch. 32) Appleton, Wis. Bill LeMonds is station mgr. Station owned by Appleton Midwestern TV was to begin Jan. 15. Start-ups raise to 1,141 commercial stations (640 VHF, 501 UHF). In addition, there are 259 outstanding CPs and 546 applications pending.

SFN Companies Inc. is buying Western Best. from estate of late Dale Moore for \$116 million cash. Western owns WJBF Augusta & WTVM Columbus, both Ga., WAPA-TV San Juan, 3 radios, and P.R. production company. Western Pres. Earl Morgenroth and other executives will remain under SFN ownership. SFN is educational & professional publisher, owns Best. Advertisers Reports.

MPAA is distributing more than \$6 million in cable royalties to 56 producers & syndicators. Distribution represents 35% of 1979 cable copyright fund.

MURDOCH-WARNER WAR CONTINUES: Unless FCC blocks stock swap between Warner Communications (WC) and Chris-Craft (CC), they could consummate deal in violation of cable-TV cross-ownership ban and suffer maximum \$20,000 fine, which is "nothing more than a nuisance cost to these corporations," Rupert Murdoch's News International (NI) said in filing last week.

In other developments, WC won court battle against Murdoch in Del. when Chancery Court Judge Grover Brown denied Murdoch's request for temporary restraining order blocking proposed WC/CC stock swap on grounds that he wouldn't be harmed as stockholder if deal goes through on Jan. 28 as planned. WC also filed suit against Murdoch in U.S. Dist. Court, Del. charging he violated federal securities laws in connection with his purchase of 7% of Warner stock. Suit seeks order enjoining Murdoch from any further WC stock buys.

As result of Murdoch suit, Warner said it would drop "poison pill" provision in CC stock deal which would force Warner to buy CC's 19% stake at highest per-share price paid by any other investor who controlled 1/3 of WC shares.

NI challenged FCC to act by 10 a.m. Jan. 10 to "submit a request to [CC] and [WC] regarding their intentions or advise News International of when such a request will be made to the private parties, if at all." That deadline for FCC to exert its authority passed without any Commission action, and none is planned, official said. NI requested FCC action because WC & CC claim that only govt. review required is Dept. of Justice Hart-Scott-Rodino Act antitrust approval, "which could be issued at any time," filing said.

NI's request that FCC stop WC/CC stock exchange "is but one move in a high stakes corporate strategy orchestrated by" Murdoch, WC and CC said in filing later in week. Parties claimed their agreement needs approval only of SEC, that it doesn't violate FCC cross-ownership rules. "News International's invitation to the Commission to interject itself" into Murdoch's takeover attempt "is improper and should be firmly declined," they said.

War of words between Murdoch and WC Chmn. Stephen Ross intensified last week, with Australian saying that "extravagances and the mistakes of the corporate management could in fact endanger" Warner Bros. film library. He said he could earn \$25-\$30 million profit by unloading 7% Warner holding, for which he paid about \$100 million, but "we aren't inclined to do that." He confirmed, as expected, that if he begins proxy fight for control of WC, aim would be to preserve value of Warner Bros., whose \$500 million library of films would be extremely valuable to Murdoch's planned DBS business. Murdoch said he would fire WC top managers, including Ross, if he gains control of company. Ross alleged that Murdoch's actions are "dangerous" and "disruptive."

At week's end, Ross announced WC has agreed to sell fragrance & cosmetics business to Cosmair for \$146 million. Sale will result in gain to WC of more than \$100 million, official said.

REGIONAL OWNERSHIP LIMIT TARGETED: Acting on petition by NAB, FCC last week issued rulemaking aimed at modifying or eliminating 3-station regional concentration of broadcast control rule. Measure, adopted in 1977, forbids owner of any 2 commercial TV or radio stations from acquiring 3rd outlet located within 100 miles of 2 stations where there's primary service contour overlap between any of stations. Under rule, AM-FM combinations are counted as one station.

Action completes Commission's review of broadcast ownership limits, staff said, comes on heels of rulemaking to eliminate national ownership limit of any 7 commercial TVs, 7 AMs, 7 FMs (7-7-7 rule) (TVD Sept 26 p1). Still on books — and apparently not under united challenge by broadcasters — are local ownership limits: (1) Duopoly rule preventing ownership of TV or radio stations in same market with overlapping signals. (2) One-to-market rule allowing ownership of only one type of broadcast facility in each city.

"This was one of the last ownership rules the Commission adopted," said NAB Exec. Vp John Summers, "and we didn't think there was any basis for it at the time because regional stations usually are very small." He said regional concentration rule has prevented expansion by small-market radio station owners: "The smaller owners were forced to spread their stations out. There's no question that it's made owning stations more expensive."

"A lot of good things might happen" if rule is repealed, said FCC Chmn. Fowler, mainly economies of scale if owners are allowed to acquire additional outlets within their regions. He said rule "was founded on a suspect premise" that owning 3 or more outlets in region would lead to less diversity of opinion & information.

Comr. Rivera dissented in 4-1 vote on same grounds cited in his dissent from 7-7-7 rulemaking, that elimination of restriction would hamper minorities' acquisition of stations. Rivera said that if rulemaking had "seriously analyzed alternatives to the current rules short of repeal, I could have agreed in principle... However, the notice makes plain that the outcome of this proceeding is almost certainly" total repeal.

NAB said in its petition that there may be occasional legitimate concerns about regional concentration, but such concerns are more adequately addressed through antitrust laws and marketplace operation. Staffer said that of all station transfers in last year there were 71 cases where regional concentration of ownership came into question.

FCC should eliminate rules requiring cable operators to file registration statements before adding TV station to carriage line-up, NCTA said in comments on rulemaking (83-1292). NCTA pointed out that main reason for registration statements was for FCC to determine if system was complying with signal carriage restrictions, rules which were repealed in 1981. Assn. also said FCC staff hasn't reviewed any of thousands of registration statements submitted since Dec. 1981.

NAB TV BOARD INCUMBENTS RENAMED: All 5 eligible incumbent members of NAB TV board were renominated for additional terms in balloting tabulated late last week. On Radio board, however, Gary Stevens, Doubleday Bestg., N.Y., who held Market A seat which was phased into Dist. 2 (N.Y. & N.J.), failed to achieve necessary votes for renomination.

Renominated were TV board incumbents Bill Bengtson, KOAM-TV Pittsburg, Kan., James Dowdle, Tribune Bestg., William Faber, Media General, Crawford Rice, Gaylord Bestg., William Turner, KCAU-TV Sioux City. Other nominees: Wallace Dunlap, Westinghouse Bestg., Evans Nord, KELO-TV Sioux Falls, James Smith, KRON-TV San Francisco, Mark Smith, Landmark Communications, Las Vegas, Gregory Stone, WSOC-TV Charlotte, Cyril Vetter, WRBT-TV Baton Rouge, Walter Windsor, WFTV-TV Orlando. Among 12 nominees, 6 will be chosen for board membership.

Stevens lost to Walter Maxwell, WGHQ(AM) Kingston, N.Y., and William O'Shaughnessy, WVOX(AM) New Rochelle, N.Y. John Dille, WTRC(AM) & WYEZ(FM) Elkhart, Ind., won automatic term as Dist. 10 (Ind.) representative because he received more than 50% of votes. One Radio board member will be chosen from among nominees for each district.

Other Radio board nominees, by district: (1) Dist. 4 (Del., D.C., Md., Va.): Sally Hawkins, WILM(AM) Wilmington, Del., William Poole, WFLS(AM) Fredericksburg, Va. (2) Dist. 6 (N.C. & S.C.): Terry Freitag, WHNC(AM) Henderson, N.C., William McElveen, WNOK(AM) Columbia, S.C., William Rollins, WEGO(AM) & WPEG(FM) Concord, N.C. (3) Dist. 8 (La. & Miss.): Howard Cole, WHOC(AM) Philadelphia, Miss., and Ray Saadi, KHOM(FM) Houma, La. & KTIB(AM) Thibodaux, La.

(4) Dist. 12 (Mo. & Kan): John David, KFSB(AM) & KDBQ(FM) Joplin, Mo., Robert Templeton, KAYS(AM) Hays, Kan. (5) Dist. 14 (Ia. & western Wis.): Incumbent Paul Olson, KLEM(AM) & KZZI(FM) LeMars, Ia., and Wayne Phillips, WJJK(AM) & WBIZ(FM) Eau Claire, Wis. (5) Dist. 16 (Colo. & Neb.): Ray Lockhart, KOGA(AM)(FM) Ogallala, Neb., incumbent Douglas Stephens, KDEN(AM) Denver. (6) Dist. 18 (south Tex.): Incumbent Dick Oppenheimer, KHFI(AM) & KIXL(FM) Austin, Dick Osburn, KYKS(FM) Lufkin.

(7) Dist. 20 (Mont., Ida. Wyo.): Roy Mapel, KIML(FM) Gillette, Wyo., Raymond McLean, KZLS(AM) Billings, Mont. (8) Dist. 22 (Ariz., Nev., Utah, N.M.): Incumbent Lee Shoblom, KFWJ(AM) & KBBC(FM) Lake Havasu City, Ariz., Bill Smith, KOOL(AM)(FM) Phoenix. (9) Dist. 24 (southern Cal., Hawaii, Guam, Alaska): Incumbent Willie Davis, KACE(FM) L.A., Robert Fox, KVEN(AM) Ventura, Cal.

Final ballots go out Feb. 10; results will be published March 8.

Children's cable channel Genesis Storytime has signed master contract with ATC, enabling all ATC systems to add video-only channel at discounted rates.

U.S. Appeals Court, D.C. has overturned FCC Authorized User 2 decision which gave Comsat authority to sell services directly to customers. International record carriers hailed ruling as victory over Comsat. Petitioners ITT World Communications, Western Union International, RCA Globecom & TRT had complained that User 2 discriminated against IRCs, giving Comsat competitive edge. Grounds for overturning User 2 was that "FCC abused its discretion by restructuring the entire telecommunications industry prior to considering the merits of direct access and independent earth station ownership," court said.

Angeles Bestg. Network has been chosen interim operator of former KHOF-TV San Bernardino, Cal., which was licensed to Faith Center until FCC denied renewal. FCC Review Board found Angeles' integration proposal better than closest competitor Maranatha Bestg. because of slightly higher minority & female ownership. Grant was conditioned on Angeles distributing profits to Cal. non-commercial broadcast interests or charities.

Following up on promises to broadcasters, Senate Commerce Committee Chmn. Packwood (R-Ore.) has scheduled hearings Jan. 30, Feb. 1 & 8 on his bill (S-1917) to repeal equal time & fairness doctrine for TV & radio. Full Committee will take testimony in 253 Russell Bldg. beginning 9 a.m. each day. Packwood introduced bill Oct. 3 after abandoning idea for constitutional amendment to achieve similar goals.

NTIA "reaffirms its position that the FCC should proceed without delay to reduce unnecessary regulation of commercial TV," NTIA told Commission in reply comments in TV deregulation rulemaking. NTIA said FCC should eliminate formal ascertainment, restrictions on commercial time and programming guidelines, but that agency should "require documentation of local programming."

Independent TV News of Britain has purchased 51% interest in Basys Inc., Cal.-based company which manufactures computerized news systems. Terms weren't disclosed. ITN was one of Basys' first clients for system which enables newsroom personnel to store & process wire service copy, scripts, archives, assignments, etc.

First Hall of Fame members of Academy of TV Arts & Sciences will be honored Jan. 29 in L.A. Inductees are Lucille Ball, Milton Berle, Paddy Chayefsky, Norman Lear, Edward Murrow, William Paley, David Sarnoff. Awards will be telecast by NBC on delayed basis, date not announced.

ABC said it will buy up to 2 million of its common shares on open market. They will be held as treasury stock, available for issuance under employee benefit plans and other purposes. There are more than 29 million common shares outstanding.

Mid-America Cable TV Assn. has relocated. New address is 908 W. 20th St. Terrace, Box 3306, Lawrence, Kan. 66044. New phone: 913-841-9241.

THE BUSINESS OF TV NEWS

Bringing in the Viewers

A 2-day seminar on the trends, promotion, personnel, viewing habits and formats in TV news and information programming.

New Orleans, February 27-28, 1984

Intercontinental Hotel

Sponsored by Television Digest & McHugh and Hoffman

The profits in television news continue to rise. But only for the station which is competitive and on top of change. With this in mind, Television Digest and McHugh & Hoffman, the respected television news consulting firm, have developed this unique seminar focusing on the topics which station managers and news directors ask about most frequently — formats, changing viewing trends, promotion, dealing with talent, new information programming concepts and more.

Faculty for this seminar include: **Dr. Richard Renck**, President, KPR Research Assoc., Inc.; **Geoffery Garin**, Vice President, Peter D. Hart Research Assoc. Inc.; **Paul Bortz**, Managing Partner, Browne, Bortz & Coddington; **Jim Masucci**, Vice President, Broadcast Division, KTRK-TV, Houston, TX; **Ed Godfrey**, President, RTNDA, WAVE-TV, Louisville, KY; **Cliff Abromats**, News Director, WABC-TV, New York, NY; **Jim Toppling**, News Director, KTRK-TV, Houston, TX; **Steven Steinberg**, Vice President & Director of Broadcast Services, WHAS-TV, Louisville, KY; **Gil Buettner**, News Director, WOKR, Rochester, NY; **Bill Miller**, News Director, KTSP-TV, Phoenix, AZ; **David Salzman**, President, N.I.W.S./Newscope; **William F. Baker**, President, Television Group, Group W Television; **John Severino**, President, ABC Television, American Broadcasting Company; **Marc Doyle**, Director of Programming, WAGA-TV, Atlanta, GA; **Moses Znalmer**, President, CITY-TV, Toronto, Ont., Canada; **John Rohrbeck**, Vice President & General Manager, WRC-TV Washington, D.C.; **Andy Fisher**, News Director, KNXT, Los Angeles, CA; **George Hiltzik**, Vice President, Policy Administration, National Broadcasting Company, Inc.; **Jerry Smith**, President, The Jerry Smith Studio, Inc.; **Jerry Della Femina**, Della Femina/Travisano; **Carole Cooper** and **Richard Leibner**, N.S. Bienstock.

With moderators from McHugh & Hoffman including **Peter Hoffman**, President; **John E. Bowen**, Vice President; **Roy Meyer**, Account Executive and **Jacques de Suze**, Account Executive; and from Television Digest, **Tack Nail**, Executive Editor and Vice President.

To register, return the coupon below with your check or credit card authorization for \$595.00.

_____ Payment attached (Make checks payable to Television Digest Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires: _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place, NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268. Discounts are available for groups of three or more delegates registering as a group. Contact Deena Anderson at 202/872-9200 for details.

Richard Blume & Cliff Friedland, founders of United Satellite Communications (USCI), left company Jan. 15, Blume confirmed. The 2, named dirs. but never operational officers, pioneered early-entry medium-power DBS, move that began with purchase of transponder space on Anik-C in 1983. Rumors have persisted of conflict between founders & management, especially with USCI Pres. Nathaniel Kwit, who was brought in from MGM/UA after Prudential Insurance & General Instrument pumped some \$100 million into company. They'll retain ownership, which combined totals less than 10%, Blume said. Our sources indicate service has roughly 600 subscribers in 33-county area around Indianapolis, which works out to about 100 customers weekly who've signed since Nov. launch. The 2 will move onto new project about which Blume was vague.

ABC Research found majority of viewers found "The Day After" — and ABC — in positive light, while mere 3% thought film was political statement. Phone survey showed controversial theme didn't affect viewers' opinion of advertisers adversely. Half those surveyed had watched program, with another 40% aware of it but choosing not to watch. Women over 50 formed largest group of viewers who were aware of movie but chose not to see it (34% as opposed to 19%), largely because they said subject was too frightening. Almost 70% watched entire program, more than 75% watched with someone else. At least 25% of children said they heard of program in school and discussed it there.

Corp. for Public Bestg. legislation committee failed again last week to take position on long simmering advertising issue. Reagan appointee James Hackett, attending his first & only CPB meeting before his term ends in March, came equipped with resolution in favor of limited ads, but didn't make motion for it to be considered. CPB Chmn. Sharon Rockefeller urged board to approve either Hackett position or Temporary Commission on Alternative Financing (TCAF) which favored allowing corporations which financially support programs to expand their identifying messages.

Rogers Cablesystems lost \$15.1 million in fiscal year ended Aug. 31, company said, including expenses for splitting off its U.S. cable systems. That's compared with restated loss of \$9.9 million for 1982. Loss per share this year was 84¢ compared to loss of 65¢ in preceding year. Company reported gross revenues of \$364.2 million vs. \$244.4 million in 1982. Operating income increased to \$125.8 million, vs. \$85.1 million.

There are 42 cable video services, 11 audio services and 6 text services available to cable operators, according to latest Satellite Services Report by NCTA. Some 13 additional cable services are planned for launch in 1984, report said.

Comsat has received requests for twice amount of service it can ordinarily handle during Olympic games in L.A., has asked FCC for permission to transmit via 2 additional Intelsat channels over Pacific.

Stephen B. Schwartz was hired as new SBS pres. last week, and former pres. Robert Hall was promoted to chmn., new post. Schwartz, who also will have title of CEO, is an IBM vp, currently assigned to Tokyo in charge of staff operations for IBM World Trade Americas/Far East Corp. Before assignment in Tokyo, he was vp-communications systems for IBM System Communications Div. He was elected an IBM vp in Aug. 1982. Not said, but sure to be widely suggested among industry watchers of SBS, is that Schwartz represents new effort by IBM to impose tighter management controls on SBS. IBM is one of 3 partners in SBS consortium; others are Comsat & Aetna.

Public Bestg. Service's fund to cover 1984 political conventions was \$500,000 richer last week after Corp. for Public Bestg. board voted to contribute, provided money also went to cover elections, not only conventions. There had been hopes that CPB would come through with \$2 million, which CPB Pres. Edward Pfister called way too much. But if PBS, which has assurance of same amount from Gannett and smaller amount from ABC, can't raise rest of estimated \$10 million it needs, CPB money will be withdrawn.

Christine Craft was awarded \$225,000 by U.S. Dist. Court jury in Joplin, Mo. late last week. She had claimed that KMBC-TV Kansas City management made fraudulent promises when hiring her as news co-anchor. Ruling came in retrial of her lawsuit against Metromedia, former owner of station. She had asked for \$500,000 in actual damages, \$3 million punitive damages — same as awarded her in original suit before award was overturned and new trial ordered.

New ad campaign for HBO was launched with primetime spots on NBC & CBS with theme: "There's No Place Like HBO." Some 48 60- & 30-sec. spots will run on networks during 10-week launch period, at rate of more than 6 weekly, HBO said. Also, ads will run in 20 spot markets covering more than 40% of TV households. HBO also has bought ad time on 5 basic cable networks — USA, CNN, WTBS, ESPN & Black Entertainment. BBDO is handling \$20 million campaign.

Best. Pioneers Library Pres. Ward Quaal reports major contributors in 1983: ABC, Blair, Bonneville, Bestg. magazine, Cox, Federated Media, Fetzer, Gaylord, Group W, Hubbard, Lee Enterprises, Magid, Palmer, Stuart Enterprises, Taft, Tribune Co., Wilkes, Artis, Hedrick & Lane. Quaal said Library seeks \$3 million total to provide operating income, then will aim for contributions to provide a building.

Member of commission that oversees U.S. Information Agency has resigned in protest over whether Dir. Charles Wick should continue as agency head. Middleburg, Vt. College Pres. Olin Robinson resigned last week, arguing recent revelations that Wick has been recording telephone conversations have "compromised [Wick's] ability to lead the agency in these critical times." Wick "has done a splendid job" and will continue in post, according to President Reagan. Two congressional committees, GSA and Fla. State Attorney are investigating taping.

Personals

FCC Comr. Mimi Dawson addresses INTV general mgrs. Jan. 16, Biltmore Hotel, L.A.... Robert Pettit, legal asst. to Dawson, hosts roundtable discussion with INTV members on Jan. 17... Mass Media Bureau Chief James McKinney addresses National Conference of Black Lawyers Communications Task Force at noon Jan. 19, Marriott Hotel, Washington.

Eric Severeid, retired CBS commentator, is winner of National Press Club's 1983 4th Estate Award for "Distinguished Career in Journalism," to be given at dinner in March... Robert Iger advanced to ABC Sports dir.-program planning... Kenneth Donnellon, ex-katz, named Blair TV creative services vp, new post... Edward Monahan, ex-Seltel, appointed Avery-Knodel TV programming dir... George Riba promoted to WFAA-TV Dallas-Ft. Worth sports dir.

Cecil Walker, ex-KBTB Denver, named WXIA-TV Atlanta pres.-gen. mgr., succeeding Al Flanagan, Gannett Bestg. Group chmn., who retires; Flanagan remains consultant to Jeff Davidson, group pres.-CEO... John Hayes, ex-KNTV San Jose, appointed Landmark Communications co-owned KLAS-TV Las Vegas vp-gen. mgr., replaced by Tony Moo, ex-KCST-TV San Diego... T.J. Vaughan advanced to WAND Decatur, Ill. vp-station mgr... James DePury, ex-WCBD-TV Charleston, S.C., named WJKS-TV Jacksonville news dir... Paul Unwin, ex-KRDO-TV Colorado Springs-Pueblo, named KJCT-TV Grand Junction news dir... David Woodcock, ex-KCOP L.A. vp-station mgr., named KTVX Salt Lake City vp-gen. mgr., replaced at KCOP by Jerry Braet, ex-TeleRep.

Harrington Silva advanced to Worldvision Latin American sales administration mgr.; Dan Willis promoted to international sales administration mgr... Marc Goldstein, ex-General Cable, named TV Watch Stationmaster eastern regional mgr... Kenneth Fournier promoted to Warner Bros. TV Distribution vp-ads, promotion & publicity... Steve Shannon, ex-Fairbanks Bestg., Kansas City, rejoins Meredith Bestg. Group as vp-staff operations... Robert George shifts from KPX San Francisco to PM Magazine vp-exec. producer... William Berra, ex-WLS-TV Chicago, appointed KMOX-TV St. Louis exec. producer-news; Tripp Frohlichstein promoted to asst. news dir.

Daniel Brenner, legal asst. to FCC Chmn. Mark Fowler, is vice chmn. of U.S. delegation to High Frequency WARC in Geneva; Leonard Marks is delegation chmn.; Neal McNaughton, FCC Office of Science & Technology engineer, represents FCC... Philip Gieseler leaves FCC Office of Plans & Policy for private business in Williamsburg, Va... Sean Daniel advanced to Universal Motion Picture Group worldwide productions pres... Douglas Wenger advanced to Storer Cable vp... Nickolas Davatzes, ex-Warner Amex, named Hearst/ABC-RCTV pres... John Moczulski, ex-KABC-TV L.A., appointed KGO-TV San Francisco creative services dir... Dorothy Allyn advanced to Harte-Hanks Communications corporate controller-chief accounting officer.

WEEKLY

Television Digest

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.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nail Executive Editor
Paul L. Warren Senior Editor
Jonathan Miller Senior Editor
Paul Travis Senior Editor
Steven Tuttle Associate Editor
Mary Crowley Associate Editor
Mike Schwartz Associate Editor
Art Brodsky Associate Editor
Melinda Gipson Assistant Editor
Daniel Warren News Editor
Deborah Jacobs Info. System Mgr.

Television and Cable Factbook

Michael Tallaferro Managing Editor
Mary Appel Editorial Director
Lynn R. Levine Senior Editor
Barbara E. Van Gorder Senior Editor

Factbook Research, Inc.

Marilou B. Legge Director
Business
Roy W. Easley III Controller

Barbara J. Pratt Marketing Dir.
Cheryl Grund Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Editor
Seth Goldstein Senior Editor
Julie Talen Assistant Editor

JAPAN REPRESENTATIVES (Editorial & Business)

Aske Dam
Richard E. Varner

c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24608

Otis Freeman, Tribune Bestg. engineering dir., will receive NAB 1984 Engineering Achievement Award May 1 during convention in Las Vegas... Mickey Hooten, WISN-TV Milwaukee vp-gen. mgr., promoted to Hearst corporate gen. mgr. for all TV stations... Elmer Chancellor promoted to Gilmore Bestg. senior vp-engineering... Edward Scanlon advanced to RCA senior vp-employee relations, replacing George Fuchs, retired... Paul Travis, ex-Television Digest, joins new Communications Week as domestic managing editor effective Jan. 23 (111 E. Shore Rd., Manhasset, N.Y. 11030, 516-365-4600).

Monie Begley promoted to RKO General corporate promotion, publicity & ad dir... Susan McDonnell advanced to WOTV Grand Rapids sales dir... Robert Rehme, ex-MCA, appointed New World Pictures CEO, new post... Ellen Gibbs, ex-Goldman, Sachs & Co., forms Communications Resources, 485 Madison Ave., N.Y. 10022, 212-319-1212.

Changes at Comsat Satellite TV subsidiary: Roy Greene advanced to vp-personnel & administration; Owen Barry, ex-RCA, appointed field operations planning mgr.; James Knickle promoted to senior advisor for planning & business development; David Saltman, ex-Oak Media, senior mktg. advisor... Fred Sutton, ex-Procter & Gamble, named Facet Communications satellite services mgr.

Karen O'Connor advanced to National Captioning Institute sales support mgr... Robert Stover promoted to Anixter Mark vp-sales... Robert Morgan, ex-Phelps Dodge Communications, named General Cable Fiber Optics Div. mgr.-research & development; John Fee, research group mgr.-instrumentation & testing, and William Wright, research engineer, join R&D staff.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

EIA's final figures on 1983 consumer electronics sales to dealers are scheduled for release next week. For preview, see below.

1983 SALES—13,986,000 COLOR, 4,091,000 VCR: Color TV sales fell just short of 14 million in 1983, while VCR sales more than doubled 1982's total. Official figures on sales to dealers, to be reported by EIA next week, are expected to show color sales of 13,986,092 (up 23% from 1982), VCR 4,091,321 (up 101.1%), monochrome TV 5,697,741 (down 1.2%), projection TV 143,506 (up 22.4%), color cameras 413,614 (up 39.8%).

Thus dealers bought 19,827,339 TV sets last year, including projection — up 15.1% from 17,230,409 in 1982. All products except b&w set new records. In Dec., all-time monthly records were shattered in VCR with 601,797 sold (up 81.4% from Dec. 1982), in cameras with 70,242 (up 62.6%) and in projection TV with 19,157 (up 22.6%). Color sales set record for any Dec. and were 2nd best for any month in history at 1,542,003 (up 37.4%), while b&w sales at 544,294 were down 20% from Dec. 1982.

CES SEES STAMPEDE TO 8mm VIDEO: It didn't happen according to script — which was to let Kodak pioneer new 8mm Video format while rest of industry watched. Instead, Winter CES in Las Vegas saw start of headlong plunge into new format by almost every major VCR manufacturer & marketer.

Following pre-show announcements by RCA & GE that they would have 8mm systems this year came decisions — some made at show and some later — that new format would be fielded in 1984 or early 1985 by North American Philips, Sony, Matsushita, Hitachi, Sanyo. It's expected that within next few weeks all Japanese manufacturers will fall into line, except perhaps JVC, which has scheduled press conference in Japan this week to announce plans, presumably Japanese debut of VHS Video Movie. Zenith, which will introduce Video Movie here next month, also will stay off 8mm bandwagon. Post-CES reports from Japan (Matsushita, Hitachi, Sony) don't indicate export plans.

Just as Kodak's was most crowded exhibit at show, 8mm was by far hottest topic of discussion. Only other 8mm equipment actually shown at CES were similar but not identical units by Sanyo and its affiliate Fisher. They weren't camcorders but 2 conventional appearing miniaturized portables — one with tuner-timer built in, other with deck & tuner separate. Both were indicated as 2-speed, providing up to 3 hours recording time using 13-micron metal tape, 4 hours with 10-micron tape. Standardization agreement on 8mm Video sets only one speed, makes no specific provision for 2nd speed.

In Japan, Sanyo said it would be first Japanese manufacturer to sell 8mm in U.S. under own brand name. Other Japanese companies at CES, including NEC, Toshiba & Mitsubishi, had 8mm Videos ready to show, couldn't get final clearance from Japan. There was some grumbling among their American marketers that Sanyo broke some sort of gentlemen's agreement, leaving them at disadvantage.

Manufacturers & marketers tried to put best face on it — saying 8mm publicity should "broaden the video market" — but privately most felt they were being stampeded into action which would confuse public, hurt sales. Top executive of one company said privately: "It's absolutely crazy, ludicrous. It wasn't thought out. Kodak has no stake in our industry. The tape isn't ready, quality control is nil. This could give the industry a black eye. We'll have to decide this week, but if we go in it will be in a moderate, sensible fashion."

Exec. Vp Robert O'Neil of Hitachi — whose parent company will make 8mm camcorder for RCA — set keynote on eve of show's opening: "It would be a very foolish strategy to jeopardize many million sales" of Beta & VHS portables. Should consumers & dealers "misinterpret" significance of 8mm, "it could prove very costly to everyone." He warned of danger of "spotlighting a new product before its time," said Hitachi would have 8mm "at a time appropriate to good marketing requirements."

Stampede to 8mm ruins what seems to have been Matsushita's original plan to let Kodak test waters, provide up to 200,000 units for sale in 2nd half, then get into business fullscale in spring 1985 if product showed signs of catching on. Idea apparently was to have Kodak announce in March — which would have kept most other companies from going into production this year. Kodak's launch is understood to be causing major political headache at Matsushita hq in Osaka. Corporate management, we're told, tried right until end to get Kodak to hold off introduction until spring, but position was undercut by officials at Kotobuki subsidiary which will produce system.

Compounding problem was GE announcement. At time it disclosed U.S. sales plans, GE had no 8mm production deal at all with Matsushita. Now Japanese company is backed into corner. It will have to boost 8mm manufacturing capacity well beyond planned level to accommodate GE & NAP requirements — as well as for sale by its own brands — and it's safe bet that other companies, particularly such camera makers as Canon, Olympus & Pentax, also are clamoring for product. CES saw several closed-door meetings of American marketers with Japanese suppliers on subject.

Industry comments on 8mm were plentiful, adding up to "we hope it broadens market and doesn't blunt booming sales of current formats." Subject dominated CES Video Conference and most corridor & hotel suite conversation. Some samples:

Zenith's Gerald McCarthy: "There's absolute evidence VCRs are bought primarily for time-shift. Only half the people who bought portables even have cameras. The compatible VHS Video Movie is a better approach." Magnavox's James Proud: "The consumer is just beginning to understand the difference between Beta & VHS. He's in a buying mood — will this make him wait? The price-value relationship just isn't there, and [8mm] might be quite easy to sell against."

RCA's Stephen Stepnes: "Portable use of VCR with a camera is a 3rd priority after time-shift and pre-recorded tape. [8mm has] limited market appeal to expand the home movie market. There's unlikely to be prerecorded software... and playing time is too short for time-shift. Until these hurdles are overcome, it's a limited market." RCA's Jack Sauter: "Two years ago it would have hurt. But today's momentum of 1/2-in. is too great."

Sanyo's Jeff Berkowitz: "This industry continues to confuse everyone. The biggest negative is the consumer — this will slow down 1/2-in. and further confuse him. Kodak is spending a lot of money. The retailer must offer a choice. The consumer will resist if [dealers] pre-select for him. The consumer should make the decision — we shouldn't." GE's Jacques Robinson: "A growing market, but still small." Standard VHS "will be the dominating format for the foreseeable future." He added GE also has VHS Video Movie under consideration.

Panasonic's Ray Gates: "A specialty item," high priced, but it "will have some impact" on portable market. "It has a great future, but 1/2-in. VCRs also have a good future." Robert Moore, pres. of Display Devices Inc., which is slated to start assembling Grundig TVs here by month's end, said he'll have Grundig-made VHS by midyear, and has discussed 8mm Video with German firm. "Grundig has it ready to go... It would be good for our image, but not if it ends up sitting in our warehouse."

JVC's Harry Elias: "There's so much more potential in 1/2-in. It can confuse the consumer, but sales of 1/2-in. will still be astonishing. The industry definitely has to find an approach to avoid confusion." Quasar's Tony Mirabelli: "It will help spread awareness of electronic photography. It will depend completely on the dealer. We're under so much pressure for current product that it would be hard to fit 8mm in, but we'll eventually have it." Olympus's David Willard: "Only a small percentage of photo chains are ready to try video. Kodak will train them."

Confusion, of course, has already started. Typical example: "New Camera May Make Beta & VHS Obsolete" was headline in Jan. 10 L.A. Times, and story below held out hope that with smaller 8mm tape, "feature films could be sold for as little as \$10." (Kodak spokesman told us 90-min. 8mm cassette would sell for about same price as 6-hour T-120 VHS.) For sheerchutzpah, some kind of award should go to company which last week announced "video projector compatible with Kodak's 8mm consumer video recorder."

Tape for 8mm may be problem in early days. Tape makers were caught by surprise. BASF showed sample of German 8mm tape at CES. Fuji said in Japan it doesn't expect to have 8mm tape in 1984, but it will be ready when market is large enough. (Fuji also said it's studying entry into VCR hardware with its own manufacture.) TDK will supply Kodak's tape.

It's now certain there will be no orderly, limited 8mm introduction, as Matsushita and other manufacturers had wished — and no minimizing of investment risk. Whatever happens to 8mm in market, it will mean bad news for existing full-sized portable & camera business, but such miniaturized camcorders as Betamovie and VHS Video Movie should be able to compete. If 8mm doesn't set world afire, product prices could drop swiftly in 1985, create stiff competition for standard portables. If it does catch on, full-sized portables — not 8mm — will become that small specialty business everyone talks about.

How much new format will hurt non-portable business with talk of obsolescence is still anyone's guess. Whether industry is now beginning actual fullscale changeover to new format is still up in air, and much will depend on market reception of Kodak's widely publicized new product — whether it establishes Kodak name in video, or becomes, in words of one analyst at CES, "Kodak's Polavision."

SOARING SALES MAKE CES RECORD-BREAKER: Confusion & excitement over 8mm Video made news and digital audio made noise, but euphoric atmosphere and record shattering attendance at last week's Winter Consumer Electronics Show was product of 1983's smashing video business and 1984's outlook for even bigger sales. For record, official show attendance of 91,245 was up 16.8% from 1983 winter show and easily topped all-time attendance high of 83,311 set last June in Chicago.

NAP Consumer Electronics chief Frank Lann said it for everybody in kicking off show's Video Conference: "Never have we ended a year in better shape as an industry, and never have we entered a year with better prospects." Zenith Chmn. Walter Fisher told us 1983 was "kind of year which proved you can run lean and still be profitable... phenomenal."

Panasonic Pres. Ray Gates said 1983 was "highest profit year" in company history with sales up at least 25% "to more than \$1.5 billion," added Quasar sales operation and Matsushita's U.S. color plant also showed profit. Hitachi sales were up 50% in 1983 and similar gain is anticipated this year, according to Vp Alan Wallace.

For 1984, color sales of 14.5 million are "in the bag," said RCA Group Vp Jack Sauter, who dubbed outlook for VCRs "mind-boggling," predicted boom would continue through 1985. Zenith is looking at 14.7 million color year, according to Senior Vp Gerald McCarthy, while Magnavox Vp James Proud said 14.5-15-million color sales estimates are conservative, and that estimate of at least 5 million VCR sales is linked to availability. "I think we will sell anything they can make."

Touch of reality was added by GE TV Div. Vp Gen. Mgr. Jacques Robinson who said his operation "moved into the black" in 1983 on "higher sales and increased productivity." Industry still faces "very real problems of thin margins and anemic profits," at time when major investments are necessary to support technological advances needed to achieve "potential for continued growth." GE, he noted, has "committed \$128 million" to TV plant improvements, will have spent \$50 million by 1985. Companies now riding "high volume tide" will "be swept out to sea when sales recede, as they inevitably must." He called on govt. to help protect industry's future by acting to "stop illegal dumping" of color TVs from Korea & Taiwan.

Video marketers also had stereo bandwagon rolling. All major set makers are prepared to roll out stereo TVs in 3rd quarter, providing FCC moves soon enough, and there was talk about

making non-stereo dual-channel receivers if significant bilingual market opens. Virtually every marketer of VHS home decks showed or announced May-June availability of Hi-Fi model. Beta Hi-Fi has been resounding success. Sony Senior Vp Richard Komiyama said Hi-Fi now accounts for 15% of company's VCR volume and dealers are still on allocation, though shortage has been relieved. Toshiba has been backordered since introduction last fall, said Senior Vp Paul Michie. As for Beta's overall condition, Komiyama told us Beta accounted for 26-27% of total U.S. VCR market in 4th quarter.

Chaos threatens in videocassette market and shakeout is on way, according to 3M Vp Edoardo Peruzzi, who said there are now 60 major competitors. To meet that, 3M announced major videocassette promotion that's most complex we've ever seen. Based on quantities purchased, consumers get choice of free airline tickets, dinners, video & audio cassettes, cassette storage units or cash rebates. Another option is full-year warranty extension on VCR when purchased with 10 3M cassettes. Every major producer announced new higher grade videocassette, which means last year's high-grades become this year's standard quality and at lower prices.

AT&T stole center stage in telephone scene, adopting aggressive marketing posture, introducing array of products in mid- to ultra-high price range. Word from exhibitors & dealers is that premium phone business held up in 1983, and outlook is good for this year. But inventory of cheap one-piece phones has already backed up, and low-end wireless phone market is shaky. Biggest concern is how market will react to more expensive multi-channel wireless models to be introduced later this year after FCC clears channel expansion.

Though show had its full measure of quantity, quality — in terms of general innovation — was missing. That's traceable to decision of Japanese majors to follow U.S. counterparts in general pullback from CES. As one top industry official put it: "When a diamond needle merchant makes it to the main floor, I have to consider whether it's even worth coming here, let alone exhibiting."

FMA COMPROMISE NEAR?: Compromise could be outcome of congressional efforts to settle home taping and first sale controversies. Between lines of discussion during CES in Las Vegas last week was message that video industry appears ready to give studios Fair Marketing Amendment, and share of retail rental revenue, if Hollywood drops bid for royalty tax on VCRs and blank cassettes. Rumor is that trade-off already has been offered informally.

Before any deal is made, studios have to win Supreme Court decision in Betamax case, and that seems within reach, according to Rep. Kastenmeier (D-Wis.), chmn. of House Copyright Subcommittee, who moderated debate between Reps. Moorhead (R-Cal.) & Foley (D-Wash.). Kastenmeier said he expects court to uphold 9th Circuit ruling against Sony even though "it's not personally what I'd want." Foley, who opposes royalty and FMA, said Home Recording Rights Coalition "would have an uphill battle" if MCA triumphs. FMA supporter Moorhead said Hollywood would be "in a better position to negotiate" as Betamax winner. Decision could be handed down this week.

Of MPAA members, only 20th Century Fox (and CBS/Fox Video), Disney and Embassy publicly support FMA. Rest are either fence-sitters or would back royalty legislation if they had to choose. If Supreme Court decision doesn't muddy waters, FMA could be cleared by subcommittee by March, but Kastenmeier opposes it and has power to bottle it up for rest of session despite majority in favor of markup & vote. House action is considered necessary for Senate Copyright Subcommittee to move. Key issue is treatment of titles already released to cassette &

disc market. Compromise becomes much easier if they're exempted from FMA.

* * * *

Video software notes: K-tel International will move into home video distribution in U.S. this year. K-tel, which services about 20,000 retail accounts here, is already offering video in Australia & Canada, has acquired some product for U.S. market, plans to make entry by June... Paramount is entering direct mail market. Through publisher Simon & Schuster, it will sell episode per month of entire Star Trek TV series at \$19.95 each, according to Paramount Video Senior Vp Robert Klingensmith, who said sales of 25,000 units each would generate \$40 million at retail... Vestron Video has sold more than 150,000 copies of Michael Jackson's Thriller, sparking wave of new music video product... CES was first in 5 years without exhibits from any Hollywood majors. At least some are expected back for Summer show in Chicago next June. Independents with exhibits in Las Vegas didn't seem to suffer, got steady traffic in new East Hall area. Adult cassette distributors, restricted to Sahara Hotel, also drew crowd.

GEC-Hitachi plans to increase output of U.K. color production joint venture through automation and addition of 13" & 15" models. Facility currently assembles 280,000 19" & 21" annually. U.K. market absorbs about million small screen color sets per year, with imports accounting for some 600,000. But expansion will be accompanied by elimination of about 260 of plant's 1,500 employees, mainly from production roster of 1,150. Company said most cuts would be through attrition and dismissal of part-timers.

ZENITH'S VHS LINE: Zenith will "come out swinging" in VCR when it introduces new 5-model VHS line to distributors at Feb. 12 meeting in Phoenix, Chmn. Walter Fisher told us last week in Las Vegas, where company had invitational preview of its new VCRs.

In Japan, it's reported that JVC will supply 30,000-40,000 VCRs monthly to Zenith starting next month, with total expected to reach 300,000-400,000 a year, which could bring Zenith's market share as high as 8%. Reportedly, Zenith's Beta line had dipped to around 3% of U.S. market in 1982 from nearly 7% in 1980. It's understood Sony had been supplying Zenith with about 100,000 units annually.

Line was previewed for major accounts so they could see it before they made final commitments on VCRs. Fisher and Senior Sales & Mktg. Vp Gerald McCarthy said reaction exceeded their expectations — "it's creating the same kind of impact as our introduction of the Chromacolor tube," said Fisher.

New line includes VHS Video Movie, camcorder using VHS-C 20-min. cassette, still the lightest one-piece unit yet demonstrated (4.6 lb. with cassette & battery), 8mm notwithstanding. It will be available in June, rest of VHS line in March. It has f1.2 lens, 6:1 zoom, speed search, 30-min. battery (45 min. optional), will be packed with RF unit and charger, will sell at about \$1,500, competitive with Betamovie.

Rest of line shows strong Zenith input, differs markedly from other JVC-made product. Although prices weren't announced, Fisher said Zenith will be "aggressively competitive" in VCR, with sizeable ad budget, but promised "no price wars."

All Zenith models have 4 video heads, are front loading, and all wireless remote controls will also operate any Zenith TV set with infrared wireless remote made since 1979. Leader model, unpriced but expected to sell for under \$600, has 2 recording speeds, 3 playback, 14-day one-event timer, "instant record" feature in 30-min. increments for automatic turnoff. Wireless remote is optional.

Stepup has 136-channel tuning, 14-day 8-event timer, keypad tuning, tape remaining counter, full function wireless remote. VHS Hi-Fi model has stereo on both longitudinal & helical tape tracks, 4 audio outputs for both stereo modes, provision for mixing & fading audio, clean special effects and other features of stepup. Unit has port for stereo broadcast adaptor. Fold-down door has membrane panel for secondary controls (timer, etc.).

Two-piece portable has docking system to attach deck to tuner-timer without cables — units dock side-by-side without using tray base employed in RCA convertible. Portable is full featured, deck weighing 6 lb. without battery, has 4-event 8-day timer, 136 channels, insert edit capability. Zenith also has JVC-made camera weighing 3 lb. 2 oz. with 1/2" Saticon, f1.2 lens, 10 lux sensitivity, power zoom, stereo mike. Character generator, with scroll & zoom features, 18 pages storage, is optional extra.

* * *

NEC's new VHS line also will be JVC made, but assembled by NEC, at least temporarily until NEC sets up own VHS manufacturing facility. As

previewed in NEC suite in Las Vegas, company probably has biggest VCR line in industry, with 9 models — 4 Beta, 4 VHS, plus Betamovie. Its Beta models start slightly below its VHS, at \$599. VHS price points are \$645, \$750, \$950 & \$1,500, last being VHS Hi-Fi scheduled for Sept. introduction.

Mitsubishi's first private-label customer is Emerson Radio, which expanded into video last year with line of color TVs from Korea's Gold Star. At CES, Emerson was offering deck with 10-function wired remote, 3 event 14-day timer to retail at about \$599. Coming later will be similar unit with 25-function wireless remote at about \$650. Emerson gives substantial discounts to volume buyers, and actual selling prices could be significantly lower.

Atari and founder Nolan Bushnell are together again, in part at least, through licensing agreement which will give Atari right to market products designed by Bushnell's robot producing subsidiary Androbot. Details weren't disclosed, but it's understood Atari will market robot that can be programmed or controlled using Atari computers & videogames. Bushnell, meanwhile, is behind launch of yet another high-tech consumer electronics venture, Cumma Technology, which plans to offer in-store Metawriter cartridge programming system free to retailers in exchange for floor space. Blank programmable cartridges for most popular videogames & computers are to retail for about \$30 each. Cartridges are inserted into console for programming at \$3-\$30 per game. Location owner gets 30% of program revenue. Console has color TV display showing selections available in each format, gives screen sample and playing descriptions, operating instructions, spits out printed receipt. Company claims it already has rights to 70 titles from 6 suppliers, expects to have 200 games by year's end. CT plans test with 25 units in San Francisco next month, says it will have 3,000 consoles in place by Christmas, announced agreement for European distribution. CT is in competition with Romox, which has been leasing similar consoles to retailers for \$200 monthly, and newly formed Xante, which plans to offer consoles for sale at \$15,000 each.

Challenge to videodisc use as quality graphics generator for coin-op videogames is being mounted by General Instrument. It's now demonstrating its Agile (animated graphics imaging through list execution) full-motion interactive 3D graphics display system to potential customers. Agile can be used to create games as well as display them, offers 256 gray shades, 4,096 color hues. First product will be complete arcade terminal selling at under \$5,000, to be followed by boards and chip sets.

Megabit RAM development has been announced by Hitachi, and company says it could be on market within 4 years. Device has 4 times storage capacity of 256K RAM, largest capacity memory IC now available, and is generally considered chip needed for ultra compact high-speed computers and to make such features as high resolution pictures and freeze frame low-cost options for TVs. Hitachi said it spent half its \$860 million R&D budget on its development last year.

WCES COMPUTER SCENE: What was said — rather than what was shown — provided most home computer highlights at Winter CES in Las Vegas, as 3 industry leaders met with security analysts. Atari Pres. James Morgan said firm would be profitable in 1984, but continue to show loss through first half. Coleco said it will show loss in final 1983 quarter, but expected "quick return to profitability" in opening 1984 period. Commodore, said Pres. Jack Tramiel, had sales of more than \$425 million in 2nd quarter to Dec. 31, net of at least \$49 million, both more than double those of same 1982 period. Note: Tramiel resigned "for personal reasons" as we went to press last weekend.

In first public meeting since taking over Atari reins last summer, Morgan said he was revamping organization. Among steps already taken are management structuring, product targeting and construction of single building to house nearly all hq employees. Overhead expenses, he said, are now down 40%, and return & price protection programs have been stiffened. Last year, he said, Atari had to take back \$100 million of goods "and 75% of returns weren't defective." As for dealers who balk, "we will walk from any customers we have that won't accept our new policy."

Focus has been creative & product problem, Morgan said, noting he had to change attitude that Atari "can be everything to everybody and spend that way." Both home videogames & computers are facing long-term creativity problems, he stressed. On games, "America is mazed out and shot out. If Atari or somebody else can't figure it out, the videogame industry will go bye-bye." As for computers, "not one company has yet gone to the American public with a compelling reason to buy." Most sales today have been based on prices "so cheap you can't afford not to have one" and on fear kids will be left behind. As for practical uses, word processing is only one of top 5 that isn't "easier to do with a pencil & paper."

Morgan said he expects game market to stabilize in 3rd quarter, after cartridge market glut eases. On computer competition from IBM, Morgan said that while "they can mutilate anybody," he questions "whether a company built on serving industrial customers can change its own culture" enough to be a consumer market force. Japanese, he said "are always a force to reckon with." Computer market now "is stronger than anticipated," and in 4th quarter "Atari undershipped by a lot more than 40%" against orders for 600XL & 800XL computers. Rate of new orders at show means shortage will continue through first quarter, Morgan said, adding he's being "production conservative" as "a lost sale is more profitable than having one too many."

AtariTel's first telecommunications product won't be out until 2nd half, nearly 9 months behind schedule, Morgan said. He took responsibility for delay, said switch was made in markets "because our product committee decided the first product shouldn't be our most ordinary." On coin-op area, Morgan said Atari had highest market share in its history and was profitable in 1983. Atari showed little in way of new product at CES, Morgan said, in keeping with new policy of not introducing anything until it's ready to be shipped.

Coleco said it built disappointingly low 95,000 Adam computers in 1983, far cry from introduction target of 500,000, and 1/3 less than 140,000 promised in Nov. Coleco said it has solved all production problems, is ready to turn out 140,000 monthly.

Emphasis at Coleco's news conference was on ranks of unaffiliated software suppliers that will be making programs available either for Adam or Colecovision game consoles — Adam will accept & run game cartridges. There also was rundown on new Adam peripherals, including disc drive. Price of basic Adam computer system — CPU, keyboard, tape drive & printer — was boosted to \$700 at start of year, and addition of disc drive would raise consumer cost to more than \$1,000, putting Adam up into class of similarly equipped Atari 600 XL & Commodore 64 systems.

Commodore was only company with major hardware entries, showed console models 264 & 364V (for voice) which will have software included and retail in \$300-\$500 range when introduced in April, plus new portable. Tramiel said Commodore hit \$1 billion in microcomputer sales in 1983, becoming first company to hit "this milestone sales level," estimated there were now 3.5 million Commodore computers in use.

In computer software, emphasis at exhibits was on functional or thinking type programs rather than pure entertainment, while game marketers were expressing view market had bottomed out and only question was how high could it bounce back. In keynote talk at software conference, Atari's Don Kingsborough cited Gallup poll indicating consumers would buy 4-8.8 million game consoles this year, added "doomsayers talk more than they think." But panelist retailer Joel Gilgoff (G.A.M.E.S., Van Nuys, Cal.) said games were dead issue in his area last year. There was total agreement that computer software market would fly, but not on direction. Several panelists called for more standardization, expressed hope Japanese MSX format would bring it. That probability was discounted by Kaypro's David Kaye, who said MS/DOS is standard that's here now. "Let's just accept it and get on with it."

Prices on once prohibitively expensive peripherals are dropping rapidly. Some examples: 300 baud modem from TG at \$89; light pen with software from Tech-Sketch at \$40; dot matrix printer from Axiom at \$299; trakball control from Accu at \$40.

MGM/UA Home Entertainment reported 29.2% earnings rise to \$10.3 million in opening fiscal quarter to Nov. 30 on 31.8% revenue gain to \$43.8 million. Holders approved increase in authorized common shares from 50 million to 75 million, and company said new shares could be used for acquisitions, financing, stock splits or other corporate purposes.

Ad notes: JVC account has been resigned by Marsteller. JVC has been reviewing agencies since Oct... Phone-Mate appoints J. Walter Thompson, replacing Chickering/Howell... Atari appoints Doyle Dane Bernbach for Arcade Game Div. and service centers, replacing Young & Rubicam.

AUDIO ALL DIGITAL AT CES: Prospect for continuing price reductions and at least semi-adequate supply of discs, plus promise of \$350,000 promotion effort by Compact Disc Group, sparked strong dealer interest in digital sound, made CD the audio focal point at CES.

Player price cuts were fierce at show, making \$500 new leader price point, and leading to general feeling that that will be down to \$300 at Summer CES in June and perhaps to \$250 by next Christmas. Hitachi introduced model to list at \$600, down \$400 from current offering, and said it could retail as low as \$500. NAP cut player price to \$499, its 2nd cut since launch. Technics & Yamaha cut \$100 from lists of their lowest price players, putting them at \$600, Sanyo unveiled leader at \$550, NAD displayed model it said would retail at under \$600, and Korean-owned Sherwood said it will offer stripped model this spring at \$499. On promotion front, Technics said it will offer 5 free discs to player buyers.

Polygram said it will raise number of disc titles it alone sells in U.S. to 500 this year from 200, said it will press 1,400 titles in 1984, including custom pressing. Company estimated Japanese will have at least same number, raising world availability to about 3,000. Polygram said it accounted for half of 12 million discs pressed in 1983, estimated it will turn out 15 million, Japanese about 12 million this year, with additional production coming in U.S. from CBS/Sony venture.

Philips said world player market will triple in 1984 to 1.2-1.5 million, estimated Europe would account for 500,000, U.S. 250,000-300,000, Japan most of rest.

Systems were continued theme in standard stereo components, with all major hi-fi marketers stressing them, though there was little new in the way of product, and there were signs mini bookshelf systems would try for comeback in 1984. Car stereo marketers came off biggest unit sales year in history still suffering from softening prices, excess competition. High end was key to exhibits, and new systems at \$700 and up were being stressed. Bad news was that CD for cars was still year away, though prototypes were shown by at least dozen marketers.

Panasonic announced radio miniaturization breakthrough called RHC (Radio High-density Circuits). They consist of hybrid ICs constructed in 3D of 3 parts, including plastic chip carrier, multilayer ceramic capacitor network and thick film circuit formed on network. First RHC product will be self-contained 2.05-oz. stereo FM headphone radio due in March to retail at about \$70. Matsushita said it expects to use RHCs in variety of portable audio and combination products.

Esquire Radio has been terminated as TV & audio equipment supplier by Montgomery Ward. One of few remaining U.S.-owned private label specialists, Esquire said MW accounted for at least 95% of its \$38.7 million sales in first 9 months last year. Esquire said it was dropped as vendor "without prior warning," and that it would start looking for new customers.

DIGITAL TV SLIPS TO '85: Digital TV hype was notable for its absence at CES in Las Vegas, as entire product category moved from hot 1984 item to something promised for 1985.

Zenith now has joined GE (TVD Nov 28 p9) in delaying digital TV debut until 1985. Chmn. Walter Fisher said digital set will be "at the very top end" of Zenith line. "It will be different — it will have inherent features which will set it apart. It will be a better performing product. Eventually, it will be easier to produce" than conventional set. He indicated delay resulted both from slow chip deliveries and design work.

Digital TV "is an ongoing project, and we are putting our maximum thrust on consumer differentiated benefits" — meaning sets with extra features — GE TV Div. Vp-Gen. Mgr. Jacques Robinson said at CES news conference, reiterating that 1985 introduction is anticipated.

Only completely digital TV set displayed at CES was demonstration unit by Toshiba, featuring such special effects as slow motion and still-frame from broadcast TV, and special effects, giving picture a "painting" look, as well as hard copy printout.

NEC demonstrated theater projection TV system using digital scan converter to double number of lines derived from standard 525-line transmission. Projector had 6 tubes using Schmidt optics, with each scanning line projected twice. Picture was extremely bright on 100" flat screen (up to 300" can be used) and quality was excellent. System has 5.7M memory. It's due for production in midsummer, will sell for \$35,000-\$50,000.

N.V. Philips & Atari are discussing variety of cooperative projects, companies disclosed last week. They say talks are outgrowth of phono record venture agreement between Philips' Polygram and Atari parent Warner. Atari Pres. James Morgan, noting his company buys semiconductors from Philips' U.S. subsidiary Signetics, said that while firms were "discussing areas of mutual opportunity, nothing is imminent," and stressed that there were no talks relating to Philips investment in or acquisition of Atari. Philips Pres. Wisse Dekker said talks include joint development of new computers & videogames, possibly using laser videodisc technology. Also being considered is European venture to expand Atari's international distribution. He too denied Philips had any interest in acquiring Atari. Last year, Philips agreed to joint game development effort with France's Thomson-CSF.

Thorn EMI Video is splitting off home computer software from cassette & disc operations, both now with hq in N.Y. Computer sector will be shifted to Cal., where it can get more technical support, we're told. New name and executive staff haven't been announced.

Minolta says it will produce own video cameras beginning next fall. It currently buys from Hitachi. Nikon already has started making video cameras, and Canon has announced plans to do so.

NEC may build U.S. video plant, has had team here inspecting sites. It's understood areas under consideration are southern Cal., Chicago area and Tex. First products to be assembled here would be projection TV, video monitors and monitor receivers. Assembly of VCRs may be considered. NEC currently supplies monitors to North American Philips, J.C. Penney & Jensen as well as selling under own name. Ray Harvey Co. assembles color sets from NEC kits in Athens, Tex. for sale by Curtis Mathes.

Upcoming meetings: ITA's annual Audio/Video Seminar is set for March 18-21 at Hilton Riviera in Palm Springs, Cal. ITA says it has limited number of reservations available for representatives from non-member companies, will accept requests on first-come basis... NEDA's Electronic Distribution Show (formerly Parts Show), will run April 17-24 in Las Vegas... EIA Components Group's is sponsoring Electronic Components Conference in New Orleans, May 14-16.

Shareholder suit to block Penn Central's acquisition of Solid State Scientific has been filed in Wilmington federal court. PC's plan to acquire majority interest in SSS now owned by Mattel and then make \$6.11 per share offer for all other outstanding shares is attempt "to freeze out" public at unfairly low price, suit charges.

Philco-Ford Brazil is negotiating sale of its \$15 million semiconductor plant to Sharp Brazil. Philco said it has to sell or shut down facility because of Brazilian laws restricting involvement of foreign-owned companies in computer industry there. Japan's Sharp has only 25% interest in Brazilian affiliate, rest is owned by locals.

Spectravideo is phasing out 32K \$300 console it introduced last spring, will replace it with 80K model at \$200 in Jan., plans to offer 32K console meeting Japanese MSX standard at about \$350 by end of first quarter.

**Now — the Whole Incredible Story of the 12 Months
that Shook the Industry — at Your Fingertips**

THE VCR EXPLOSION

Not since the greening of color TV has home entertainment electronics experienced such an explosive product. But it took color 11 years to reach annual sales of a million units — and it took VCR six. And 1983 sales are doubling those of 1982, at an annual pace of more than 4 million units. Now — the complete report of VCR's takeoff period in one handy reference volume, just as it happened, from the pages of Television Digest.

If you came in late, if you want to brush up on your recent history, or if you just need to know **what** happened **when**, it's all in **The VCR Explosion**, the only complete chronology of the big boom of 1982-83. The industry's most reliable, complete and analytical coverage of what happened and why, including these important developments:

From glut to shortage in six quick months. . . A price collapse feeds the boom. . . The home taping controversy. . . The decline and fall and rise of prerecorded cassettes. . . Rental movies vs. \$39.95 sales cassettes. . . The blank tape market and where it's headed. . . Beta Hi-Fi and VHS Hi-Fi. . . The raging controversy over the European market. . . Who's producing what and how much. . . Complete market-share ranking of all U.S. VCR brands. . . The new products, VCRs and cameras. . . Enter the solid-state camera. . . The one-piece VCR-camera. . . Studies and forecasts of the future of VCR. . . New technology and its influence on product and market. . . The agreement on 8mm, the next generation — will it hold up?

EXTRA: Complete text of specifications of 8mm Video, as issued by 122-member standards conference.

To ensure that you receive your copy of THE VCR EXPLOSION fill out the coupon below and return it to Book Order Desk, Television Digest Inc., 1836 Jefferson Place, NW, Washington, D.C. 20036. Book price is \$95 per copy. All orders must be prepaid.

____ Please send me _____ copies of THE VCR EXPLOSION
 ____ Payment attached (Make checks payable to Television Digest Inc.)
 ____ Charge to: _____ American Express _____ MasterCard _____ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

TV MAKERS PUSH FOR MTS: Set manufacturers are poised at starting gate for multichannel TV sound (MTS), which they hope to introduce this year in 2-tier approach — high-end stereo and mid-line bilingual.

Recommendation of Zenith transmission and dbx companding by EIA's MTS Subcommittee has now cleared up confusion, and set makers are preparing to be ready with product as soon as possible after FCC permits such broadcasting, whether it adopts EIA's choice or opts for marketplace approach. Consensus was that first adaptors & sets could be available around midyear.

Manufacturers at CES last week seemed to feel that first broadcasting push would be in area of bilingual sound, which they regard as separate market from stereo. Several of them indicated they'd have 2-track non-stereo sets aimed at ethnic markets, particularly Spanish-speaking ones where broadcasters are expected to aim first MTS transmissions. As for stereo, it will appear first in top-of-line sets — and major concern voiced by set makers was possibility of shortage of dbx compansion chips. Presumably there will be nothing in regulations to prevent marketing of sets without dbx.

"We hope to have stereo as soon as possible," Zenith Chmn. Walter Fisher told us. He saw broadcasting starting in 2nd half. SAP (separate audio program for bilingual broadcasts, etc.) "is just as important as stereo," he said. Stereo receivers and VHS Hi-Fi will move Zenith back into audio "for the marriage" of audio & video. "We will expand in audio as it relates to video," he said. Asked if Zenith might offer CD player as audio-video component, he replied it was "certainly conceivable."

"We'll have adaptors by the 3rd quarter, and later in the year we'll have complete [multichannel sound] TVs," said Zenith Mktg. Vp John McCallister at CES TV conference. "It certainly will open up a new world in stereo VCR."

Calling EIA MTS action "remarkable unanimous decision," RCA Sales Corp. Pres. Stephen Stepnes told conference: "Our market research shows stereo broadcasting is a hot button for the consumer... There will be sets out there in the 2nd half."

"Magnavox will introduce stereo-ready sets in June, and I think we could have sets designed to receive broadcast stereo in Aug. — we'll have a black box [converter] about the same time as a full broadcast receiver," Magnavox Mktg. Vp James Proud told us. "We're working hard on the project to have them as soon as possible. Success depends on software — broadcasting." He envisioned lower priced bilingual sets designed to receive SAP channel but not stereo as important product.

Sanyo Exec. Vp Jeff Berkowitz agreed, telling Video Conference "bilingual will be the biggest commercial application in 1984. [MTS] is a tremendous opportunity to expand the TV business. It will help uplift prices." JVC Mktg. Vp Harry Elias urged dealers to get ready for MTS. The 2 retailers on panel agreed there was great consumer interest in multichannel sound.

Most immediate result of pending FCC ruling on MTS will be big batch of stereo-ready sets at this spring's introductions — containing in & out jacks designed to receive coming stereo-SAP adaptors.

SONY HIGH-SPEED: Sony will try again to get videocassette duplicators hooked on high-speed with contact printing system it intends to have operational in 2nd quarter, installed at duplicators by end of 1984, according to Sony Consumer Products Senior Vp Dick Komiyama. System still lacks price & name, is expected to produce VHS & Beta copies at 100 times real-time rate.

This isn't first time hopes have been raised for high-speed. Matsushita had major U.S. duplicators try its approach last year, couldn't find anyone willing to invest \$150,000-\$200,000 in hardware, and Sony has shown systems before. Coming of music video, with potentially high demand for short-length programs, could make cost of system attractive against expense of perhaps several thousand slave VCRs turning out same program. Komiyama said that by late 1985 Sony technique will make possible tapes at price of \$9-\$10 audio record.

Meanwhile, Sony is preparing to keep promise made last Jan., end temporary role as custom duplicator of Beta Hi-Fi. We understand it has agreed to sell equipment in Dothan, Ala. plant to Bell & Howell/Columbia Pictures Video Services and deal is expected to be closed soon. Equipment will be moved to Chicago. Sony set up last year to insure tapes would be market to support its introduction of Beta Hi-Fi VCRs.

Sinclair's QL (Quantum Leap) desktop computer announced in U.K. last week for home-business use has 128K memory, 32-bit Motorola processor. Sinclair said it will be introduced in England at \$580 in Feb., start selling here by summer at \$499. Price includes word processing, graphics, data processing and business planning software. Optional peripherals include printer, high-speed tape drive. QL will be produced by unit of Thorn EMI, with output of 20,000 monthly slated for this summer.

Qume printer and computer peripheral manufacturing plant in San Jose, Cal. is being closed by ITT at cost of 600 jobs. ITT said output of plant wasn't competitive with imports. Production will be consolidated at Qume plants in Puerto Rico & Taiwan.

Obituary

Anthony Conrad, 62, who resigned as RCA chmn. in Sept. 1976 after disclosing he hadn't filed income tax returns for 5 years, died of cancer Jan. 9 at home in Gibson Island, Md. Conrad, 30-year RCA veteran, joined as TV repairman in 1946, moved up corporate ladder, became pres. of RCA Service Co. in 1960, corporate vp in 1968, pres. & chief operating officer in 1971. He assumed post of chief exec. in 1975 following board ouster of Chmn. Robert Sarnoff. He was elected chmn. in June 1976, post he retained less than 4 months. Wife, 3 children survive.

MORE DISC ENTRIES? "We've reached the point right now where other manufacturers may be considering entering videodisc player marketing," commented RCA Videodiscs Vp-Gen. Mgr. Arnold Valencia last week at CES, where RCA talked of sharply improved sales.

There was some evidence that RCA's competitors were again thinking videodisc. At CES Video Conference, JVC Mktg. Vp Harry Elias seemed to agree with RCA's new "value" philosophy when he said: "Videodisc is at a mass market price point. The market is middle income people, and price is the key. We definitely expect a good increase in sales. JVC as a company has to look at it now." JVC developed VHD disc system, which it's marketing in Japan.

Other companies are looking, too, but for new uses of disc. At meeting during CES, Coleco Pres. Arnold Greenberg said company plans to have interactive videodisc game for Adam computer on market this year and expects to have own-brand disc players. Greenberg said Coleco hadn't yet settled on system, and was talking with potential suppliers. As Adam system lists at just \$700, lower price gives CED edge over Laservision system. RCA, it's understood, is willing to provide Coleco with customized player.

Next generation of RCA disc players is scheduled for introduction in 1985, Valencia said. However, he indicated to us that new commercial-industrial interactive player would be introduced next fall.

RCA Group Vp Jack Sauter said high-end interactive disc players were sold out in 1983. "We ended the year stronger than we anticipated," said Valencia — "there are shortages of players at retail." All promotion this year will push "value" theme — players at under \$200, discs at \$19.98 — with ad budget almost entirely at local level, including 100% company-paid dealer-listing ads. Software catalog of low-priced hits will be issued this month, followed by new edition in March.

Parade of special promotions for discs & players will continue through 1984. Ad & Mds. Vp Herbert Mendelsohn outlined some of them: Jan. 12-March 17 feature will be coupon book good for \$100 toward discs — including coupons worth \$10 & \$5 off specific titles, \$2 off any title. Free financing deal over 12 months will be continued, but now will include lowest-priced players. Retail salesmen will get \$5-\$25 spiffs plus chance to participate in cash sweepstakes. Mendelsohn said "stereo 6-pack" promotion sold 5,000-10,000 players to "audience not particularly conducive to stereo music."

Sauter called CED disc system "very viable business." Valencia reiterated that scheduled breakeven year is 1986 for both players & discs. In answer to question, he said 1984 was "not necessarily" critical year for disc. However, "it looks like the year of the breakthrough we have been looking for in consumer support will make it a real business — even with only one manufacturer." In answer to question, Sauter indicated \$199 player isn't profitable, price being based on "future cost-reduction program."

Total sales to dealers of players for both videodisc systems come to about 720,000 units to

date, based on EIA figures. EIA consensus is for sales of about 500,000 players this year. Year-by-year sales estimates: 1980 — 40,000; 1981 — 157,000; 1982 — 223,000; 1983 — 300,000. Through first quarter of 1983, EIA had been collecting player sales data and releasing them to participating manufacturers. However, in 1983, RCA exercised privilege of invoking EIA's security provision barring their release (permitted to any company with more than 50% share of any product's total sales), so figures are no longer released — although they're still being collected.

99/A, AQUARIUS PLANS: Owners of discontinued TI 99/A and Mattel Aquarius computers may not end up with total orphans on their hands. TI is turning job of software development over to outsiders, while Aquarius could be revived by its Hong Kong manufacturer Radofin.

In moving to finalize disengagement from home computer market, TI is negotiating to have other software manufacturers take over production of new programs for 99/A computer, making proprietary GROM (graphics read-only memory) software available to them through license or on programmed chips. GROM must be included in cartridges for them to run on late production models of 99/A. Imagic is taking over distribution of its software for TI computers and TI has transferred rights to Walt Disney games to Sierra.

Under tentative agreement, March Direct Mktg. subsidiary of McCann-Erickson will acquire TI's million-name 99/A mailing list, make it available to manufacturers and publish quarterly software & peripherals catalog. TI recently laid off 500 computer workers at Abilene plant where cartridges were produced. That trimmed force there to fewer than 1,000 from 2,500 employed at end of Oct., just before TI announced it was dropping 99/4 computer and quitting home market.

Mattel turned over all rights to Aquarius to Radofin as part of settlement. Radofin currently markets 4K unit in U.K., says it will appoint U.S. distributor by March, also expand international sales to most of Europe and Mid-East. It plans to introduce step-up model, disc drive, memory expanders and other peripherals by end of first quarter, 64K version in 2nd half. Mattel is continuing to market Radofin-made computer expansion modules for Intellivision videogame console.

DBS receiving equipment will be sold in Japan by Matsushita starting in late Feb. in anticipation of start of broadcasting in May from NHK satellite scheduled for Jan. 23 launch. Three systems will be offered — with .5-m dish at about \$450, .75 m at \$470, 1 m at \$550, with larger and more powerful installations by year's end.

Bally spent more time than expected debugging NFL Football arcade videogame that uses RCA CED disc (TVD Dec 5 p12), had only delivered about 1,000 units as of Christmas. "It was a little disconcerting," said source. "They were a little too optimistic."

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
MGM/UA Entertainment			
1983-qtr. to Nov. 30	192,182,000	10,961,000	.22
1982-qtr. to Nov. 30	204,095,000	10,470,000	.21
MGM/UA Home Entertainment			
1983-qtr. to Nov. 30	43,797,000	10,337,000	.35
1982-qtr. to Nov. 30	33,221,000	8,002,000	.32
Microdyne			
1983-year to Oct. 30	23,661,000	1,403,000	.30
1982-year to Oct. 31	24,910,000	2,094,000	.45
1983-13 wk. to Oct. 30	6,478,000	430,000	.09
1982-13 wk. to Oct. 31	6,900,000	463,000	.10
Orion Pictures			
1983-9 mo. to Nov. 30	120,587,000	6,156,000	.45
1982-9 mo. to Nov. 30	98,483,000	5,245,000	.58
1983-qtr. to Nov. 30	42,581,000	2,093,000	.16
1982-qtr. to Nov. 30	40,562,000	4,049,000	.37
Rogers Cablesystems^a			
1983-year to Aug. 31	364,200,000	(15,066,000)	--
1982-year to Aug. 31	244,400,000	(7,158,000)	--b
TCA Cable TV			
1983-year to Oct. 31	21,648,000	3,132,000	.49
1982-year to Oct. 31	17,219,000	2,304,000	.39c
1983-qtr. to Oct. 31	5,922,000	844,000	.13
1982-qtr. to Oct. 31	4,786,000	671,000	.11c
United Cable TV			
1983-6 mo. to Nov. 30	67,039,000	4,556,000	.34
1982-6 mo. to Nov. 30	54,612,000	406,000	.04b
1983-qtr. to Nov. 30	34,524,000	2,518,000	.19
1982-qtr. to Nov. 30	28,062,000	584,000	.05b

Notes: ^aIn Canadian dollars. ^bRestated. ^cAdjusted.

as west coast region sales mgr... **Tina Flaherty**, ex-Colgate-Palmolive, joins GTE as public affairs vp.

Frank Applestein promoted at Yamaha Home Audio Components Div. to national sales mgr... **Tokihiro Maeda** named pres., **Milton Phillipson** sales & mktg. vp, of UCM, new U.S. marketer of Crown & Unisef brands... **Gary Miller** appointed mktg. vp of Sensor Electronics, U.S. sales subsidiary of Taiwan's Santron Electronics... **Martin Bader**, Electro Audio Dynamics chief exec., named chmn., succeeding **Ridgely Bullock**, who has held post on part-time basis; **Stanley Zalkind** advanced from senior vp to pres., replacing Bader.

Philip Baker, ex-Atari, named Imagic product development vp responsible for game programs from concept through production... **Tom Cracraft**, formerly with computer retailer TDC, named pres. of Cumma Technology, marketer of in-store game cartridge programming system; **Al Alcorn**, one-time Atari engineering vp, assumes same post at CT... **Ed Bernstein** advanced at Broderbund to product development dir.

Robert Boatman appointed west region sales mgr., 3M Magnetic Audio/Video Products Div. in restructuring of sales operation; **Frank Caravitis** named for east region... **Robert Fontana**, ex-Nikko Electronics, joins TDK as customer service mgr.; **Anne Donnelly** named trade show coordinator.

Colin Bayliss leaves MGM/UA Home Video in U.K. to become managing dir. of new Vestron Video European operation... **Mike Heap**, ex-managing dir. of WEA Records in U.K., joins Videoform Pictures as dir. of newly formed Music Div... **James Silverman**, ex-Commtron, forms new home video marketer Continental Video... **Jerry Durkin** named business affairs vp, CBS Records Video Enterprises, with responsibility for Audio/Visual Programming unit.

Appointments at Embassy Home Entertainment: **Chaz Austin**, ex-video merchandise mgr. & promotions dir. of Nickelodeon retail chain, to western regional sales mgr., replacing **Jim Brown**, now sales dir; **Bill Hoard**, **Ray Sohl** & **Tom Burnett** to eastern, central & southern regional mgrs., respectively; **Ted Pierpoint** to Canadian mktg. mgr.; **Robin Olson** to customer service mgr... **Phil Balsam**, ex-CBS Records, named mgr. of Star Video's Philadelphia branch... **Robert Marmioli** appointed mktg. vp, Windsor Total Video... **Bruce Mishkin**, ex-Video Magazine national ad dir., joins Home Viewer Publications as mktg. dir.

AT&T is pulling out of retail phone business, recently closed 227 of its 432 centers. Company said move reflects shift of emphasis to servicing customers who lease equipment, noted AT&T gear will still be available for sale at more than 6,000 independent retail outlets.

Korea is slated to lose duty-free treatment for U.S. imports of its microwave ovens and walkie-talkies. Countries designated as less-developed lose that statu for specific products when value of imports in given year exceeds trigger level or equals 50% of total imports.

Consumer Electronics Personals

Jack Tramiel resigns as Commodore pres. "for personal reasons"... **Thomas Kuhn**, former RCA Videodiscs Div. vp, named vp of RCA Video Productions, new music video division of RCA Records... **Douglas Carter** promoted at Curtis Mathes to product mktg. vp... **Charles Tarr** named Quasar video mktg. specialist... **Stephen Goldman** advanced at Zenith N.Y. to service dir.; **Stephen Van Dyke**, Zenith N.Y. asst. treas. & controller, named vp... **Victor Sholis** named Montgomery Ward national mdse. mgr. for new TV, Stereo & VCR Dept.

Tsutomu Mitome named pres. of new Consumer Electronics Div. of Hattori America, U.S. sales operation of Japan's Seiko... **Edward Scanlon** promoted at RCA to employe relations senior vp, succeeding **George Fuchs**, retired... **William Rees**, one-time Chubb Corp. chmn., elected to North American Philips board.

Victor Pelson appointed AT&T Consumer Products Div. exec. vp; **Alfred Franks** named national accounts sales vp, responsible for sales to AT&T phone centers, large retailers and mail-order marketers; **Paul Mulvee** appointed sales vp for regional retail accounts; **James Braun** named vp for sales to regional & independent phone companies... **Donald Wellington**, ex-Bergen-Brunswig, joins Webcor

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

IN THIS ISSUE: HIGHLIGHTS OF SUPREME COURT BETAMAX DECISION (P. 22)

JANUARY 23, 1984

VOL. 24, NO. 4

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

SUMMERS TO HEAD GOVT. RELATIONS at NAB, drops title of gen. mgr. Senior vps will report to Fritts, who is given 'clear accountability' to run Assn. \$9.9 million budget okayed. (P. 1)

FINANCIAL INTEREST COMPROMISE looks possible although talks now are on dead center, Burch tells INTV. Fowler skirts questions. Gershman says 'first-run syndication will work.' (P. 3)

CONFRONTATION COMING on broadcast bill when Congress returns this week, Tauke tells NAB. Wirth circulates sharply-worded memo, says Tauke & Tauzin must concede more. (P. 5)

1982 PROFITS BEST IN YEARS for 'typical' radio station, says NAB survey showing 9.42% pre-tax profit margin. (P. 6)

NBC PROFITS SHOW 1983 INCREASE despite programming 'stumble,' Tinker says. News changes await Grossman arrival. (P. 8)

WARNER AMEX CUTS BACK QUBE service, seeks franchise changes in Dallas in continuing spring cleaning. (P. 10)

GOVT. PROPAGANDIZING issue in Supreme Court arguments on public broadcasting editorials. Broadcasters argue for free speech. (P. 10)

NAB'S FRITTS GIVEN 'ACCOUNTABILITY': Unhappiness of NAB Exec. Committee and board with way things were being managed at Assn. surfaced repeatedly during board meetings in perfect weather in Maui last week. As result, and in move warmly endorsed by board at closing meeting on Fri., Exec. Vp.-Gen. Mgr. John Summers was shifted to head govt. relations and title of gen. mgr. was dropped. Summers will continue as clear No. 2 man at NAB, but no longer will be COO, and department heads now will report to Pres. Edward Fritts instead of Summers. Fritts has been given "clear accountability" to run NAB, according to Chmn. Gert Schmidt, and will be held responsible if board feels operations at top are not improving.

Development grew out of closed meeting of board Jan. 17 (Summers & Fritts didn't attend) during which much criticism of NAB's top echelon was aired, and followup meeting between

Consumer Electronics

RECORD 1983 closes out with with low video inventories. Color built up steam, with best sales rate in Dec. (P. 13). 1983 at-a-glance. (P. 20)

VCR INDUSTRY BUOYED by Supreme Court ruling in Betamax case. Copyright fee legislation outlook dim, though first-sale prospects may be enhanced. (P. 14)

KODAK ELATED by reception of 8mm at CES. Actual selling to follow. Pipeline filling starts in May; sales could begin in June. (P. 15)

SEARS HIT with 2nd TV dumping customs fraud indictment while first still pends. ITC sets date for Korea-Taiwan TV dumping hearing. (P. 16)

SANYO & ZENITH to make teletext-ready TVs for Metromedia's Olympics service in L.A.. VideoConcepts adds caption decoders. (P. 17)

MATSUSHITA KEEPS POSITION as Japan's biggest VCR producer in 1983, survey shows. VHS increased lead over Beta. (P. 18)

GE TV DIV. PROFITABLE from operations in 1983, but had net loss. Matsushita net up 2%. (P. 19)

JAPAN'S VCR OUTPUT ROSE 36% to 17.8 million in 1983, will be up 16% to 20.7 million this year, EIA-J says in annual industry forecast. (P. 19)

Fritts and Exec. Committee same day. Fritts told reporters Jan. 20 that NAB has been "cumbersome at top," trying to operate with "a mechanism that was not very efficient." Summers said he's very happy with move, that he finds it "perfectly reasonable." Schmidt said that when decision was announced to board "there was an immediate standing ovation." NAB radio board Chmn. Martin Beck said "we're being very responsive to the recommendations of the Futures Committee" by making pres. clearly responsible at the top. Fritts said he will name administrative asst. to handle details.

NAB has been searching for govt. relations head since Steven Stockmeyer resigned in pique last Oct. Job had been offered earlier to James Range (aide to Senate Majority Leader Baker [R-Tenn.]) and ex-FTC Comr. David Clanton. Both turned it down because salary offered wasn't enough. Stockmeyer made \$90,000 and NAB was willing to pay more but couldn't go beyond \$112,500, Summers' pay. Possibility of moving Summers (there's some dispute over who first broached idea) was first raised at Jan. 18 cocktail party for TV board hosted by Schmidt, was cleared next day with TV dirs. and other board members.

Although NAB board usually waits until final session of 4-day winter meetings to approve budget in order to give TV & radio boards time to consider it separately, this year it okayed budget for fiscal year starting April 1 at first joint board meeting Jan. 17. It calls for income of \$10,107,000, expenses of \$9,919,480, leaving surplus of \$187,520. Staff had proposed expected income of \$10.3 million, expenses of \$10.08 million.

Historically, NAB board has rejected or made major modifications in report of Bylaws Committee — but that also wasn't case this year. Recommendations of Chmn. Clyde Price, WACT-AM-FM Tuscaloosa, were accepted without change. They included: (1) Require reelection of pres. and secy.-treas. by simple majority each year at June board meeting. (2) If office of pres. becomes vacant, exec. vp shall serve as pres. with full authority and adequate compensation. Current pres. makes \$150,000 base salary, exec. vp \$112,500.

In case pres. resigns or is terminated, Exec. Committee would serve as nucleus of Search Committee (with other broadcasters added) but no one on that committee would be considered for job. Issue arose because Fritts had been NAB chmn. and chmn. of committee seeking successor to ex-pres. Vincent Wasilewski, who resigned as head of Selection Committee and temporarily as chmn. to seek presidency on day Selection Committee gathered to conduct first interviews. Selection Committee unanimously recommended ex-NAB Chmn. Donald Thurston as pres.; board reversed that on 24-20 vote at special board meeting Aug. 9, 1982 in Chicago.

(3) If immediate past chmn. isn't available to serve on Exec. Committee, that committee can appoint person to serve in non-voting capacity. Issue arose last summer when Beck objected to continued service of ex-chmn. Thomas Bolger because, Beck argued, someone from radio board should be ex-officio since current chmn. Gert Schmidt came from TV board. Beck also objected because current TV Vice Chmn. William Turner and Bolger are from same company — Forward Communications — and with exception of TV & Radio networks, NAB bylaws prohibit 2 executives of same company from serving on board.

(4) Elect NAB chmn. as first order of business at closing joint board meeting in June. In past, election has been last order of business and issue arose following close race for joint chmn. last June between Schmidt and Kathryn Broman when a few board members left before voting.

TV board voted to hold annual children's TV conference, will seek co-sponsorship of another organization such as NATPE or INTV. Board also voted to accept direct broadcast satellite systems into membership and to give full support for broadcast deregulation bill (HR-2382) stalled in House (see story elsewhere in this issue).

In opening remarks, Fritts said "If you wade through the rhetoric and separate the emotion and the heat of the moment from the facts, then the scales tip very heavily and reflect a solid year of achievement" for NAB. "Internally, there have been several senior staff changes. But once again... separate the emotion of the situation and analyze it. The NAB is spreading and it is impressive... as 1983 demonstrated, and as we point to 1984, we will be increasingly effective in the future."

Board approved formation of Ad Hoc Alcohol and Drug Abuse Task Force which will conduct awareness campaign to inform public of dangers of both. Effort will include public affairs spots, speaking appearances, etc.

Acting separately, radio and TV boards recommended bylaws change to require appointment of 2 dirs. (one woman, one minority) to board "in order to insure that minorities and women are adequately represented. Each appointment will be for a 2-year term subject to reappointment" and re-evaluation of need for special dirs. after 2 years. TV board decreed "that the basic dues structure for TV be frozen at present levels, subject only to percentage increases as needs dictate." Resolution was adopted urging that copyright owners receive "proper compensation for retransmission" of programming on Canadian cable systems "and that Congress take expeditious action to insure that U.S. copyright owners are receiving such compensation" before any future copyright payments are made to foreign rights holders for their programming on U.S. cable systems.

Major issue for radio board was FM translators, with board urging FCC to "take immediate steps to rectify a nationwide pattern of abuses which have undermined the integrity of FM translator operations." Board cited several such abuses — including unlawful broadcasts, "surreptitious funding" of community groups and expansions of 30-sec. limitations "for purely commercial purposes. These abuses have been exacerbated by the recent filing of approximately 1,000 FM translator applications... and anticipation of a new low-power FM radio service" proposed by Moody Bible Institute.

Radio board also asked that radio networks have non-voting representatives on NAB Exec. Committee — as now is case for TV. Radio network rep couldn't be from same network as person representing TV on Exec. Committee. Board also approved proposed merger with Daytime Bcstrs. Assn. (which also is negotiating possible merger with National Radio Bcstrs. Assn.), including assumption of DBA debt of about \$70,000 (which is expected to be reduced considerably before any merger takes place). Radio board also commended Fritts for arranging working agreement with NRBA — including consolidation of NAB Radio Program Conference with NRBA's.

Four NAB dirs. weren't present for last week's meetings in Maui: TV dirs. William Dilday & William Dunaway and radio dirs. Chuck Cooper & Walter May.

FINANCIAL INTEREST ISSUE TOPS AT INTV: Independent TV station interests are faring well in negotiations toward compromise on programming financial interest & syndication rules, officials said at last week's annual INTV convention in L.A. Gathering was Assn.'s most successful ever, many said, was marred only by dispute with NATPE over scheduling conflicts of 1985 conventions. On other fronts, INTVers were told by FCC Comr. Quello that they should think more about responsibility and news fairness than about "ratings, money and power."

In remarks opening convention, ex-FCC Chmn. Dean Burch said even though current talks with TV networks are on dead center, "elements of a satisfying compromise exist" in financial interest dispute. Melvin Blumenthal, exec. vp of MTM Productions, agreed, said he feels "very hopeful." FCC Chmn. Fowler deferred questions about financial interest, said via 2-way satellite from Washington that he didn't want to speculate on outcome in FCC rulemaking and in Congress if programmers and networks aren't able to reach compromise. At prodding of Congress, Commission has agreed not to act on rulemaking until May, and Congress has informally given parties until Jan. 31 to reach agreement.

Burch, who represents Committee for Prudent Deregulation (leading foe of networks on financial interest) said he's optimistic that independent stations' "interests will be protected... better than we expected" in any compromise. He said Wasserman-Wyman talks centered on proposal that "was better than what INTV had initially proposed" -- 30% limit on network ownership and no domestic syndication rights.

Blumenthal credited opposition of INTV with helping turn rulemaking from pro-network stance. "Last year at this time it was depressing," he said. Fowler said results of private negotiations "could be relevant to our proceeding."

Meanwhile, also in L.A. last week, NBC Chmn. Grant Tinker said: "I will be less than forthcoming on [financial interest negotiations] because the ball is still in the air." He said NBC & ABC were kept apprised of CBS Chmn.-Pres. Thomas Wyman's negotiations with MCA Chmn. Lew Wasserman, but "there were some things" in proposed deal NBC & ABC didn't like and both pulled out (TVD Jan 9 p1). Scheduled meeting of 3 networks with programmers in N.Y. was canceled (TVD Jan 16 p5) because networks still weren't able to present united front, Tinker said. "I would hesitate to say the networks still are presenting a united front, but I would hope so," he added.

Fowler told INTV that independent TV "is proving itself to be the most important player in the American video sweepstakes." Answering questions, he said: (1) There are serious engineering questions on VHF drop-ins, adding "you won't see the massive drop-ins that were originally contemplated... Engineering theories are proving equal to quicksand." (2) Commission hopes to act to relax 7-7-7 ownership restrictions in 2-3 months (see story on rulemaking comments elsewhere in this issue). (3) "No one at the FCC is planning to bring up must-carry in the near future." (4) Agency is thinking about giving translator applications priority over low power.

INTV Pres. Herman Land said Assn. will oppose letting TV networks own more than 7 TV stations. He said that programming is independent stations' greatest challenge, that "independent TV, serving as a market for off-network programming, has been largely subsidizing network programming." Land said independents now operate in 40 states covering 70% of U.S. TV households.

Broadcast managers should think more about responsibility and news fairness than about "ratings, money and power," FCC Comr. Quello said in speech at convention. "The American public is getting fed up with rude, arrogant, unknowing newsmen," Quello said. He said that while much public hostility may be directed at networks, "independents will get some of the fallout." To avoid that, he said, independents — who have more control over their product — should put more emphasis on truth, decency and responsible news.

"Reporters have a right to be wrong," Quello said, "but someone, a managing editor or a licensee, has the responsibility to make sure that he's not wrong too often." Former broadcaster Quello said he would welcome seeing more people with news backgrounds in station management. Said he: "I think maybe there is a little more room for an objective search for truth rather than the search for ratings, money and power."

INTV will "continue talking" to National Assn. of TV Programming Executives (NATPE) officials in effort to resolve problem of having conventions scheduled 5 days apart next year, according to Land, who disputed press report that MCA had threatened to boycott INTV convention unless remedy is found. INTV is set for Jan. 4-7, 1985, while NATPE starts Jan. 10. Land said INTV has ruled out possibility of donut session (one convention, Sat. & Sun. screenings, followed by 2nd convention), but said other possibilities are open. "We'll continue to talk," he said, noting NATPE executives Phil Corvo & Stan Marinoff had been at INTV gathering.

"One possibility is for NATPE to move its date," Land said, adding that INTV had looked into moving its convention to Dec., but then realized Nov. rating book wouldn't be out then.

INTV Notebook

Super Bowl, World Series and other major sporting events will follow boxing to pay TV and cable in several years, panelists at session on sports on TV agreed. "There was no way of stopping TV and there is no way of stopping pay TV," according to Cal. Angels Vp A.E. Patterson. Charles Fruit, chief ad buyer for Anheuser-Busch, said "looking beyond 1990 [for major sports to remain on free TV] is not realistic." Patterson said 20 of 26 major league baseball teams will have pay-TV exposure this year, up from 12 teams in 1983.

Metromedia played major role in first 2 program deals announced at INTV convention. Rituals, 5-day-a-week soap opera intended for access time on affiliates and prime time for independents, is Telepictures joint venture with Metromedia. Signed for series are group owners

Outlet, Gannett, Multimedia & Chronicle Bestg. There will be no reruns during first year, and series is budgeted at \$14 million. Metromedia Exec. Vp. Richard Block said deal was made possible by fact Metromedia owns 7 TVs in top 10 markets — guaranteeing exposure in those markets. In 2nd announcement at INTV, new episodes of "Too Close For Comfort" (dropped by ABC after 3 years) will be syndicated by Metromedia and D.L. Taffner Ltd. starting April 2.

HOUSE MEMBERS TO MEET ON BROADCAST BILL: There's every chance that meeting this week among 4 key House members will turn into confrontation over broadcast deregulation. At top of agenda surely will be memo on negotiations by House Telecom Subcommittee Chmn. Wirth (D-Colo.) and Rep. Tauke's (R-Ia.) remarks to NAB board meeting in Wailea, Hawaii last week (see story above).

Wirth memo takes hard line on talks. Although it's description of history of talks, memo puts emphasis on concessions that Wirth claims, implies that Wirth thinks he's moved as far as he can go toward compromise with broadcasters: "I am hopeful that the other parties to these negotiations will respond to the most recent draft I have put forward by coming forward with significant concessions themselves when we meet again shortly so that a final agreement... can be consummated." He included Nov. Subcommittee staff draft of compromise bill (TVD Dec 26 p3) as evidence that he's one who has made most concessions.

Memo runs through each issue 2 sides have discussed, making it clear where chmn. stands under heading "my position" and where he thinks Tauke & ally Rep. Tauzin (D-La.) stand under "opposing position." Although memo takes objective view for most part, it's obvious that Wirth doesn't think Tauke & Tauzin have made significant concessions. Some samples: "The opposing view has insisted that there be no public interest responsibilities at all imposed on radio broadcasters beyond the amorphous and undefinable requirement to service community needs & interests," and: "My opposing colleagues have refused to compromise at all on the radio issue."

Wirth circulated memo late Jan. 18, same day that Tauke told NAB board that he plans "make it or break it" meeting with chmn. and Reps. Swift (D-Ore.) & Tauzin, other players in negotiations. Tauke told board he sees 4 possible results from that session:

(1) Compromise with Wirth that broadcasters can accept. (2) Bypassing Wirth's Subcommittee to push bill in full House Energy & Commerce Committee (where majority of members support broadcasters). (3) Attaching broadcast deregulation on floor to related legislation. Hottest rumor on street in recent weeks has been that attempt may be made to get Tauke-Tauzin proposal (HR-2382) attached to already controversial cable deregulation bill (HR-4103). (4) Attaching deregulation to unrelated Senate bill for later consideration by House-Senate conference. Senate already has passed deregulation measure (S-55) supported by industry.

After speech, TV board mandated full support for Tauke-Tauzin bill, and decided to hold special meeting if needed after Tauke and other deregulation supporters meet with Wirth. Meeting would be held to decide NAB's course of action, will depend on outcome of Hill session.

Disney Channel's \$11 million quarterly loss was main cause of 48% drop in net income at Walt Disney Productions for quarter ended Dec. 31, said Pres. Ron Miller. Quarterly net income was \$8.99 million (26¢ a share) vs. \$17.21 million (51¢) year ago. Revenues rose to \$302 million, up 12%. Disney Channel's \$11 million quarterly loss "was less than projections," said Miller, who estimated breakeven for children's channel by mid- to late 1985 when number of subscribers reaches about 2 million. He said channel has 714,000 subscribers, up 55% since preceding quarter.

Avery-Knodel TV named rep, WDAM-TV Laurel-Hattiesburg, Miss.; WCOV-TV Montgomery, Ala.; WBSP Ocala, Fla.; WCFT-TV Tuscaloosa, Ala.; KCBT-TV Lubbock, Tex.; WKCH-TV Knoxville, Tenn.

Supreme Court gave consumer electronics industry & consumers big win over Hollywood last week, ruling 5-4 that copyright laws aren't violated by sales of videocassette recorders or home taping of TV programs. Under ruling, royalties aren't required on VCRs or blank tapes. Case pitted Sony against MCA and Disney Studios. Studios had maintained that VCRs were used primarily to record copyrighted material, and that VCR owners were building motion picture libraries in their homes. (See full story in Consumer Electronics section.)

Burull Communications Group has formed marketing services branch which will offer wide range of sales and promotion aids for cable TV, private cable & SMATV. Contact: Marjie Hvam, 608-873-4903.

JUSTICE DEPT. BACKS 7-7-7 REPEAL: Rule of 7 should be repealed "on competitive grounds," Justice Dept. said in comments as deadline arrived last week on FCC rulemaking (83-1009) aimed at modifying or eliminating cap on station ownership. MPAA and INTV said rules should be repealed for everyone but 3 commercial networks, while Metromedia said everyone, networks included, should be able to own 14 TV stations if Commission monitors marketplace developments.

Justice believes that repeal "will raise little risk of adverse competitive effects in any market." It added that there also isn't "any particular competitive risk raised by allowing the broadcast networks to acquire more than 7 stations." But Justice disagreed with FCC on one point: "We doubt, however, that elimination of the rule would have any significant effect on the development of new networks that would compete with" ABC, CBS & NBC.

There's been no "lessening of the dominant influence and control of the 3 national TV networks," MPAA said, adding that "minorities and women would find it more, not less difficult to gain access to media ownership" if networks could own more than 7 TVs, 7 AMs, 7 FMs. INTV said it was "imperative" that 3 networks continue under present rule on TV ownership, but said AM & FM stations were so numerous that all rules on radio ownership should be scrapped.

Metromedia agreed with INTV that no national limits on radio ownership are needed. It said FCC should increase to 14 number of TV stations any company can own. That limit would stand while Commission monitors marketplace developments. If no problems with owning 14 TV stations develop by 1989, that cap should be repealed, Metromedia said.

NTIA suggested repeal of all national radio ownership rules plus relaxation of TV ownership rules. FCC should rely on one-to-market and duopoly rules, NTIA said.

N.Y. Stock Exchange approved issuance of Warner Communications (WC) convertible preferred stock that will be owned by Chris-Craft (CC). Shares WC issued to CC can be converted to 12 million common shares, raising number of Warner shares outstanding to about 77 million. Stock Exchange action came last week after WC & CC completed stock swap, giving Warner 42.5 % of CC TV subsidiary BHC, with CC receiving 15.2 million shares of WC preferred (19 % of voting securities), companies said. Stock swap was finalized moments after clearance was given by FTC under Hart-Scott-Rodino Act review. Meanwhile, publisher Rupert Murdoch, who's contesting WC/CC deal, said he's bought another 1.02 million Warner shares for undisclosed price. He said stock buy now gives him 5.57 million shares, 8.5 % of outstanding stock.

Several W. European broadcasting organizations are aiming to start Europe-wide cable TV service featuring business news and current affairs. According to Financial Times, broadcasters most likely to take part in consortium are RTE of Ireland, RTVE of Spain, Switzerland's SSR and ERT of Greece.

RADIO PROFITS BEST IN YEARS: "Typical" radio station earned \$51,100 pre-tax profit in 1982, up from \$31,800 in 1981 and best since at least 1975, according to NAB survey released last week. Based on data from 1,238 stations, survey placed 1982 profit margin at 9.42 %, vs. 1981's 3.46 %. "Typical" station is median. Of stations responding, 835 ended year profitably, 403 lost money. Among stations that made money in 1982, pre-tax profit typically was \$109,500, margin of nearly 18 %.

Nationwide, typical commercial radio station had gross time sales of \$562,500, net revenues of \$542,300, operating expenses of \$491,200. Local advertising made up 86¢ of sales dollar, remainder national/regional spot. That contrasts with typical TV station, which gets 47 % of ads from national/regional. Expense breakdown: 6 % engineering, 23 % programs & production, 5 % news, 21 % sales, 6 % advertising & promotion, 39 % general & administrative. Stations on average predicted 10.6 % increase in 1983 net operating revenues.

Payroll at typical station was \$250,000 in 1982 for 14 fulltime employees, 4 part-timers. Nearly 1/3 of payroll (31 %) went to sales people, 29 % program & production, 9 % news, 4 % promoters, 22 % general & administrative, study said.

Study shows Class 1A 50-kw stations had time sales of nearly \$6 million, expenses of \$4.4 million, pre-tax profit of \$598,700. Daytimers typically had time sales of \$181,400, expenses of \$167,500, pre-tax profit of \$12,200.

Typical TV station had profit of \$1.25 million in 1982 on gross time sales of \$6.3 million, NAB said in earlier study (TVD Nov 28 pl).

Turner Bestg. will post \$10 million profit in 1983, TBS Pres. Robert Wussler said at TV Academy lunch in N.Y. "Our 1984 goal is to double that," he said. Cable News Network should be in black by summer 1985, he added. No decisions have been made on DBS services with HBO or anyone else, Wussler said, as company takes "wide, hard look" at options, but one should be made by "mid-spring." "We've had a lot of conversations with Time Inc. at this point, but discussions with others have been ongoing since the fall," he said. DBS rights wouldn't be needed for service from Galaxy 1, he said. In meantime, "complaints & disagreements" have followed in wake of 15¢ per subscriber fee for CNN, but "we don't see a problem down the line." Wussler predicted April or May decision from Supreme Court upholding lower court findings on NCAA TV football, said TBS had "7 meetings with college teams last week," probably would add live Sat. night football package after decision.

Chicago-based Fantasy Network will begin transmitting X-rated programming via Westar 5 TR-6, according to company. Space Age Video Distributors will be offering service for \$150 yearly plus \$125 decoder deposit.

House Telecom Subcommittee has scheduled FCC oversight hearing for Feb. 8, 9:30 a.m., room to be announced.

OMNIBUS CONTENT DEREGULATION: Federal Communications Bar Assn. last week heard FCC Comr. Dawson propose "an omnibus, content deregulation proceeding — to include radio as well as television." Current TV deregulation before FCC "merely suggests 4 relatively small deregulatory steps — an echo of radio deregulation. Its narrow focus will have, I believe, an inevitably narrow result," she said. Similarly, she said, radio deregulation "did not go far in deregulating radio."

Dawson listed 7 "tough questions" of type "we were willing to ask in common carrier": (1) What does Communications Act require FCC to do in content regulation? (2) What "regulatory baggage" has been added by the Commission beyond those requirements? (3) What are public interest benefits & costs of content regulation? (4) What would be effect of content deregulation on comparative renewal process? (5) How is public interest standard defined in context of content deregulation? (6) What are First Amendment implications of content regulation? (7) Have courts encouraged or required FCC to extend content regulation?

Initial reaction to speech was skepticism. One Capitol Hill source said FCC already had deregulated radio, and there's limit to what FCC can do in TV without congressional approval.

National Public Radio's FY '83 deficit is \$7.4 million rather than \$9.1 million forecast last summer, according to audited year-end reports released last week. Network also reported \$285,000 surplus in first quarter of FY '84 due to deferring some spending to later months, according to Melvin Ming, chief financial officer. Despite bright spots, NPR continues to struggle under \$7 million debt to CPB. Loan helped NPR pare actual working capital deficit to \$337,936. Also, report states NPR has fund deficit of \$3,147,589 as of Sept. 30. Ming said NPR must overcome this deficit and generate another \$5 million to be in best operating condition.

Latest C-band transponder report from FCC contains mixed bag of news for satellite industry — mostly bad. With net addition of 2 more satellites (48 transponders) since June 1983, total capacity stands at nominal 312 transponders. Of these, at least 143 were "inactive" when monitored in Dec. by Commission's Field Operations Bureau — that's equivalent of almost 6 entire satellites, or 46% of industry's capacity. Fallow capacity 6 months ago was 41% of total. Full details appear in this week's issue of our Satellite Week. For sample copy, call our Circulation Dept., 202-872-9200.

Taft Bestg. has established satellite communications office within TV Group to provide satellite services to broadcasters, cable companies & others. Jack Morse, ex-M/A-Com division mgr. for new business development, has been named satellite communications dir. Company will offer occasional use time on Westar 5 TR-12 via uplinks in Washington, Kansas City & Birmingham. Downlinks are in same cities, as well as Cincinnati, Columbus, Miami & Philadelphia.

NAB plans major Hollywood-type production to open convention April 29 in Las Vegas with theme of getting out votes in presidential election. Idea of having major Democratic candidates participate has been dropped and Jimmy Carter & Gerald Ford have been invited. (Note: Democrats will be in Dallas last day of NAB convention for debate sponsored by League of Women Voters.) Shaun Sheehan, NAB senior vp-public affairs, said: "The whole idea is to trigger the local broadcaster" to get involved in getting out voters. Asked how much opening session would cost, he said: "It'll cost a lot. I don't know yet," but probably about \$100,000. On closing day, there will be traditional panel of FCC commissioners and luncheon speech by Chmn. Fowler. Singer Paul Anka will entertain.

Mudslinging continues between Hughes and Satellite TV Corp. (STC) over issue of whether Hughes Communications Galaxy is guilty of premature satellite building in absence of FCC construction permit. HCG responded to STC charges that Hughes misrepresented facts to FCC about its Ku-band satellite application with barb that STC claims were "erroneous assumptions concocted out of misguided speculation and inference." Hughes asked FCC to deny STC petition to deny Hughes' Ku-band satellite application, explained that head start on satellite construction was consistent with "long established practice" resulting from anticipation of customer demand without customer orders.

Boston newspaper publisher has been given 450 hours of free programming time on Cablevision System's newbuild there. Out-of-court settlement between Stephen Mindich, publisher of weekly Boston Phoenix, and Cablevision specifies Mindich must use free air time by end of 1986. He may program up to 18 hours daily on one of system's 108 channels. Mindich had challenged state cross-ownership law barring him from bidding on Boston system because he owns newspaper. Although Cablevision wasn't named in suit, operator felt court action was threat to what has so far been trouble-free process, officials said.

Political workshop for congressmen, et al., is scheduled for March 1 by Cabletelevision Advertising Bureau, Caucus Room, House Cannon Bldg. Titled "Impact of Cable TV on Political Communications," session will stress capacity of cable to reach specific constituencies. Said CAB Pres. Robert Alter: "We'll tell how cable is being used by candidates, how penetration has doubled since 1980, the affordability of cable compared with telecasting, etc." Among speakers: Political advisors John Deardorff & Robert Squire, ad agency executives.

FCC is seeking comments on rulemaking (84-28) to grant blanket Sec. 214 authorization to allow telephone carriers to provide cable TV service outside service area. Comments are due March 1, replies March 30.

Rep. Markey (D-Mass.) will give keynote at Satcom '84, 4th annual conference sponsored by International Assn. of Satellite Users April 10-11 at Sheraton Washington hotel.

NBC PROFITS INCREASE IN 1983: Despite fact all 9 new NBC fall shows failed in prime time, company will show large profit increase for 1983, NBC Chmn. Grant Tinker said at L.A. news conference at end of semi-annual TV critics tour. He told us later that "if you said 50% [profit increase], you'd be about right."

Tinker said improved financial picture certainly isn't because of ratings and that "given our stumble in the fall, we are flat [in programming]. By & large, I did not anticipate the failures we had in the fall [but] the boat is not sinking. All we did was rock it a little... We damaged ourselves, but not fatally... We have been very cost conscious, but I don't mean we are operating on a shoestring."

Tinker admitted NBC has been caught short in program production pipeline and reserves, said practice of networks providing upfront money for full pilots is "wasteful." He said that network audience losses to cable and other video services have been pretty much halted, that he doesn't see cable as major competitor for advertising, only on programming side for movies & sports. Of cable programmers, Tinker noted the obvious: "Some were running a little too fast down that road and some people got burned."

Much of 70-min. news conference dealt with news. He said decisions on news changes and personnel "largely are on hold" until PBS Pres. Lawrence Grossman comes aboard in late Feb. as NBC News pres. However, that isn't true of NBC negotiations to make correspondent Roger Mudd happy with new assignment. Asked if NBC would settle Mudd's contract to permit him to go elsewhere, Tinker said: "I know nothing about that and I certainly hope that's not true."

Pressed as to why Grossman, with no news experience, was hired, Tinker said it was because "Larry is a super guy and a great piece of manpower... I'm more interested in the person and in this case I think he's a superior one."

Tinker said he had just come from conference with NBC TV affiliates in Phoenix and that "the affiliate family is behaving toward us much as we would like them to do." He said he knows how affiliates feel and think and what they want. He said affiliates "have good and honest reasons" for opposing network expansion to hour-long evening news and as much as network wants expansion, affiliate opposition will prevent it.

He said that First Camera will be retained in Sun. slot opposite 60 Min., that it hasn't had real chance to compete because of pro football overruns. He said he has confidence in magazine news show and that it will get full chance to succeed. On request from PBS that commercial networks underwrite gavel-to-gavel coverage of presidential nominating conventions, Tinker said "I wouldn't find anything wrong with modestly underwriting" PBS. However, he added, major subsidizing of potential competitor would be "plain stupid."

Asked if he was tempted to become more involved in selection of NBC programs, Tinker said he wouldn't be "human if I wasn't tempted... But I have total faith in Brandon [Tartikoff, pres. of NBC Entertainment] and his people... I think we're back up to speed with the changes Brandon has scheduled."

Quincy Cable TV's appeal of FCC must-carry rules should be sent back to Commission for new hearings because central Wash. operation is no longer limited-capacity, saturated system depicted in plaintiff's briefs, FCC attorney said last week during oral argument at U.S. Court of Appeals, D.C. In fact, system is now carrying signals ordered by Commission — as well as ones it preferred. Motion to remand was made after Judge Malcolm Wilkey questioned if case (83-1283) isn't moot because of revelations about Quincy's expanded capacity. It's immaterial that Quincy has upgraded since 1980 when Commission imposed \$5,000 fine and ordered it to carry 3 Spokane stations, plaintiff attorney John Cole argued. Besides, Cole said: "I was of the understanding that matters before an appeals court were judged on the record below." In Quincy case, that would be record compiled during 39 months issue was before Commission, he said. During time Quincy was contesting FCC orders directing it to carry 3 Spokane stations (it wanted to carry 3 Seattle stations), system had only 12 channels, Cole said. Quincy case attracted wide notice last spring when it appealed FCC must-carry rules on grounds they violate First Amendment free speech rights and 5th Amendment prohibition against unlawful taking of property. "I am baffled as to why both parties argued this case on the 12-channel basis," said obviously displeased Judge Wilkey.

High-level policy makers have reached consensus that U.S. should back competition in international satellite field under certain conditions. Senior Interagency Group, studying issue raised by Orion and International Satellite Inc. applications to launch commercial trans-Atlantic satellite systems, met Jan. 18 and agreed on position that one source said "didn't differ significantly" from that of National Telecommunications & Information Administration. NTIA study struck policy balance aimed at furthering pro-competitive policies while maintaining "unswerving commitment to a strong and robust global system provided for by Intelsat." NTIA also said that any such proposals would have to be coordinated under Article XIV(d) of Intelsat Agreement which protects Intelsat from any system that would cause it "economic harm."

CBS is buying about 180 satellite earth stations for affiliates from Scientific-Atlanta, companies reported last week. Terms weren't disclosed. CBS plans to be totally satellite-connected by 1986. Package includes 7-m primary dish with 4.6-m backup, associated electronics, with remote switching controlled from CBS hq in N.Y. Network also said "a number of stations in strategic locations will be equipped with occasional transmittal capability." Installation of dishes "generally will proceed from west to east," spokesman said.

Campus Network has launched 3-hour block of weekly programming over Westar IV to participating colleges. Telecasts mostly will be comedy and music, are intended to be ad-supported. Some 40 colleges will be receiving broadcasts by Feb., according to official at Satcorp subsidiary. Later this year, Campus Network will provide additional Ku-band feed.

THE BUSINESS OF TV NEWS

Bringing in the Viewers

A 2-day seminar on the trends, promotion, personnel, viewing habits and formats in TV news and information programming.

New Orleans, February 27-28, 1984

Intercontinental Hotel

Sponsored by Television Digest and McHugh & Hoffman

The profits in television news continue to rise. But only for the station which is competitive and on top of change. With this in mind, Television Digest and McHugh & Hoffman, the respected television news consulting firm, have developed this unique seminar focusing on the topics which station managers and news directors ask about most frequently — formats, changing viewing trends, promotion, dealing with talent, new information programming concepts and more.

Faculty for this seminar includes: **Dr. Richard Renck**, President, KPR Research Assoc., Inc.; **Geoffery Garlin**, Vice President, Peter D. Hart Research Assoc. Inc.; **Paul Bortz**, Managing Partner, Browne, Bortz & Coddington; **Jim Masucci**, Vice President, Broadcast Division, KTRK-TV, Houston, TX; **Ed Godfrey**, President, RTNDA, WAVE-TV, Louisville, KY; **Cliff Abromats**, News Director, WABC-TV, New York, NY; **Jim Topping**, News Director, KTRK-TV, Houston, TX; **Steven Steinberg**, Vice President & Director of Broadcast Services, WHAS-TV, Louisville, KY; **Gil Buettner**, News Director, WOKR, Rochester, NY; **Bill Miller**, News Director, KTSP-TV, Phoenix, AZ; **David Salzman**, President, N.I.W.S./Newscope; **William F. Baker**, President, Television Group, Group W Television; **Phil Boyer**, Vice President, General Manager, Production, Development and Planning, Television Stations Division, American Broadcasting Company; **March Doyle**, Director of Programming, WAGA-TV, Atlanta, GA; **Moses Znalmer**, President, CITY-TV, Toronto, Ont., Canada; **John Rohrbeck**, Vice President & General Manager, WRC-TV Washington, D.C.; **Andy Fisher**, News Director, KNXT, Los Angeles, CA; **George Hiltzik**, Vice President, Policy Administration, National Broadcasting Company, Inc.; **Jerry Smith**, President, The Jerry Smith Studio, Inc.; **Jerry Della Femina**, Della Femina/Travisano; **Carole Cooper** and **Richard Leibner**, N.S. Bienstock.

With moderators from McHugh & Hoffman including **Peter Hoffman**, President; **John E. Bowen**, Vice President; **Roy Meyer**, Account Executive and **Jacques de Suze**, Account Executive; and from Television Digest, **Tack Nail**, Executive Editor and Vice President.

To register, return the coupon below with your check or credit card authorization for \$595.00.

_____ Payment attached (Make checks payable to Television Digest Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires: _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place, NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268. Discounts are available for groups of three or more delegates registering as a group. Contact Deena Anderson at 202/872-9200 for details.

WACC ASKS DALLAS FOR 'RELIEF': Warner-Amex Cable continued belt-tightening with 2 major moves last week. Chmn. Drew Lewis announced suspension of 90-min. nightly interactive programming on 6-city Qube network, then traveled to Dallas where he presented city with list of requested cutbacks in franchise agreement. Earlier, he targeted Milwaukee system for cutbacks (TVD Jan 16 p2).

Qube programming cut will result in loss of 37 jobs, WACC said. Changes in Dallas franchise will "confirm our ability to recover our capital costs," wrote Lewis in letter to Mayor Stark Taylor. Without changes in franchise, Lewis wrote, "it will be impossible" for company to turn profit in life of contract.

Lewis asked for following franchise changes: (1) Consolidate local access & origination programming, on which WACC said it had spent \$7.4 million for 0.6% of viewing on system which has 76 channels. (2) Require franchise fee of 5% of gross revenues to cover access and city regulatory costs. (3) Provide line extension for remaining areas with limited population as opposed to further construction. (4) Require owners of uncabled apartment buildings to provide either bulk billing to all residents or assume installation costs. (5) Delay construction of fiber optic "supertrunk" until commercial users are found to bear cost. (6) "Restructure rates to more closely reflect costs."

Dallas mayor appointed 3-person commission to study requests. "We're willing to work with Warner on this," city official said. Last Aug., city ordered WACC to bring service up to franchise agreements in 60 days.

Meanwhile, WACC's 6-city Qube system will continue pay-per-view channels, polling specials and unspecified "co-ventures," according to Qube Programming Vp Scott Kurnit. While films will be increased on pay-per-view channels, he said, advertiser support for Qube systems "failed to materialize." He put number of Qube subscribers at 325,000 in Columbus, Cincinnati, Dallas, Houston, Dallas & St. Louis.

Tele-Communications Inc. has sold cable systems in 15 Tenn. & Ky. communities to TeleScripps Cable, joint venture between itself and E.W. Scripps Co. Financial details weren't disclosed. TeleScripps now owns systems serving 170,000 subscribers, mainly in Ga., Tenn. & Ky. Also, ATC, which owns large Birmingham system, has purchased suburban system serving neighboring steel-town Bessemer. Seller is Bessemer Cable TV, owned by William Norris. System passes 17,000 homes, has 8,000 basic subscribers. Terms weren't disclosed. And Cox Cable Tidewater, which serves Norfolk, Portsmouth & Virginia Beach, Va., has signed up its 100,000th subscriber, officials said.

Correction: Advanced Communications' proposed DBS system also included satellite at 148 degrees west (total of 6 channels each at 101 and 148) (TVD Jan 16 p3). That plus totaling error changes total count at popular slots 148 & 101 to 72 & 74 channels, respectively.

JUSTICE & PTV-RADIO TANGLE: Question of whether Congress can prohibit public broadcasters from editorializing took Justice Dept. and public broadcasters to Supreme Court last week in case of FCC vs. League of Women Voters of Cal. JD argued that Sec. 399 of Communications Act doesn't prohibit public broadcasters from airing editorials. Samuel Alito, asst. to solicitor gen., said Congress prohibited editorializing only on noncommercial stations which receive federal funding from CPB. However, all public TV stations and 90% of public radio stations receive CPB grants.

Case provides insight into how Supreme Court views congressional use of spending power to regulate behavior in addition to resolution of particular issue. It could also aid in analysis of uncontested Sec. 399 provision prohibiting public broadcasters from taking position in political situations. If ban on editorials is found to violate First Amendment, political endorsements ban would look more vulnerable.

"It creates the danger that stations might be used for propagandizing," Alito said of allowing editorials. If editorials are allowed, public broadcasting could be used for narrow, partisan purposes and rather than attracting employees by its diversity, it would attract workers interested in "pushing a particular ideologic message." Alito argued that federal govt. would wrongly be in position of subsidizing editorials on public broadcasting, since 60% of public broadcasting's income comes from govt. and nearly every facility is built with federal funds.

Fredric Woocher, lawyer with Center for Law in the Public Interest, said Sec. 399 is suppression of free speech. "If this were directed at the Washington Post or CBS TV, there's no doubt of its unconstitutionality," he said.

Joint-venturing on 2 continents is American TV & Communications, which is following up on U.K. cable success by starting venture in Japan with retail giant Seibu Group. Joint venture tentatively called Saison CATV will be 80% owned by Seibu, 20% by ATC, will provide planning & consultation services as well as equipment & construction to Japanese cable companies, according to Japan Economic Journal. ATC said Seibu was jumping gun by announcing venture in Japanese press: "We're discussing a venture with Seibu and we have reached an informal agreement in principle... But it was a premature release," spokesman James Duffy said.

PTV's airing of political debate received average of 4 rating and 8 share in 5 major markets surveyed, PBS said. PBS Research Dir. Dale Rhodes said figures were believed to be higher than usual for Sun. 3-6 p.m. Chicago had highest figures with 5.3 rating, 11 share. PBS Pres. Lawrence Grossman, who's pushing national political convention coverage by PBS, said debate was best proof that coverage should be provided: "Nobody [other networks] else was there."

Zenith Radio Corp. last week signed 3-year agreement to supply ATC with addressable cable TV equipment. Shipments of Z-TAC units begin immediately, will be worth more than \$38 million in 1984, Zenith said.

Times-Fiber Communications had 1983 sales of \$136.9 million, about flat from previous year. Net income for year was \$5.2 million, down 22% from 1982. Earnings per share were 55¢, down 29%. CEO Lawrence DeGeorge said there are indications that industry plans to increase rate of construction after winter months. Company said that new Exec. Vp Colin O'Brien (ex-Jerrold), an Australian, must become U.S. citizen before he can replace DeGeorge when he becomes chmn. Times-Fiber has several contracts with Defense Dept., requiring O'Brien to obtain security clearance and citizenship papers.

TV Syndication Center (TVSC) has changed name to **Television Videotape Satellite Communications** to reflect company's addition of networking and uplinking capabilities and provision of transportable earth stations and videoconferencing services.

Bills to require ratings to be displayed on rental videocassettes and banning lending of R- and X-rated tapes to minors have been introduced in Md. legislature.

U.S. & Canada signed agreement to govern protection to AM stations. Agreement adapts 1981 Regional Administrative Radio Conference, supersedes long-standing North American Radio Bestg. Agreement. Some details remain to be worked out; FCC said freeze on applications for unlimited-time, clear-channel stations will remain in effect for another 6 months.

BBC's main news program was disrupted last week by walkout of some 40 journalists who want pay raise for working with computers. ITV's "TV Eye" news show was disrupted last week by technicians because a producer's contract wasn't renewed.

Unauthorized access to videotex is topic Feb. 28-29 at Hyatt Arlington (Va.) hotel, sponsored by Videotex Industry Assn. In closed sessions, group will seek technology, enforcement, legal & public information solutions to access problem.

Gateway videotex service has added Equitable Life as information provider and advertiser.

CELLULAR RADIO 84

Facts for the New Frontier

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

The All-New Update to "Birth of an Industry"

CELLULAR RADIO 84

Facts for the New Frontier

CELLULAR RADIO

Birth of an Industry

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

New territories are opening for cellular, even as the first operational cellular systems are opening for business. Stay on top of developments in this dynamic new field with **CELLULAR RADIO 84**, the second volume of the authoritative cellular radio source book published by Communications Daily.

CELLULAR RADIO 84 puts the latest cellular facts at your fingertips, and contains:

- Application data for markets 61-90, including a *city-by-city* directory of organizations seeking cellular franchises, wireline & non-wireline, and a *company-by-company* cross-index, showing which organizations are applying where.

- A backgrounder on cellular developments in 1983, derived from the news archives of Communications Daily, covering the latest *FCC actions*, the *joint ventures*, and the introduction of cellular services into the *marketplace*.

CELLULAR RADIO 84 is available on its own, or can be ordered as a package with our 1983 cellular fact book: **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, which we have now reprinted, due to continuing strong demand. **BIRTH OF AN INDUSTRY** contains comprehensive directories of the top 60 cellular markets, a background news archive, and a clearly-written primer on cellular, authored by the specialists at Communications Daily.

Don't get left behind on the cellular frontier — order today.

RETURN THIS RESERVATION CERTIFICATE TODAY

- ☐ Yes, please send me _____ copy(s) of **CELLULAR RADIO 84** at \$85 per copy, including domestic handling & delivery. Add an additional \$10 for foreign orders.
- ☐ I prefer the package deal. Please send me _____ copy(s) of **CELLULAR RADIO 84** along with **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, at \$175 for both books. Add an additional \$10 for foreign orders.
- ALL ORDERS MUST BE PREPAID.** D.C. buyers must pay 6% sales tax on book amount.

Name _____ Title _____

Organization _____

Address _____ City _____ State _____ Zip _____

____ Payment enclosed (Make checks payable to Television Digest, Inc.)

____ Please bill my credit card. Card Type (circle one): American Express, Visa, MasterCard

Card Number _____ Expiration _____

Signature _____

Return to Book Order Desk, Television Digest, Inc., 1836 Jefferson Pl., N.W., Washington, D.C. 20036.

Personals

Howard Stringer promoted to CBS News exec. vp... Elton Rule, ABC Inc. chmn., wins NAB Distinguished Service Award... Gregory DePriest, ex-FCC, appointed AMST vp... Thomas Emma promoted to ABC Video Enterprises gen. attorney-business affairs assoc. dir... Donald Lachowski advanced to Turner Bestg. vp-mktg. services, new post.

Wayne Godsey, ex-WTMJ-TV Milwaukee vp-gen. mgr., moves to WISN-TV Milwaukee with same title... ABC correspondent Barbara Walters will moderate League of Women Voters debate among Democratic Presidential candidates Feb. 23 at St. Anselm College, Manchester, N.H... Mark Cohen, ABC senior vp, elected pres., International Council, National Academy of TV Arts & Sciences. Other officers: Renato Pachetti, RAI Corp. pres., re-elected chmn.; Edward Bleier, Warner Bros. TV exec. vp, vice chmn.; Donald Taffner, D.L. Taffner Ltd. pres., treas.; George Movshon, ex-U.N., re-elected secy... Edward Merritt, ex-WTVH Syracuse, appointed KPLR-TV St. Louis chief engineer... William Dobbeck, ex-Chris Nater & Assoc. Adv., named KSAF-TV Santa Fe gen. sales mgr.

Eugene Bohi, WGHP-TV Greensboro-High Point, N.C. pres.-gen. mgr., leaves by "mutual consent," station official said... Alan Wink promoted to Warner Bros. TV east coast accounting/data services mgr... Robert Saudek, ex-Museum of Bestg., named chief, Library of Congress Motion Picture, Bestg. & Recorded Sound Div... Vivien Wallace advanced to Granada TV International sales head... Joan Lence, ex-Command Video, named Central Educational Network vp-programming... Michael Ban advanced to Weather Channel vp-mktg., replaced as vp-ad sales by Michael Eckert... Andrew Seyffert promoted to WLVI-TV Cambridge-Boston vp-comptroller; Kevin Dunn advanced to vp-gen. sales mgr... Richard Gold promoted to Golden West TV vp... Mark Kaner, ex-PolyGram TV, appointed Yorkshire TV co-production & development-U.S. head.

Marvin Zonis, ex-U. of Chicago, appointed WBBM-TV Chicago international news editor... James Gordon, ex-KCSM-TV San Mateo-San Francisco, named PBS west coast national publicist... James Aberle advanced to Group W Radio dir.-training & development... James Peacock promoted to Arbitron mgr.-Research Dept... Walda Roseman, ex-CPB, joins Intelsat in external relations capacity... Rev. Robert Fallon named Catholic Telecommunications Network of America affiliate relations mgr., new post... Theresa Foley, ex-Aerospace Daily reporter, named an asst. editor, Television Digest, and managing editor of company's Space Commerce Bulletin, new publication covering non-communications space activities.

William Ford moved from Post-Newsweek's WDIV Detroit to Washington Post cellular radio operations dir., remains Post-Newsweek Mich. vp... Charles Sheridan promoted to Harris Satellite Communications Div. controller, replacing J.M. Slattery, who was advanced to Best. Products Group controller.

WEEKLY

Television Digest

Consumer Electronics . . .
(ISSN 0497 1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren Senior 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.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nail Executive Editor
Paul L. Warren Senior Editor
Jonathan Miller Senior Editor
Paul Travis Senior Editor
Steven Tuttle Associate Editor
Mary Crowley Associate Editor
Mike Schwartz Associate Editor
Art Brodsky Associate Editor
Melinda Gipson Assistant Editor
Daniel Warren News Editor
Deborah Jacobs Info. System Mgr.

Television and Cable Factbook

Michael Taliaferro Managing Editor
Marn Appel Editorial Director
Lynn R. Levine Senior Editor
Barbara E. Van Gorder Senior Editor

Factbook Research, Inc.

Marilou B. Legge Director
Roy W. Easley III Controller

Barbara J. Pratt Marketing Dir.
Chery Grund Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Editor
Seth Goldstein Senior Editor
Julie Talen Assistant Editor

JAPAN REPRESENTATIVES (Editorial & Business)

Aske Dam
Richard E. Varner

c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yurakucho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24600

Changes at United Satellite Communications: William Rowse, ex-RCA American, appointed engineering dir.; Susan Solomon, ex-Warner Amex, deputy gen. counsel-business affairs dir.; Jon Leland, ex-USA Cable Network, programming services dir.; Leigh Moul, ex-Security Pacific National Bank, dir.-banking... Warren Hayford resigns as General Tire & Rubber pres... John Hoffman named Unitel Video pres.

Thomas McNamara, MPAA treas., retires, is succeeded by Ralph Martens, now asst. treas... Frank Washington, ex-Times Mirror, named McClatchy Newspapers vp-electronic communications... James Slade, Mutual Bestg., elected Dept. of State Correspondents Assn. pres.; Barbara Rehm, N.Y. Daily News, vp; William Scally, Reuters, secy.-treas.

Warren Lieberfarb promoted to Warner Communications Home Video Div. exec. vp-gen. mgr.; Charles Vaughan advanced to Atari chief financial officer... David Brenner, ex-Turner Bestg., named MCA TV vp-ad sales; Bobbi Fisher advanced to vp-station clearances.

Entertainers Red Skelton and Bob & Ray elected to NAB Radio Hall of Fame; they'll be honored during NAB convention April 28-May 1 in Las Vegas.

Satellite TV's Sky Channel, Rupert Murdoch's European satellite superstation, debuted on U.K. cable Jan. 16 when Thorn EMI's Swindon Cable began re-transmission of service to its 10,000 cable homes, Satellite TV said. Same day, transmission time increased from 3 to 5 hours daily.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

OFFICIAL 1983 SALES FIGURES

Final & official EIA statistics on consumer video sales to dealers for 1983, with 1982 & 1981 comparisons, and for year's final week:

	FULL YEAR 1983	FULL YEAR 1982	% CHANGE	FULL YEAR 1981	DEC. 24-30	1982 WEEK	% CHANGE
TOTAL TV#.....	19,683,533*	17,131,568	+14.9	16,698,283	369,653	366,498	+ 0.8
COLOR#.....	13,986,092*	11,366,334	+23.0	11,157,334	255,849*	215,455	+18.7
MONOCHROME....	5,697,441	5,765,234	- 1.2	5,540,949	113,704	151,043	-24.7
PROJECTION TV...	143,506*	117,253	+22.4	121,650	2,895	2,251	+28.6
HOME VCR.....	4,091,321*	2,034,797	+101.1	1,360,988	93,850*	51,641	+81.7
COLOR CAMERAS...	413,614*	295,949	+39.8	189,770	10,255*	5,643	+81.7

Color TV 5-week moving average: 1983--308,401*; 1982--231,221 (up 33.4%).

Home VCR 5-week moving average: 1982--120,359*; 1981--66,335 (up 81.4%).

Excludes projection TV. * Record.

DIMENSIONS OF RECORD 1983: Every video product shattered records — except monochrome TV. That's story of 1983 as shown in official EIA sales-to-dealer figures (see box above). If current pace continues — as shown by 5-week moving averages — sales of VCRs and color TVs will be limited by supply in first quarter.

In color TV, every month except Jan. set record for that month in 1983, with 41 of 52 weeks setting high for that specific week of year. Boom gathered momentum as it went along, sales for Jan. running at 12.7 million annual rate, accelerating through Dec., when seasonally adjusted rate was nearly 15.3 million. By quarters, annual rate for first was 12.9 million, 2nd 13.8 million, 3rd 14 million, 4th 15.1 million.

VCR sales set weekly records every week in 1983 — in fact, every one of last 82 weeks established new mark for that week. VCR sales in 1983 were up 101.1% from 1982. In terms of seasonal performance based on historic sales data, 2nd quarter was best, at annual sales rate of 4.65 million, with first at 3.8 million, 3rd 4.3 million, 4th 3.85 million. Dec. saw sales surge, rising to rate of just over 4 million, about same as full-year sales.

About one million of 1983's VCR sales were portables. While cameras set record at 413,614, sales were equivalent to only about 40% of portables sold. In 1982, camera sales totaled 295,947, about same percentage of the 750,000 portables sold then. Projection TV established new record of 143,506, up 22.4% from 1982 figure and 18% from previous record set in 1981.

Inventories of both color & VCR were low going into 1984. In color, total pipelines (factory plus distributor stocks) came to less than 2.42 million sets at year's end — lowest level since April 1981 — down 9.2% from year earlier and representing only 8 weeks' supply if Dec. rate of sales increases continues into new year. At factory level, inventories totaled just under 1.37 million, down 16.8% from year earlier; distributors' stocks were up 3.2% to just over million.

If VCR keeps up full head of steam, pipeline inventories of 547,000 (up 8% from year earlier) are equal to less than 6 weeks' supply. Factory inventories of under 368,000 are up 15% from end of 1982, while distributors hold 179,000, up 24.9%.

All-time records for any month were set in Dec. by VCR, color cameras and projection TV. Color just missed matching all-time high month (Sept. 83) in Dec. by 35,000 sets. Here are EIA's statistics on sales to dealers for Dec.:

Product	Dec. 1983	Dec. 1982	% change	Dec. 1981
Total TV.....	2,085,997*	1,836,369	+13.6	1,547,045
color.....	1,542,003*	1,156,107	+33.4	1,097,912
monochrome..	543,994	680,262	-20.0	527,133
Projection TV..	18,157**	15,624	+16.2	12,274
Home VCR.....	601,797**	331,673	+81.4	188,374
Color cameras..	70,242**	43,191	+62.6	32,042

*Record for any Dec. **Record for any month.

BETAMAX RULING AND ITS AFTERMATH: Supreme Court's ruling last week that home videotaping of broadcast programs doesn't violate copyright laws, ending 6-year court fight between movie and video hardware industries, was enthusiastically hailed by consumer electronics manufacturers, while film producers vowed fight would go on — in Congress, and possibly again in courts.

When one thing goes right, everything seems to go right — at least for consumer electronics industry, which has been hard-pressed to satisfy zooming demand for VCRs. If Betamax decision itself removes psychological cloud from videotaping horizon, its most practical near-term effect will be virtually to rule out imminent congressional passage of fee or tax on VCRs & tapes to compensate copyright owners — legislation which would have been almost certain had ruling gone other way. VCR industry doesn't need shot in arm right now, but certainly got it with decision, along with huge publicity windfall — ruling dominated TV newscasts, was lead story in many newspapers — increasing public consciousness of product and its uses.

House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.) said he has "no quarrel" with decision: "In my view, Congress never intended that casual home taping, whether of audio or visual material, be subject to copyright law... Candidly speaking, it would seem to me that Congress will not be disposed... to act on legislation calling for the imposition of royalties."

Decision, postponed by Supreme Court from last session, was split 5-4, and came as something of surprise — private feeling in both film & electronics industries, even among Sony lawyers, was that it would go other way. There were some suggestions that Justice Blackmun's 44-page dissent at one time stood as majority opinion, with Justice Stevens' 37-page opinion the dissent, and that one justice may have switched vote.

Original suit was brought in Nov. 1976 by MCA & Disney Studios against Sony, its ad agency, dealers and one VCR owner, charging that Sony and its agents induced infringement of copyright. In Oct. 1979, L.A. Dist. Court ruled in favor of Sony, stating that time-shift taping constituted "fair use" under copyright law. Two years later, appeals court completely overturned decision, holding VCRs directly responsible for copyright infringement and ordering lower court to affix penalties.

Supreme Court's majority opinion by Justice Stevens, joined by Chief Justice Burger and Justices Brennan, White & O'Connor, ruled that time shifting is noncommercial nonprofit activity and "fair use" — exemption from copyright law previously reserved for copies made for criticism, comment, news reporting, teaching, scholarship or research. Stevens wrote that prohibition would "merely inhibit access to ideas without any countervailing benefit."

"One may search the Copyright Act in vain for any sign that the elected representatives of the millions of people who watch TV every day have made it unlawful to copy a program for later viewing at home, or have enacted a flat prohibition against the sale of machines that make such copying possible," majority opinion said. "It may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written." Opinion called MCA-Disney suit "unprecedented attempt to impose copyright liability upon the distributors of copying equipment." Majority also held, in effect, that MCA & Disney couldn't speak for all copyright owners, some of which might favor time shifting to "enlarge the total viewing audience."

Blackmun's dissent, joined by Justices Marshall, Powell & Rehnquist, found "no implied exemption to cover the home taping of TV programs, whether it be for a single copy, for private use or for home use." Blackmun said decision "erodes much of the coherence that these doctrines [fair use and contributory infringements] have struggled to achieve." (Highlights of majority opinion and dissent appear elsewhere in this issue.)

Decision to allow taping of complete TV programs changes fair use doctrine as currently interpreted. Copyright holders, Court said, now have to prove economic harm or its probability, rather than just state its potential. MCA & Disney acknowledged during Dist. Court hearing in L.A. that they couldn't put dollars-&-cents figure on losses due to Betamax.

Original case was heard before market for recorded cassettes really developed, making financial ramifications impossible to calculate. Now, argument could be raised that copyright holders are better able to judge impact of off-air recording of pay-TV telecasts on same titles available on cassette & disc. Justice Blackmun commented: "Although time shifting may not replace rerun viewing or the purchase of prerecorded tapes or discs, it may well replace rental usage; a VTR user who has recorded a first-run movie for later viewing will have no need to rent a copy when he wants to see it." Majority opinion never discussed this aspect of home video business. MCA is understood to be considering new suit to test legality of taping cable programs, issue not covered by case.

Blackmun's point could be one MPAA will make in pushing for revision of first-sale doctrine to give copyright owners cut of rental revenues. MPAA lobbyists will channel home taping energies to passage of Fair Marketing Amendment (FMA). Aide to Kastenmeier told us intensified effort on FMA was "more likely" than support of "dead issue" of fees on VCRs & tapes. However, MPAA Pres. Jack Valenti said that he "firmly intends" to continue battle on royalty fees as well.

Kastenmeier and Rep. Foley (D-Wash.), leading opponent of fee legislation, while never adamantly opposed to FMA, now seem shade more disposed to it. Clue to House position will come soon when Kastenmeier decides to schedule 3rd & final day of FMA hearings. If it precedes session on copyright technology, that will be considered FMA green light; otherwise, FMA will remain back-burner issue.

One lobbyist said he has been promised relatively quick Subcommittee markup of first-sale bill. His big concern: Opening Court left for legislative action on Betamax could get studios bogged down in years-long effort on fees when their energies could be better spent on pushing through FMA in this session. "The industry has to decide what its realistic chances are." Home Recording Rights Coalition, EIA-dominated body lobbying against fees & FMA, believes first sale revision was more important goal to studios, but maintains Court decision weakens FMA's credibility. Ruling will serve to bring together studios that HRRC considers to have been "deeply divided" until now over legislative priorities.

Lobbying, parrying & thrusting will continue for years, but Court decision clears up nagging problem for hardware industry, and, if anything, adds momentum to VCR boom.

KODAK ELATED BY RECEPTION OF 8mm: Kodak is "very pleased with commitments" to its 8mm camcorders by video dealers at CES, we were told last week by Robert Sharp, vp-gen. mgr.-consumer, professional & finishing markets.

Company didn't actually take orders at CES, but made contacts, took "requests, and told them we'd get back to them on a one-to-one basis through our specialized sales force," Sharp said. He explained that Kodak exhibited at CES particularly to make contact with video specialists and "received a very encouraging reception." The other 2 main sales channels, as outlined by Kodak, are existing photo dealers and appliance & hard goods dealers. "We knew the other 2 would be interested," he said.

"Except for some questions on the timing of our entry," he said, launch of new product was "successful, both internally & externally." Asked about spate of 8mm video announcements unleashed in response to Kodak's entry, he replied: "We have been in the high-tech side of business long enough to know that no product stands by itself for long. We had anticipated a

number of announcements, but the actual number surprised us, and some of the companies making the announcements surprised us." Bandwagon effect, he indicated, "will affect us very positively."

He expects many customers to be those who already have 1/2" VCRs, adding that 8mm & 1/2" markets "will complement each other rather than compete." Dealers so far seem to be ordering camcorders & cradles on about "one-to-one basis," Sharp said. Camcorder can be used without cradle if TV has video input. He saw "tremendous area for growth," with about 10% saturation of VCRs now, much smaller penetration of video cameras.

"Kodak is taking a little different approach" from other VCR marketers, he said. "Most of them looked at the market from the standpoint of TV sets, and backed into the camera aspect." Under Kodak philosophy, "camcorder becomes the key, with forward integration into the TV set."

He said Kodak has had no problems with suppliers — Matsushita for VCR, TDK for tape. "The manufacturers have been very responsive to our requests" for prototypes, samples, technical information, training. "All products were waiting on our doorstep when we requested them."

Products will start arriving in quantity at end of May, will be in distribution in June, widely available in midsummer. Kodak won't follow its traditional approach of starting marketing all over country at exactly same time, but neither does it plan regional rollout. "There are broad distribution channels to be filled," Sharp said. "The launch will be nationwide, but not on any single day. The large numbers [of outlets] will keep us from saturating" all of country simultaneously.

In Japan, meanwhile, it's reported that Matsushita & Kodak officially signed agreement last week on supply of 8mm video camcorders.

SEARS REINDICTED FOR CUSTOMS FRAUD: Sears again has been charged by grand jury with customs fraud relating to its import of TVs from Japan. Like one handed down in 1981, now hanging in legal limbo, indictment alleges retailer overstated prices actually paid for sets to avoid paying antidumping duties, contains one count of conspiracy to defraud govt., 12 counts of filing false statements.

Original indictment, which like new one was obtained by Justice Dept. in L.A., was later dismissed in district court. Ruling said prosecutor acted improperly by allowing irrelevant & inflammatory testimony by such witnesses as John Nevin, then Zenith chmn. Court said this created prejudice against retailer among jurors. But indictment was reinstated on appeal last fall. Court held Sears failed to show jury was so biased that fair determination couldn't have been made (TVD Sept 26 p14).

New indictment sought by Justice cites different statute as having been violated, one with somewhat broader coverage — we indicated last Sept. that might happen. Another difference: New case dates allegation of criminal fraud conspiracy from 1968, 2 years later than starting period cited in original.

Sears Vp-Gen. Counsel Philip Knox said company view of charges in new indictment is same as that of old one. "The basic allegation, that our customs documents were fraudulent, is totally wrong. All of the facts in connection with those were fully disclosed to customs in connection with the transactions." As for improper pricing, Knox pointed out that it was 1980 before govt. started issuing official fair market values for Japanese TVs, so "they are attributing to us some kind of knowledge that we couldn't possibly have had until a much later date."

Issuance of new indictment "requires that the prior indictment be dismissed," but Sears hasn't yet been notified of that, Knox told us. Sears has asked Supreme Court to review and overturn Appeals Court reinstatement, is likely to withdraw that as moot if case is dismissed. But until case is officially dropped company will continue appeal process, prepare for trial scheduled for March. Latest action, Knox said, upholds Sears contention that first indictment

"was so irregular it should not stand." By revising complaint, govt. "is trying to improve its position," Knox said.

While Japanese color TV dumping case, through various offshoots, moves into its 17th year — first complaint was filed in May 1968 — new cases are just getting off ground.

Korea-Taiwan color TV dumping injury hearing has been set for March 8 by International Trade Commission. International Trade Administration has issued preliminary positive determination, is slated to release final by Feb. 21. Though ITA found sets were being sold here at less than fair value, it also indicated margins of dumping were very low. At ITC hearing, importers are expected to argue that margins are too small to be significant cause of injury to domestic industry and that imposition of penalty dumping duties would have no effect on competitive situation in U.S. color market.

Separately, ITC said it had accepted for preliminary investigation Motorola's complaint Japanese were threatening to dump cellular transceivers in U.S. ITC will see whether dumping poses reasonable threat of injury to U.S. producers. Positive ruling would be signal for ITA to investigate pricing situation and ITC to launch injury probe. Case is unusual in that Japanese producers named in complaint haven't exported cellular radios to U.S.

Motorola based charge on prices at which Kokusai Electric and 20% owner Hitachi have agreed to supply units to AT&T's Western Electric. Motorola said delivery prices are as much as \$500, or 50%, under prices being charged in Japan for similar product. In past import relief cases, ITC has held that threat of less than fair value sales by foreign producers can be cause of profit loss to U.S. manufacturers. However, ITA will be setting precedent if it finds dumping on products that haven't been sold.

OLYMPIC TELETEXT: Sanyo & Zenith will supply 200 TVs with built-in British standard World System Teletext decoders for service to be provided in L.A. by Metromedia's KTTV (Ch. 11) during Summer Olympics.

Sets will be spotted in public locations, and Metromedia plans continuously updated 100 pages on event schedules, results, traffic conditions, etc. Harris will supply originating equipment under existing agreement with U.K.-based VG Electronics. TV decoder boards will come from Mullard of U.K. and Signetics of U.S., both subsidiaries of N.V. Philips.

Sanyo will provide 100 sets, marking its entry into teletext in U.S. — though it does build captioning decoders — and will assemble them at Forrest City, Ark. color plant, according to Wayne Kennedy, Communications Div. national sales mgr. He said Sanyo will pay \$56 each for boards, indicated company might build up to 100 more sets, but had no specific sales plans. Cost could come down quickly, according to Mullard Product Mgr. C.G. Hargest, who said company will have decoder IC available late this year, and that use would add only about \$50 to retail price of TV.

Zenith has been making decoders for about year, primarily for Taft Bestg. in Cincinnati. Taft News Vp Terry Connelly predicted Zenith will sell another 100 at \$300 retail by end of Feb., bringing number in use to 150.

TV captioning decoders are now being sold by 185 store VideoConcept retail chain owned by American Home Video. In-store display features decoder plus library of encaptioned recorded videocassettes & discs. AHV is first national retailer to offer aid for

hard-of-hearing viewers since Sears introduced product in 1980.

Decoders are made by Sanyo, purchased from National Captioning Institute under exclusive arrangement, retail at \$280, according to AHV Vp Mort Gleberman, who told us sales were going "fairly well." With pressure of Christmas selling season over, Gleberman said, AHV is starting to explore arrangements with public service organizations to provide decoders at lower cost to those who can't afford them.

Databar magazine due in April from Webb Co., St. Paul, will feature computer software programs printed in bar code for direct loading by subscribers. Bar code scanning reader, designed for use with Atari, Commodore, Radio Shack & TI home computers will sell for \$80, including sample copy of magazine. Webb says it will have programs for IBM PCjr later this year. There will be 9 programs in each Databar issue, carrying \$15 cover, \$120 annual subscription. Additional 12 programs will be introduced through retailers monthly, selling for \$10 each. Webb expects to have 40,000-60,000 scanners available for sale by end of Feb., says it will test market with sample issue & scanners this month. Webb indicated it's prepared to license other publishers.

Computer price cuts of \$80 instituted by Radio Shack on 16K home computers as pre-Christmas promotion are being left in place. Prices, now \$160 for standard model, \$240 for version with extended basic and high-resolution graphics, are expected to be trimmed again soon, by about \$25. Reductions are increasing pressure on Atari & Coleco, which raised computer wholesale prices Jan. 1.

1983 VCR PRODUCTION: Matsushita may have missed RCA as private label VCR customer last year, but Japan's, and world's, largest manufacturer more than made up for loss through addition of GE account and stronger sales effort by its own marketing arms and those of its other contract customers. That's indicated by annual tabulation on Japanese VCR output by trade newspaper Nikkei Sankyo Shimbun, which shows Matsushita increased size of its production lead last year and set pace for VHS format to account for record 74.7% share of total industry production.

Matsushita boosted VCR production in 1983 by 1.65 million from 1982, biggest unit rise by any Japanese manufacturer, though within VHS camp Tokyo Sanyo (Fisher brand), Sharp and RCA's replacement supplier Hitachi all enjoyed higher percentage production jumps. In unit terms, Sharp had 2nd biggest increase, with output up by 700,000. Though all VHS producers, as well as those in Beta camp, raised production in 1983, increases by JVC & Akai trailed industry average, and they saw their share of Japan's total production slip from 1982 level. Even so, Tokyo Sanyo was only producer to improve position in VHS ranks, moving from 7th to 5th. In Beta camp, where relative rankings were unchanged from 1982, NEC was only company to improve total market share.

On overall industry basis, there were 15 producers in 1983, up from 11 in 1982. Top 4 rankings remained unchanged, filled by Matsushita, JVC, Sony & Hitachi. Sharp moved to 5th, dropping Sanyo to 6th, while Tokyo Sanyo rose from 9th to 7th, leaving Toshiba, Mitsubishi, Akai & NEC all down one slot. Orion closed its first year of VCR production in volume tie for 11th place with NEC, followed by newcomers Aiwa, Funai & General. Sanyo's combined Beta & VHS production was up 30.2% to 2.11 million, for 11.6% share, down from 12.3% in 1982, making it Japan's 4th largest corporate producer in 1983, same position it had in preceding year.

Here's production breakdown (in 1,000 units) by company, by format:

VHS	1983			1982		
	Output	% Chg.	Share	Output	Share	
Matsushita....	5,150	+47.1	28.2	3,500	26.7	
JVC.....	3,100	+19.2	17.0	2,600	19.8	
Hitachi.....	2,000	+53.8	11.0	1,300	9.9	
Sharp.....	1,500	+57.8	8.2	950	7.2	
Tokyo Sanyo...	660	+78.3	3.6	370	2.8	
Mitsubishi....	650	+62.5	3.6	400	3.0	
Akai.....	360	+20.0	2.0	300	2.3	
Orion.....	200	--	1.1	--	--	
Funai.....	10	--	0.1	--	--	
VHS Total....	13,630	+44.6	74.7	9,420	71.7	
Beta						
Sony.....	2,150	+16.2	11.8	1,850	14.1	
Sanyo.....	1,450	+16.0	8.0	1,250	9.5	
Toshiba.....	650	+22.6	3.6	530	4.0	
NEC.....	200	+150.0	1.1	80	0.6	
Aiwa.....	150	--	0.8	--	--	
General.....	10	--	0.1	--	--	
Beta Total...	4,610	+24.2	25.3	3,710	28.3	
GRAND TOTAL...	18,240	+38.9	100.0	13,130	100.0	

Commodore reached out and touched old business acquaintance of Chmn. Irving Gould to replace founder Jack Tramiel as pres.-CEO. Tapped to head computer company was Marshall Smith, pres. of Thyssen Bornemisza, U.S. subsidiary of Dutch-based international manufacturer of industrial products. Smith & Gould linked up in 1978 when TB acquired company then headed by Gould. Smith participated in negotiations. Smith is former U.S. controller, brings with him solid business & financial management background, experience in handling international manufacturing. He joins Feb. 21. In surprising industry by announcing resignation Jan. 13 (TVD Jan 16 p22), Tramiel said he felt that as Commodore had become \$1 billion business it needed "professional executive" to run it, indicated he would maintain some level of involvement. In statements made later, Gould said Smith wouldn't join if Tramiel stayed on. That's probably because of style differences. Tramiel is well known for sudden & dramatic moves and policy shifts, while Smith prefers long-term business plan.

U.S. producers hold 4 of top 5 slots in annual list of world's largest IC manufacturers compiled by researcher Integrated Circuit Engineering. It ranks TI as biggest, with IC production valued at \$1.45 billion, followed by Motorola at \$1.04 billion and Japan's NEC at \$1 billion, to close out billion-dollar club. National Semiconductor placed 4th at \$790 million, Intel 5th at \$745 million, Hitachi 6th at \$705 million. Only European ranked was Philips, 7th at \$660 million, including sales of U.S. production subsidiary Signetics, and Toshiba was 8th at \$540 million. Only company to change position from 1982 roster was Advanced Micro Devices, moving up to 9th with \$485 million, and dropping Fujitsu, with \$470 million, to 10th.

Merger & acquisition activity in electronics increased 34% last year to 345 transactions, up from 256 in 1982, according to consultants W.T. Grimm & Co. Value of deals jumped 53% to \$3.3 billion from \$2.2 billion. There was spate of takeover activity in 4th quarter, with 105 cases, up from 74 in same 1982 period. Grimm attributed rise to strong economy that boosted cash flow and share prices, making buyout offers more attractive to shareholders. It also noted trend by large companies toward streamlining by selling off operations that no longer fit goals.

Computer software may serve as next arena for trade conflict between U.S. & Japan. At issue is Japanese copyright proposal that would afford coverage for maximum of 15 years, against 75 years in U.S., and provision making licensing mandatory when special advisory panel says it's in public interest. U.S. officials say licensing requirement would give Japanese manufacturers instant access to all foreign software developments, make it more difficult for U.S. high-tech firms to do business there.

Verbatim blamed sluggish orders for magnetic computer floppy discs in reporting layoff of 300 workers. Business of company, which had 30% profit decline in most recent fiscal quarter, has been affected by entry of consumer video & audio tape manufacturers into disc market.

GE PROFITS UP: GE said consumer products were important contributor to 10.5% earnings gain reported for final quarter and 11.4% rise for year. Sales, however, were essentially flat, slipping 0.4% for quarter, edging up 1.1% for full period.

GE said TV Div. was "slightly profitable" for year on operating basis as gains from "higher volume for color TV & VCRs and increased productivity" more than offset effect of lower prices. However, unit had "sharply reduced" net loss after inclusion of increased "program expenses for new technologies." In audio products, GE said, "sales rose, driven by higher telephone & tape volume, but earnings declined, in part due to lower prices and higher costs." Big improvement, GE said, came in major appliances, which had "substantially higher" sales, doubled profits. GE said that despite "strong demand for ICs and other electronic devices" its industrial electronics business had \$40 million loss, reflecting "large development expenses" in factory automation.

Matsushita earnings on parent-only basis edged up 1.9% to \$414.8 million on sales rise of 9.9% to \$11.5 billion in year to Nov. 20. Company said growth in VCRs offset sluggish demand for color TV, resulting in 11% rise in video equipment sales to \$3.59 billion. Improvement in export demand helped audio volume, which declined just 3.2% to \$1.22 billion. Sales of electronic components jumped 26.9% to \$1.52 billion. Matsushita said export sales were up 18.5% to \$7.62 billion, while sales in Japan rose 14.3% to \$3.94 billion.

Thorn EMI said pre-tax net doubled to \$78.7 million in fiscal first half to Sept. 30. Company said new Screen Entertainment Group — video software & film activities — showed profit in period, against loss last year, and improved results were posted by N. American & U.K. music operations. Company said consumer durable business was up, and while TV sales & rental business continued at high levels and showed improved profits, there was seasonal reduction in demand for VCRs from sale & rental markets compared with 2nd half of preceding fiscal year.

Sierra On-Line had sales of about \$12.5 million last year, or 25% increase. Company said unsettled conditions in computer & videogame software market kept it from achieving goal of doubling sales to \$20 million. It noted that word processing software now provides 50% of sales. In 1982, company got 70% of sales from games.

Korean computer equipment manufacturing & sales venture is being set up by Hewlett-Packard & Samsung. Company, to be 55% owned by H-P, will develop, make & sell in Korea variety of computer products, market H-P computer line. H-P said it has no plans to transfer any U.S. manufacturing operations to Korea.

RCA distribution change: RTA Distributors, Albany, drops RCA line, adds Sanyo. RTA's former territory for RCA will be split among current RCA distributors — Morris Distributing, Rochester; ESCO, Boston; Commercial Distributors, Portland, Me.; RCA Distributing, N.Y.

JAPAN'S OUTLOOK: Value of Japan's electronics output rose 14.5% last year to \$53.2 billion, is in for 11.4% boost in 1984 to \$59.2 billion, will exceed \$60 billion with help of new products not factored into totals, according to EIA-Japan.

Parts & components will continue as growth pace setter. Production was up 17.9% to \$17.7 billion in 1983, should rise 15.2% this year to \$20.4 billion. Production of industrial equipment and computers, seen as having increased 17.2% to \$19.2 billion last year, is expected to be up 13.2% to \$21.7 billion in 1984. Consumer electronics is expected to rise just 5% to \$17.1 billion this year, following 1983's 8% increase to \$16.3 billion.

In consumer sector, EIA-J says 1983 VCR production was up 35.5% to 17.8 million, predicts rise of 16.3% this year to 20.7 million. It says value of production was up 16.3% to \$6.41 billion, and sees increase of 9% to \$7 billion in 1984. Figures indicate EIA-Japan expects continuation of decline in average factory prices of about 6%, with typical VCR valued at \$338 this year, against \$360 in 1983.

In color TV, EIA-J said production rose 5% in 1983 to 12.78 million, though output value slipped 0.2% to \$2.93 billion. For this year, production is expected to total 12.7 million, off 0.6%, with value down 1.8% to \$2.87 billion. So color forecast too anticipates average receiver value decline, though only about 2%, from \$229 to \$226. In audio, 1983 production was up 4.7% to \$5.66 billion, and outlook for this year is for 5% rise to \$5.94 billion.

* * * *

Japan's VCR manufacturers are more than ready to increase production to levels needed to meet or exceed that EIA-J forecast. Matsushita now has capacity to turn out 500,000 monthly, 40% higher than at start of 1983. JVC is up 20% to 300,000 monthly, plans hike to 350,000 by this summer. Hitachi is planning 25% increase to 250,000 a month, Sharp is increasing 20% to 200,000, and Mitsubishi, which went from 50,000 monthly to 100,000 last year, is eyeing rise to 130,000. General, NEC & Toshiba, which are adding VHS production for export sales, also will be raising output in 1984.

Entrapo's wafer tape drive for computer data storage is apparently still having reliability problems. Last year, Coleco dropped plan to use 1/8" endless-loop system for Adam computer because of difficulties in quality & supply, switched to high-speed cassette drive — move that contributed to delay in Adam's market launch. Now TI says it's backing away from wafer system and looking at other storage alternatives for its new portable computer. Spectravideo, which plans to market portable later this year, says it still hopes to use system, but acknowledges it too may have to shift to some other system.

New source for CD digital audio discs is JVC, which announced in Japan it's now accepting volume pressing orders... Lowest list price for NAP's CD player is currently \$600. Based on incorrect information, we reported it last week as \$500, which isn't suggested list but street price.

1983 AT-A-GLANCE: Here's summary of EIA monthly video sales-to-dealer figures for 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
April	1,272,541	1,193,565	906,130*	810,879	366,411	382,686
May	1,136,646	1,144,424	830,230*	720,614	306,416	423,810
June (5 wks.)	1,956,323	1,559,598	1,310,665*	1,055,452	645,658	504,146
July	1,432,426	1,229,807	965,638*	825,410	466,788	404,397
August	1,375,776	1,229,287	1,030,150*	806,460	345,626	422,827
Sept. (5 wks.)	2,150,738	1,811,632	1,577,467*	1,226,854	573,271	584,778
October	1,933,137	1,604,612	1,402,951*	1,075,241	530,186	529,371
November	1,987,734	1,541,839	1,378,380*	1,053,360	608,354	488,479
December	2,085,997	1,836,369	1,542,003*	1,156,107	543,994	680,262
TOTAL	8,718,725	7,878,022	6,089,503*	5,222,902	2,629,222	2,655,120

PROJECTION TV SALES TO DEALERS

Month	1983	1982	Month	1983	1982
January	11,127*	7,052	July	8,944	7,276
February	9,958*	6,518	August	10,581*	9,840
March (5 weeks)	10,896*	6,233	Sept. (5 weeks)	16,430	14,384
April	7,430	6,213	October	16,732	14,384
May	8,292*	5,074	November	16,288*	14,617
June (5 weeks)	8,671	8,022	Dec. (5 weeks)	18,157*	15,624
			TOTAL	56,374*	39,113

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
April	228,335*	116,170	23,464*	19,125
May	272,104*	109,148	25,043	25,822*
June (5 weeks)	348,414*	140,786	40,509*	29,438
July	324,197*	141,496	30,762*	25,851
August	298,022*	137,223	29,305*	18,723
Sept. (5 weeks)	456,334*	243,123	39,409*	26,864
October	398,483*	207,750	39,778*	23,451
November	434,070*	232,595	40,694*	23,665
Dec. (5 weeks)	601,797*	331,673	70,242*	43,191
TOTAL	1,578,418*	740,937	163,424*	134,202

*Record

TDK estimates world videotape production grew 42% last year to 492 million hours, equivalent to 246 million T-120 VHS videocassettes, predicts 30% rise this year to 640 million hours. Company said total U.S. market jumped 75% last year to 140 million hours, will rise 44% in 1984, while Japanese sales soared 55% to 96 million hours and will grow 36% this year. In audio, TDK said world market for compact cassettes edged up just 4% to equivalent of 1.6 billion C-60s, sees same growth for 1984, with demand at 1.67 billion. TDK said it accounted for about 30% of world videotape market in 1983, but expects that to slip to 28%, same as its historic share in audio tape, in 1984.

Worldwide shipments of semiconductors by U.S. & European manufacturers rose 17.3% to \$11 billion last year, SIA estimates. Final total is up from \$10.8 billion group put out as estimate for year last Sept., but is short of revised \$11.2 billion figure issued in Nov. Shipments in U.S., SIA said, were up 20.2% to \$6.75 billion. It forecast boom will continue this year, rising at least 31.8% to \$14.5 billion, an improvement from earlier forecast of \$13.4 billion. Assn. added that jump to \$15 billion isn't out of question. Orders booked in 4th quarter last year were up 250% from same 1982 period, SIA said.

JVC's Video Movie camcorder was launched last week in Japan, where it will go on market end of Feb. at about \$1,225 list. At Tokyo news conference, company said it will be on sale in U.S. in late spring under both Zenith & JVC labels. For first time, company revealed technical parameters. It uses new 4-head sequential recording system with 41mm drum revolving at 2,700 rpm, 270-degree tape wrap, as opposed to 2 heads, 62mm drum at 1,800 rpm, 180-degree wrap in standard VHS. Compactness is achieved by automatically manufactured 4-layer circuit board. Camcorder features 1/2" electronic viewfinder, plastic-mounted 6:1 power zoom, 1/2" high-band Saticon pickup tube.

IBM & Apple are launching new computers this week with ad campaigns that will add combined \$70 million to media coffers. IBM is scheduled to spend \$40 million to get PCjr off ground, with launch Jan. 22 during Super Bowl. Charlie Chaplin character IBM uses in ads for PC business computer also will be featured in PCjr ads. Company is expected to have up to 25,000 PCjrs in hands of its 1,000-dealer network by end of Feb. Apple has budgeted \$30 million for long-awaited MacIntosh model it's due to unveil at shareholder meeting Jan. 24. Computer with 128K memory is expected to be priced at about \$2,500, including 9" monochrome display, single 3.5" disc drive.

Next round of talks on future of Hong Kong will be held between British & Chinese in Beijing this week. China last week officially released proposal for taking back most of territory in 1997 when Britain's lease expires. As indicated here last month (TVD Dec 19 p22), China intends to take over direct responsibility for foreign affairs and defense, but otherwise leave Hong Kong socially & economically independent for 50 years. Local govt. affairs would be put in hands of special regional administration to be selected, or elected, by Hong Kong residents, though presumably China would have some veto powers over members & policies.

U.K. floppy disc manufacturing venture, Parrot, is being launched by group of U.S. executives with startup aid from Wales development agencies. Integrated facility, to cost about \$3.15 million, will have startup capacity for 50 million discs annually, expects to export 60% of production. Company estimates world demand at 350 million discs now, growing 30% each year.

Video Corp. of America is going private. Group of VCA executives headed by Pres. Alfred Markim, in conjunction with First Capital Holdings Corp. plans \$25.9 million, \$15 per share offering for outstanding stock. Holders would get \$8 cash, \$7 in 12%, 10-year debentures for each share. VCA was trading at about \$10 per share when proposal was announced last week.

Taiwan will lift restrictions on imports of VCRs July 1, 1986, but will continue to discourage such shipments by maintaining 75% duty rate until then. Govt. feels it will take domestic industry at least 2 years to prepare for direct international competition.

MORE CES PRODUCTS: New & upcoming models premiered in & around CES centered on monitor receivers in color TV, Betamovie and hi-fi VCRs. Most members of Beta group added Betamovie, all made by Sony and all around \$1,500 level, and showed final versions of Beta Hi-Fi. VHS Hi-Fi is where Beta Hi-Fi was at Chicago show — prototypes displayed for spring & summer introduction, list prices being quoted at "about \$1,000." In addition to new products covered in last 2 issues, these are among debuts of the big week in Las Vegas:

GE previewed 1985 video line that will feature 2.5-lb. mini color camera with electronic viewer, power zoom at less than \$600. New VCRs, all unpriced, include low profile VHS portable that docks with matching tuner-timer; leader deck with wired remote, 14-button electronic tuner-timer; 4-head remote deck with standard stereo, Dolby, plus VHS Hi-Fi stepup.

Hitachi introduced 45" rear projection TV using liquid-cooled, direct-coupled lens & tube system, special tube phosphors to increase brightness to 165 ft. lamberts, 65% higher than company's previous model. It has black matrix screen, folding doors, 133 channels, wireless remote, input & output jacks, at \$2,995. Also new from Hitachi are two 19" mechanically tuned sets, leader at open list, stepup with builtin AM-FM radio \$500.

Also from Hitachi is MOS color camera with beam-indexing color viewfinder — 2nd such unit on market, first (also made by Hitachi) having been introduced last year by RCA. It's \$1,995. New compact frontload VCR has wired remote, search, freeze-frame.

Mitsubishi introduced video printer at \$390, which makes 3.3x3.3" b&w prints from TV or monitor on heat-sensitive paper in less than 16 sec. Equipped with wired remote control, small box makes negative or positive prints with resolution of 280x234 dots, can print multiple copies. Rolls of paper can accommodate 220 prints each.

Mitsubishi also displayed its first TV camera, prototype MOS unit with 6:1 power zoom, 1" electronic viewfinder, weighing 3.3 lb., expected to be around \$1,000 when introduced in fall. Displayed at Mitsubishi suite to get dealer reaction was portable electronic typewriter with LCD display, full page memory and cassette ribbon.

Company added low-end VCR to line, frontload with 3-event, 14-day programmability, 10-function remote at \$525. In TV, 2 new 25" consoles were added, both with keypad tuning, wireless remotes, 2 antenna inputs, audio-video jacks, 139 channels, at \$1,000 for single-sided unit, \$1,300 for double-sided stereo version with digital FM stereo tuner, 6 FM station presets, 4 speakers. More compact (31 in. deep) 45" black matrix rear projector with 6-element glass lenses, 139 channels, wireless remote, FM stereo, oak cabinet, doors, 120 ft. lambert brightness is \$3,000.

JVC entered console TV business with Telstar 25" double-ended model with 10-watt per channel stereo

amplifier, 6 speakers, new professional comb filter, 134 channels, keypad remote, inputs & outputs, "edger" switch for sharper alphanumerics; price is \$1,200. New 25" monitor receiver in Network series has stereo amplifier, 2 side-mounted speakers, same features as console, at \$1,100. New X chassis is used in 13" Telstar remote model with on-screen channel & volume display, sleep switch, at \$400. All of JVC's new models have 2-year warranties.

NEC introduced "industrial versions" of its 19" & 25" monitors designed to superimpose computer graphics on TV picture. Units have both BNC & 8-pin video connectors, can automatically switch between analog & digital RGB signals, at \$850 & \$1,100. New 13" monitor receiver at \$599 has 134 channels, wireless remote, inputs & outputs including RGB.

In addition to 2 new VHS models and 2 more to come (TVD Jan 16 p16), NEC added 2 Beta models, both with "skip search" feature which lets user speed through 30 sec. of playback at search speed, automatically return to normal speed (obviously, though not mentioned, for skipping commercials). Both are slimline front-load models; unit with 105 channels, 8-event 2-week timer is \$599; stepup (134 channels, 8 events, 3 weeks) \$749. NEC also introduced Sony-made Betamovie at \$1,495. Coming up from NEC is 134-channel component TV tuner with 24-hour timer, remote control, 3 RF inputs, 2 video inputs & outputs.

Panasonic and Quasar showed 14" & 20" data grade receiver-monitors with square cornered tubes, RGB inputs, said pricing & availability would be announced this spring. TV additions to Panasonic line include 1.5" color & b&w portables at \$470 & \$200, 4.5" b&w clock-radio combo, still unpriced, 19" color with video & audio jacks, 94-channel 14-button tuner is \$490.

Fisher added VHS deck with 8-function wired remote, 12-button 105-channel tuner at \$600; 4-head deck with 2-week 9-event programmer, wireless remote 13-function 1-5-channel tuner at \$800. New 19" monitor with 140-channel wireless remote random tuner is \$700. In 25", slim console with side-mounted speakers, 112-channel wireless remote is \$900; monitor with 112-channel wireless remote, stereo adaptor output, front input selector switch, 400-line resolution display, is \$900; component system with 400-line resolution, separate 140-channel remote tuner with matrix stereo, separate speakers and cabinet is \$1,700.

Gold Star added 5 color models, starting with 13" mechanically-tuned leader at \$350; step with 12-channel remote \$410; in 19", mechanically-tuned drop-in is \$420, version with 14-channel remote is \$500, new high end with 105-channel 4-function remote is \$530.

Emerson additions to color TV line start with 5" battery portable at about \$320, 13" leader is \$310 with 13" remote at \$400, version with monitor design and 105-channel tuning is \$480; new 19" leader is \$380, with remote at \$465.

Proton premiered 19" monitor receiver, combining circuits of its separate monitor and video tuner at \$850.

EXCERPTS FROM SUPREME COURT OPINION IN BETAMAX CASE

Justice Stevens, for the Court

The respondents and Sony both conducted surveys of the way the Betamax machine was used by several hundred owners during a sample period in 1978. Although there were some differences in the surveys, they both showed that the primary use of the machine was "time-shifting"... Respondents offered no evidence of decreased TV viewing by Betamax owners...

Article I, Sec. 8 of the Constitution provides that: "The Congress shall have Power... to Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired...

As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or inventors in order to give the public appropriate access to their work product. Because this task involves a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information and commerce on the other hand, our patent and copyright statutes have been amended repeatedly.

From its beginning, the law of copyright has developed in response to significant changes in technology. Indeed, it was the invention of a new form of copying equipment — the printing press — that gave rise to the original need for copyright protection. Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned the new rules that new technology made necessary...

The judiciary's reluctance to expand the protections afforded by the copyright without explicit legislative guidance is a recurring theme... Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted materials. Congress has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests that are inevitably implicated by such new technology.

In a case like this, in which Congress has not plainly marked our course, we must be circumspect in construing the scope of rights created by a legislative enactment which never contemplated such a calculus of interests...

The two respondents in this case do not seek relief against the Betamax users who have allegedly

infringed their copyrights... The Copyright Act does not expressly render anyone liable for infringement committed by another...

The only contact between Sony and the users of the Betamax that is disclosed by this record occurred at the moment of sale... If vicarious liability is to be imposed on petitioners in this case, it must rest on the fact that they have sold equipment with constructive knowledge of the fact that their customers may use that equipment to make unauthorized copies of copyrighted material. There is no precedent in the law of copyright for the imposition of vicarious liability on such a theory...

The sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.

The question is thus whether the Betamax is capable of commercially significant noninfringing uses. In order to resolve that question, we need not explore all the different potential uses of the machine and determine whether or not they would constitute infringement. Rather, we need only consider whether on the basis of the facts as found by the district court, a significant number of them would be noninfringing. Moreover, in order to resolve this case we need not give precise content to the question of how much use is commercially significant. For one potential use of the Betamax plainly satisfies this standard, however it is understood; private, noncommercial time-shifting in the home. It does so both (A) because respondents have no right to prevent other copyright holders from authorizing it for their programs, and (B) because the district court's factual findings reveal that even the unauthorized home time-shifting of respondents' programs is legitimate fair use...

Authorized Time-Shifting

Each of the respondents owns a large inventory of valuable copyrights, but in the total spectrum of TV programming their combined market share is small. The exact percentage is not specified, but it is well below 10%. If they were to prevail, the outcome of this litigation would have a significant impact on both the producers and viewers of the remaining 90% of the programming in the Nation... The findings of the district court make it clear that time-shifting may enlarge the total viewing audience and that many producers are willing to allow private time-shifting to continue, at least for an experimental time period.

Unauthorized Time-Shifting

Even unauthorized uses of a copyrighted work are not necessarily infringing. An unlicensed use of the copyright is not an infringement unless it conflicts with one of the specific exclusive rights conferred by the copyright statute...

If the Betamax were used to make copies for a commercial or profit-making purpose, such use would presumptively be unfair. The contrary presumption is

appropriate here, however, because the district court's findings plainly establish that time-shifting for private home use must be characterized as a noncommercial, nonprofit activity. Moreover, when one considers the nature of a televised copyrighted audiovisual work... and that time-shifting merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact that the entire work is reproduced... does not have its ordinary effect of militating against a finding of fair use...

In this case, respondents failed to carry their burden with regard to home time-shifting... There was no need for the district court to say much about past harm. "Plaintiffs have admitted that no actual harm to their copyrights has occurred to date."

This is not, however, the end of the inquiry because Congress has also directed us to consider "the effect of the use upon the potential market for or value of the copyrighted work"... The purpose of copyright is to create incentives for creative effort. Even copying for noncommercial purposes may impair the copyright holder's ability to obtain the rewards that Congress intended him to have. But a use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author's incentive to create...

The district court's conclusions are buttressed by the fact that to the extent time-shifting expands public access to freely broadcast TV programs, it yields societal benefits... Concededly, that interest is not unlimited. But it supports an interpretation of the concept of "fair use" that requires the copyright holder to demonstrate some likelihood of harm before he may condemn a private act of time-shifting as a violation of federal law.

When these factors are all weighed in the "equitable rule of reason" balance, we must conclude that this record amply supports the district court's conclusion that home time-shifting is fair use...

One may search the Copyright Act in vain for any sign that the elected representatives of the millions of people who watch TV every day have made it unlawful to copy a program for later viewing at home, or have enacted a flat prohibition against the sale of machines that make such copying possible.

It may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written...

Justice Blackmun, for the Dissent

The 1976 [Copyright] Act and its accompanying reports specify in some detail the situations in which a single copy of a copyrighted work may be made without infringement concerns. Section 108(a), for example, permits a library or archives "to produce no more than one copy or phonorecord of a work" for a patron, but only under very limited conditions; an entire work, moreover, can be copied only if it cannot be obtained elsewhere at a fair price... It appears that

Congress considered and rejected the very possibility of a special use exemption...

The situations in which fair use is most commonly recognized are listed in Sec. 107 itself; fair use may be found when a work is used "for purposes such as criticism, comment, news reporting, teaching... scholarship or research"...

I am aware of no case in which the reproduction of a copyrighted work for the sole benefit of the user has been held to be fair use... The making of a videotape recording for home viewing is an ordinary rather than a productive use of the studios' copyrighted works. The district court found that "Betamax owners use the copy for the same purpose as the original. They add nothing of their own..."

It may be tempting, as, in my view, the Court today is tempted, to stretch the doctrine of fair use so as to permit unfettered use of this new technology in order to increase access to TV programming. But such an access risks eroding the very basis of copyright law, by depriving authors of control over their works and consequently of their incentive to create...

I therefore conclude that, at least when the proposed use is an unproductive one, a copyright owner need prove only a potential for harm to the market for or the value of the copyrighted work. Proof of actual harm, or even probable harm, may be impossible in an area where the effect of a new technology is speculative...

It is thus apparent from the record and from the findings of the district court that time-shifting does have a substantial adverse effect upon the "potential market for" the Studios' copyrighted works. Accordingly, even under the formulation of the fair use doctrine advanced by Sony, time-shifting cannot be deemed a fair use...

Off-the-air recording is not only a foreseeable use for the Betamax, but indeed is its intended use. Under these circumstances, I agree with the Court of Appeals that if off-the-air recording is an infringement of copyright, Sony has induced and materially contributed to the infringing conduct of Betamax owners...

The key question is not the amount of TV programming that is copyrighted, but rather the amount of VTR usage that is infringing... The proportion of VTR programming that is infringing is ultimately a question of fact... In light of my view of the law, resolution of this factual question is essential. I therefore would remand the case for further consideration of this by the district court...

I concur... in the Court of Appeals' suggestion that an award of damages, or continuing royalties, or even some form of limited injunction, may well be an appropriate means of balancing the equities in this case..."

Toshiba is establishing IC design centers in Sunnyvale, Cal. & Boston. Facilities will have direct satellite line to design hq in Tokyo.

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
C-COR Electronics			
1983-6 mo. to Dec. 31	7,602,000	538,000	.16
1982-6 mo. to Dec. 31	14,762,000	1,917,000	.61
1983-qtr. to Dec. 31	3,708,000	238,000	.07
1982-qtr. to Dec. 31	6,887,000	852,000	.26
Craig			
1983-6 mo. to Dec. 31	29,648,000	(1,078,000)	--
1982-6 mo. to Dec. 31	34,794,000	(1,620,000)	--
1983-qtr. to Dec. 31	15,528,000	(609,000)	--
1982-qtr. to Dec. 31	16,672,000	(1,526,000)	--
General Electric			
1983-year to Dec. 31	26,800,000,000	2,024,000,000	4.45a
1982-year to Dec. 31	26,500,000,000	1,817,000,000	4.00b
1983-qtr. to Dec. 31	7,430,000,000	579,000,000	1.27a
1982-qtr. to Dec. 31	7,460,000,000	524,000,000	1.15b
Meredith			
1983-6 mo. to Dec. 31	220,616,000	21,386,000	2.27c
1982-6 mo. to Dec. 31	232,155,000	16,124,000	1.73b
1983-qtr. to Dec. 31	113,180,000	10,933,000	1.16
1982-qtr. to Dec. 31	117,094,000	9,077,000	.97b
Raytheon			
1983-year to Dec. 31	5,937,000,000	300,100,000	3.55
1982-year to Dec. 31	5,513,000,000	318,800,000	3.78
1983-qtr. to Dec. 31	1,540,000,000	73,400,000	.87
1982-qtr. to Dec. 31	1,366,000,000	70,700,000	.84
Regency Electronics			
1983-6 mo. to Dec. 31	51,563,000	4,594,000	.43
1982-6 mo. to Dec. 31	36,887,000	2,730,000	.25b
1983-qtr. to Dec. 31	26,736,000	2,281,000	.21
1982-qtr. to Dec. 31	19,659,000	1,493,000	.13b
Tandy			
1983-6 mo. to Dec. 31	1,481,695,000	160,880,000	1.54
1982-6 mo. to Dec. 31	1,295,266,000	146,676,000	1.41
1983-qtr. to Dec. 31	898,266,000	101,241,000	.98
1982-qtr. to Dec. 31	778,155,000	92,982,000	.89
Walt Disney Productions			
1983-qtr. to Dec. 31	302,159,000	8,991,000	.26
1982-qtr. to Dec. 31	270,142,000	17,214,000	.51
Westinghouse			
1983-year to Dec. 31	9,532,600,000	449,000,000	5.08a
1982-year to Dec. 31	9,745,400,000	449,300,000	5.16
1983-qtr. to Dec. 31	2,597,100,000	136,800,000	1.55a
1982-qtr. to Dec. 31	2,611,300,000	100,800,000	1.13

Notes: aPreliminary. bAdjusted. cIncludes special credit.

Tax changes to meet needs of high-tech companies are urged in report by Ad Hoc Electronics Tax Group. Among suggestions: Permanent R&D tax credit and elimination of taxes on foreign sales & services, dividends paid by foreign subsidiaries to U.S. parents and overseas royalty & interest income. Group members include AEA, Computer & Business Equipment Mfrs. Assn., EIA, Scientific Apparatus Makers Assn. & SIA.

Satellite TV industry trade show, sponsored by Society for Private & Commercial Earth Stations (SPACE), will be held March 18-20 at Caesar's Palace, Las Vegas, with more than 300 exhibitors and 4,000 dealers expected. Information: SPACE, Suite 510, 1920 N St. NW, Washington, D.C. 20036, 202-887-0605.

Consumer Electronics Personals

Marshall Smith, ex-Thyssen-Bornemisza, named Commodore pres.-CEO, succeeding Jack Tramiel, resigned... Charles Vaughan, former GE Consumer Products Sector chief financial officer, joins Atari as chief financial officer... William Campbell, Apple mktg. vp, adds duties of sales vp on interim basis, replacing Gene Carter, who is on sabbatical leave and isn't expected to return on fulltime basis... Marcus Bierich, ex-Allianz Versicherung, named Robert Bosch managing dir., effective July 12, succeeding Hans Merkle, moving up to supervisory board chmn., to replace Hugo Rupf, retiring.

Richard Ramsey promoted at Radio Shack parent from controller of Tandy Electronics World Wide mfg. to North American mfg. vp, succeeding Robert McClure, named senior vp of new Tandy Mktg. Cos., responsible for independent manufacturer & mktg. subsidiary Memtek (Memorex consumer tape products), O'Sullivan Industries (TV & computer furniture) & Lika (PC boards); James Nichols, former SE Div. vp, named senior vp for Tandy International Electronics, responsible for retail operations in Australia & Europe; David Christopher appointed senior vp for new Tandy Trading International... Robert Broadbent promoted at Higbee's from vice chmn.-pres. to chmn., succeeding Herbert Strawbridge, retired but continuing as finance committee chmn.

Warren Lieberfarb promoted to worldwide exec. vp-gen. mgr., Warner Home Video... Charles Mitchell ex-RCA Videodiscs Div. moves to RCA Video Productions, new music video division of RCA Records, as program production vp. Also making shift: Arnold Holland, business affairs & program distribution vp; Gail Kramer, program development mgr.; Philip Rosen to business affairs mgr... William Barker named finance & administration senior vp, CBS/Fox Video... Chuck Pope, ex-Avantek, rejoins Ampex as 1/2" videotape product mgr.; Morgan Rees advanced from sales rep to 3/4" videotape product mgr... Seth Goldstein, Video Week managing editor, and Samuel Shapiro, National Record Mart chmn., to receive Human Relations Award of American Jewish Committee at dinner in N.Y.'s Grand Hyatt Feb. 4.

Bernard Vonderschmitt resigns as Zilog Components Div. vp-gen. mgr. to set up own IC company... Joseph Hilton appointed vp-mgr. dir., ITT Electron Tube Div... Edward Thompson, ex-Miles Labs, named Optical Coating Labs ad mgr... Edward Bohlender appointed General Instrument personnel & organization vp... Karen O'Connor advanced to sales support mgr., National Capponing Institute.

Curtis Mathes will try again this year to become true national brand, according to Pres. Lud Huck. Company plans to add 75-100 outlets per year for next several years, including new franchises and expansion by current CM dealers who now have more than 700 stores. CM, he said, will support growth with \$20 million in national ads during next 2 years, supplemented by \$28 million to be spent locally by individual stores. Huck said CM did more than \$250 million at retail in 1983.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

JANUARY 30, 1984

VOL. 24, NO. 5

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FRITTS—'OUT FRONT, ALL ALONE': NAB board majority promises to give Fritts time to prove himself as pres. Summers hires Petroleum Institute lobbyist as No. 2 in govt. relations. (P. 1)

VALENTI BLASTS ABC & NBC for suspending talks on financial interest & syndication compromise. CBS's Wyman & MCA's Wasserman meet again. Hope for settlement is very dim. (P. 3)

BROADCAST BILL BREAKTHROUGH: Progress on deregulation measure. 'Terrific' talks substitute for expected confrontation. (P. 5)

OBSCENE ADS CAN BE REFUSED, rules FCC staff, declaring porn isn't protected speech. (P. 5)

NEW ROUND OF TALKS ON CABLE BILL are agreed to by mayors and NCTA at urging of Dingell. Negotiations to be monitored by House Commerce Committee staffers. (P. 6)

USCI SETS SIGHTS ON WASHINGTON: DBS company stays mum about success to date, plans rapid advances across service area. (P. 6)

RIVERA ROASTS FCC ON KID TV, calls failure to mandate programming an abrogation of agency's responsibility. Terms decision 'unfortunate, if not outrageous.' (P. 8)

FRITTS—'OUT FRONT, ALL ALONE': "This move has put Eddie [Fritts] out front, all alone... I hope he makes it." This was comment of senior-level NAB staffer last week about NAB board action in Maui 10 days ago shifting Exec. Vp-Gen. Mgr. John Summers from chief administrative officer of Assn. and putting him in charge of govt. relations (TVD Jan 23 p1). This leaves all staff departments reporting directly to Pres. Edward Fritts instead of Summers and puts responsibility for running NAB totally on Fritts — who had called previous system "cumbersome."

Shift came in Hawaii after 4 days of board meetings during which directors repeatedly expressed much dissatisfaction with leadership of NAB — including Fritts, Summers and Exec. Committee itself. It was first suggested by TV Vice Chmn. William Turner after Summers made what was described as "very good and successful" govt. relations presentation to TV board. There was much give & take, particularly on deregulation, leading Summers to tell board that staff had gotten much needed input which would be helpful.

Consumer Electronics

FIRST SALES FIGURES for 1984 show seasonal record color & VCR demand continued, but indicate strength of sales boom may be easing. (P. 10)

COLOR SET, VCR IMPORTS more than doubled in Nov. Color cameras, disc players also surged, while b&w rose 31%, Commerce figures show. (P. 10)

TOSHIBA AIMING TO BOOST share in world markets with lower prices, more aggressive promotion. Beta being retained in U.S. (P. 11)

CHINA IS BUYING WAY INTO international consumer electronics business, acquiring controlling interest in Hong Kong's Conic International. (P. 13)

VIDEODISC PROVING NO CURE for sluggish arcade videogame market conditions. (P. 13)

VIDEOCASSETTE PLAYERS for consumer market due this year from Funai, which will supply VHS units to Portavideo for rental. (P. 14)

RCA EARNINGS UP in 4th qtr. on record sales, consumer profits up though disc losses mount. Corning, Commodore, Emerson results improved; TDK, Apple earnings declined. (P. 16)

MUSIC VIDEO TO GROW to 25% of software sales by 1988, as movies slip to 50%, survey says. (P. 16)

In Aug. 1982, when Summers was candidate for NAB presidency now held by Fritts, he had said that one of first things he would do if he got job would be to abolish title of gen. mgr. and have all staff departments report directly to pres. However, according to another top NAB staffer, this too will cause problems and make situation unwieldy for Fritts. "What happened is to the good in the sense that one person will be in charge," he said. However, he added, Fritts will have major management problem because so many department heads will be reporting directly to him, leaving pres. little time for other duties. "The NAB organizational chart looks like an aircraft carrier in the sense that all these people will be clamoring to get Eddie's ear... Some [staffers] always have considered him an outsider." Same executive said that some departments at NAB must be combined, that abolition of Membership Dept. was step in right direction.

Ex-NAB staffer told us that part of problem has been that Fritts has shown very little leadership and that when he made decision, much of staff either disagreed or wouldn't accept it because, many felt, of loyalty to Summers who had put most of them in their jobs. "Eddie is so mistrusted by the staff," former staffer said. "He just isn't believable... Everything is a big secret." Another problem for Fritts has been "that nobody goes to Eddie with their problems; they all go to John." (Fritts had called situation at NAB "cumbersome at top" and "a mechanism that was not very efficient.")

Summers moved fast to shore up his end of new bargain, picking American Petroleum Institute lobbyist Andrew Vitali as NAB vp-govt. liaison and No. 2 executive in department. He'll replace Carol Randles, who married NCTA Pres. Thomas Wheeler in Dec. Vitali has been with API since 1975, formerly served as exec.-asst. to Sen. Kennedy (D-Mass.). Staffers and board members alike have predicted that Summers will have problems on Hill because of his bluntness. "John is not one for diplomacy," we were told, "and that won't go over well with most on the Hill."

Summers had told us that he planned to hire top aide from another association, pointing out that NAB govt. relations has never hired such a person "to get fresh ideas on how its done by others... I can teach them communications."

There were wide reports last week from Congress (where it has been suggested to Fritts that he refrain from making many forays) that NAB pres. had been put on 6 months probation. All directors we talked to last week (about dozen, mostly from TV side) disputed this, save one. Latter told us: "I'm not sure that's an unfair characterization... When the board meets in June, Eddie had better have made some progress." Others we talked to disagreed, said now that Fritts is "totally accountable" he'll need more time to show what he can do. Board member added "But, if NAB shoots itself in the foot a few more times, then Eddie will be in trouble."

Rumors in Washington probably resulted from fact board changed bylaws (subject to membership ratification) to require election of pres. every June. Staff doesn't think that's a good idea. "It's awkward," we were told. "You don't want to have 10 people voting against the president every year."

Gene Cowen, TV dir. from ABC and co-chmn. of NAB Govt. Relations Committee, said in Maui closed meeting after Summers had taken new job that he would need at least full Congress (through 1986) to succeed or fail. "Nothing is going to happen this year, anyway," Cowen said. Summers, by the way, says he's very happy with giving up job of administrative head of NAB — partly because he received what amounts to contract for 5-1/2 years, when he becomes eligible for retirement.

Board meetings with staff went smoothly in Maui (with all votes cast being unanimous on some subjects expected to be controversial), while closed meetings without staff were just the opposite. Fritts, Summers and other staffers came under much criticism by name (exceptions were Dick Hollands, senior vp for radio, and John Abel, senior vp for research & planning, both of whom have been on job less than year and both of whom were praised by name). At one point, Summers felt he was about to be made "the fall guy."

Also coming in for strong criticism was Exec. Committee itself for too much "day-to-day interference with Fritts and Summers and lack of leadership at the top," as more than one

director told us. "When somebody got fired or resigned, Exec. Committee members demanded to know why," we were told. "When some one was hired, one or more executive members didn't like that person... How can Eddie run a shop that way." Asked point blank at meeting of Exec. Committee in Maui held to confirm Summers appointment, Fritts said that yes, he felt there had been too much interference.

Member of board told us last week: "Through no fault of the Executive Committee, they probably found a good solution in moving Summers... after stumbling around in the dark like Keystone Kops... The mood of the board was getting angry... but I didn't see a let's get rid of anybody movement." An opposing view: "I thought Eddie was in considerable trouble, and indeed he was... There was some sentiment there for firing both Eddie and John... The solution gave both the detractors and supporters of Fritts something." Once putting Summers in charge of govt. relations was proposed, "it all moved very fast"

Explaining board's mood up until final day in Hawaii, a dir. told us: "The general feeling was that things are not going well, including at the top management... NAB and its lobbying efforts both were drifting... There was much debate about whether Eddie could do something about the situation or whether the board should... I'm disappointed that he didn't. The board should have said to him 'you structure it the way you want to'... Much of the problem has been caused by the Executive Committee because it would say: 'Do this and here's the way you do it'... It's bullshit to say that no [staffer] can get more than a 4-1/2% raise... There's also still much resentment [from TV side] that Eddie is only a little radio broadcaster from Indianola, Miss."

Fritts will no longer have "a cover or protection" in Summers and NAB pres. told us he's happy about that. He said Exec. Committee told him "it's your show to run... just keep us informed" and that he expects less day-to-day supervision by Committee in future. Fritts said he expects to have administrative asst. on board by end of week — "most likely someone from inside."

STATUS QUO FOR FINANCIAL INTEREST RULES: Deadline for reaching compromise on liberalized financial interest & program syndication rules arrives Jan. 31 with TV networks divided, Hollywood producers saying they feel betrayed and nearly everyone agreeing that 13-year-old rules will remain unchanged through 1984. ABC told Congress that "it appears that no relief from the current rules can be obtained at the present time," and along with NBC walked away from talks. CBS Chmn. Thomas Wyman, who earlier was negotiating on behalf of all 3 networks, held one-on-one sessions with MCA Chmn. Lew Wasserman after walk-out by ABC & NBC, but those talks didn't produce results. Another session was to be held this week while Wyman travels was on west coast for series of program meetings.

In letter to Senate Commerce Committee Chmn. Packwood (R-Ore.) and House Commerce Committee Chmn. Dingell (D-Mich.), ABC Exec. Vp-Gen. Counsel Everett Erlick said that "negotiated settlement of the overall controversy is not now foreseeable," that network "is aware that a renewal of the intense legislative struggle of last year would not be welcomed." NBC — in unsigned position paper — said additional moves to alter rules should be put off "for a reasonable period of time," while Erlick said ABC was "agreeable to such a suspension for the remainder of" 1984, contingent upon similar commitment from studios & independent stations.

"CBS is not a party to either the ABC or the NBC proposal," that network said. "CBS has been engaged for some time in high-level negotiations with the Hollywood community to resolve the issues in this debate and we remain hopeful that these negotiations will reach a positive conclusion." MPAA Pres. Jack Valenti was livid at withdrawal of ABC & NBC: "I don't know what the hell they're talking about... it's ludicrous. I find this an act of betrayal."

Valenti said Jan. 31 is "informal" deadline for him to report to Congress on progress in negotiations with networks. "As long as [Wasserman & Wyman] continue meeting it means there is a possibility for agreements," Valenti said. He said he wouldn't be displeased with maintaining status quo in financial interest & syndication for next year, but that he really wanted 2-year moratorium: "It's our belief that if the talks do break down, that we should try to get a 2-year moratorium [through Congress] and keep talking with the networks."

CBS may proceed alone if it reaches accord with Wasserman, who's negotiating on behalf of several Hollywood interests. Tentative plan is for network to seek FCC waiver and amended consent decree at Justice Dept.: "CBS might ask the FCC for a waiver of the rules along the lines of a settlement [Wyman may reach with Wasserman] and at the same time go to Justice and ask that the [CBS] consent decree be modified along those lines," network spokesman explained. "There are 3 consent decrees at Justice, not one," he pointed out.

"The record is now clear," Erlick said, "that the opposing representatives have not bargained realistically or meaningfully." He and NBC charged that other side wasn't satisfied with concessions proposed by networks that would have made rules stricter on networks than FCC's tentative decision reached in Aug. Producers & independents wanted new restraints on networks' ability to produce entertainment programs, restrictions "not contemplated" in Commission's tentative decision or in existing DoJ decree, networks said.

On key issue of ownership of prime-time programs, ABC & NBC said they had agreed to "double cap," limiting them to owning 49% of any program plus separate agreement limiting them to partial ownership of less than half of all prime-time shows. When those offers were rejected, ABC & NBC offered limit of 30% on financial interest they could obtain in any one program plus partial ownership of no more than 30% of all shows, according to Erlick letter. Also, networks said they offered to agree to continued ban on all network syndication through 1990.

"Despite all these offers, the production and syndication communities remained adamant," NBC said. "They offered no movement at all on the syndication question." On financial interest, "studios rejected every offer made," Erlick said. Studios instead sought new rule that networks would exchange partial ownership in program for rights to 30-sec. ad spot on show when it airs. "This was the price the studios sought to exact for themselves," NBC added.

ABC & NBC said they're "still willing" to discuss any reasonable formula for working out the dispute," but "intransigence" of other side "has made any hope for a negotiated settlement slim indeed."

It's anticipated that FCC, under stern gaze of Congress and President Reagan, will either call for renewed talks on changes in rules or accept ABC proposal to maintain status quo for remainder of year. Reagan has said he supports 2-year moratorium on changes in rules and several bills are pending to impose moratoriums from 6 months to 5 years. FCC Chmn. Fowler, in Nov. 16 letter to moratorium supporter Sen. Stevens (R-Alaska), said Commission would refrain from any action on rulemaking until March 10 in order to permit parties to settle differences.

It was proposal by producers — to which CBS had agreed — further to restrict networks' in-house production, that caused NBC & ABC to walk away. Current rules allow networks to produce 2-1/2 hours weekly of prime-time shows (none of 3 produce that much), limit that will rise to 5 hours in 1986 and be totally eliminated in 1990 under FCC proposal. Producers had offered to exchange some profits from syndication for more restrictions on networks' in-house production capacity.

Packwood "still hopes the parties will reach agreement," spokesman said. House Telecom Subcommittee Chmn. Wirth (D-Colo.) had similar reaction, aide said, but with warning: "Should the FCC move ahead... the House already has passed legislation and we would hope the Senate would move quickly as well." Spokesman for Rep. Waxman (D-Cal.), who represents home district of many Hollywood movie studios and is prime opponent of networks' position, said congressman "was never keen on [negotiations] to begin with. He believes Congress should act" by passing long-term moratorium bill.

Bill that House passed before adjournment (HR-2250) calls for 6-month delay on FCC action (HR-2250). Introduced by Waxman, it had counterpart in amendment Sen. Stevens (R-Alaska) was pushing for appropriations measure when FCC cut short legislative efforts by instituting own delay (TVD Nov 21 p1). Bills for 5-year moratorium also have been proposed by Waxman (HR-4260) and Sen. Wilson (R-Cal.) (S-1705).

BROADCAST BILL BREAKTHROUGH: Expected confrontation between key House members last week over broadcast deregulation has turned into breakthrough. Although both sides thought talks were going to end with Jan. 25 meeting (TVD Jan 23 p5), they continue because "we are finally narrowing the parameters," said Rep. Tauke (R-Ia.): "I'm betting we can conclude an agreement." House Telecom Subcommittee Chmn. Wirth (D-Colo.) is similarly optimistic, said talks have been "terrific." House negotiators met twice last week, expect to meet again Jan. 31.

They are stalled on radio deregulation and how to quantify public interest standard for TV, sources said. Disagreement remains over whether radio should be completely deregulated and if specific quantification guidelines will be included. Tauke and key ally Rep. Tauzin (D-La.) has told Wirth forces that there will be no accord unless radio is "out of the regulatory tent," Tauke said. "We've made it very clear that we simply don't have a deal" otherwise. At same time, Wirth forces aren't backing down on having quantification formula included for at least TV.

But Tauke & Tauzin may be willing to go along with less restrictive TV quantification proposal, although they don't want to see programming amounts proposed in bill, as set in Wirth's latest proposal. NAB source said latter would "be hard for [Assn.] to accept."

At Jan. 26 meeting, Tauke & Tauzin made counter proposal that essentially is slight modification of their earlier plans. They suggested that FCC set standard for which violations would be subject to fines, shortened license period or license revocation, Tauke said. Wirth supporters, particularly Reps. Scheuer (D-N.Y.) & Swift, are wary, think plan may give too much discretion to FCC. On other hand, deregulation proponents, especially Reps. Luken & Oxley (both R-O.), are among those who fear idea may place too many constraints on FCC, sources said.

Lawmakers apparently have settled on limiting TV quantification standards to informational & local programming, with differentiated according to type of station: VHF/UHF, network affiliate/independent, size of market. This was gist of earlier proposals by both sides (TVD Oct 3 p4). Difference is that Wirth & allies reportedly have retreated from requiring categories for children's, elderly & minority programs in standard. Instead, legislators are talking about ways to provide incentives for broadcasters to carry more such programming, including having Commission give more favorable consideration to broadcasters who do so, sources said.

On comparative renewal, sources said Wirth allies still want broadcasters subject to comparative renewal for particularly poor performance. Nov. House Telecom Subcommittee staff draft of compromise bill is serving as vehicle for talks, underwent redrafting last week as members tinkered with way to handle comparative renewal question. Adding to chance that bill will move is signal from Tauke & Tauzin that while they don't want bill weighted down, they may go along with language addressing EEO, political attack rules & minority

ownership questions, sources said.

Meanwhile, NAB still is seeking co-sponsors for original Tauke-Tauzin broadcast deregulation bill (HR-2382), have targeted Reps. Dannemeyer (R-Cal.) & Lent (R-N.Y.) as possibilities. Both are members of House Energy & Commerce Committee where bill already has 18 co-sponsors, nearly half the members. Bill also lists as co-sponsors more than half of House members.

Broadcasters can refuse to run obscene political ads, FCC staff concluded, in large part because obscenity isn't protected speech. Communications Act ban on censorship of political ads "was not intended to override the statutory prohibition against the broadcast of obscene or indecent materials" contained in Sec. 1464 of Act, Chmn. Fowler said in letter to Rep. Luken (D-O.), who had asked Commission for interpretation. Question arose with recent threat by Hustler magazine publisher Larry Flynt to run for President and buy millions of dollars of advertising time for spots featuring explicit sex. Fowler said it would be "unreasonable" to exempt licensees from criminal prohibitions against broadcasting obscenity. Question is "novel and complex," Fowler said, because drafters of Act "did not anticipate that a candidate would attempt to exploit the no-censorship provision of Sec. 315 in order to violate another law." In Jan. 19 letter to Luken released by FCC, Fowler said: "The staff reached this conclusion upon finding no evidence in the legislative history [of Communications Act] that Congress intended such a result and upon applying the canons of statutory construction, under which a statute should not be construed in a manner that yields an unreasonable result."

NBC sales exceeded \$2 billion for first time in 1983, and profits rose 45% to alltime high, RCA said in reporting record sales, improved consolidated earnings, for 4th quarter and full 1983. Statements indicate NBC sales were up at least 12%, and pre-tax profit was about \$156 million. RCA said both TV Network and TV Stations Div. had increased earnings, and those of Radio Div. were highest in more than 25 years. In communications segment, RCA said sales set records for both periods, but earnings were down because of non-recurring gains from sales of transponders and tax attributes included in 1982 results.

Rupert Murdoch ordered N.Y. Post reporters to dig up information on Warner Communications Chmn. Stephen Ross, information which Murdoch wanted to use in his lawsuit against Warner seeking to reverse WC's stock swap with Chris-Craft, according to Wall St. Journal report. Staffers of Murdoch-owned Post called several former Ross associates, including his grammar school teacher, often on pretense of writing story about Ross's career, report said.

WKCH-TV Knoxville (Ch. 43) is now on air, raising operating U.S. TV stations to 1,142 — 845 commercial, 297 non-commercial. Independent is owned by Knoxville Family TV; Bernard Dixon (24%) is pres., Dan Sullivan gen. mgr.

MORE TALKS ON CABLE BILL: Prodded by House Commerce Committee Chmn. Dingell (D-Mich.), U.S. Conference of Mayors (USCM) last week agreed to end its strident opposition to federal cable legislation and sit down with NCTA leaders to attempt to reach accord on bill. National League of Cities (NLC) also will participate in talks, which will be monitored by Commerce Committee staffers. Responding to Dingell's call for renewed talks on HR-4103, NCTA Pres. Thomas Wheeler said "we are ready to meet with the representatives of the cities at your earliest convenience."

"The cities collectively have been woefully ineffective in persuading the Congress that the status quo is acceptable," Dingell told USCM's Transportation & Communications Committee in Washington last week. He said there is "substantial sentiment" in Congress that "very serious problems exist" with present city regulation of cable. Moreover, "it would be a very serious mistake" for cities to assume Dingell will bottle-up cable bill or that if bill did get out of Commerce Committee it wouldn't pass on House floor. Dingell warned mayors that cable industry "is a formidable adversary" with momentum on its side, that cities would be wise to agree to new talks with NCTA.

This will be 3rd round of negotiations aimed at developing federal cable policy acceptable to industry and its local regulators. Process began last spring when NCTA and NLC hammered out initial compromise (TVD March 14 p1), which was embodied in S-66, legislation overwhelmingly passed by Senate in June. Then, NLC backed away from accord just as House was about to take up issue, prompting 2nd round of NCTA-NLC talks (TVD Sept 26 p6). Those negotiations resulted in concessions by NCTA which were written into HR-4103 sponsored by Telecom Subcommittee Chmn. Wirth (D-Colo.) and co-sponsored by 21 members of parent Committee.

NLC & USCM will demand that unregulated data transmission be cut from bill because, maintaining it would erode universal telephone service. NLC & USCM said 24 other groups have joined them in demanding: (1) More access channels tightly controlled by cities. (2) No presumption of franchise renewal. (3) Continued regulation of basic service rates, plus power to enforce contract requirements. Joining NLC & USCM are several minor consumer groups plus National Assn. of Counties, National Assn. of Regulatory Utility Commissioners, American Public Power Assn., National Black Media Coalition, AFL-CIO, CWA, others.

Wheeler said he had been a bit of a pessimist that "these discussions should not become a vehicle to stall consideration of HR-4103." Dingell addressed that point when he said industry "has a legitimate fear that the cities might use any such process as an opportunity for delay, hoping to run out the [legislative] clock." Wheeler also said NCTA was entering talks "with the assumption that the concessions both sides have made in previous negotiations will be open for renegotiation." It was assumed by NCTA and USCM that Commerce Committee staff would set time & place for talks.

Talks will be monitored by staffers of GOP and Democratic members of Commerce Committee, Dingell said. "In view of the history of past negotiations," he said, "I urge that the mayors and other representatives empowered to speak for the cities have a reasonable degree of flexibility and clear authority to act."

Gross Telecasting has announced sale of WJIM-TV Lansing, Mich. and WKBT La Crosse, Wis. in leverage buyout to WPB Holdings Inc., headed by ex-CBS Pres. John Backe, for \$48 million. However, since protest of WJIM-TV's license renewal is pending in U.S. Appeals Court, D.C., there is legal dispute whether Gross can transfer stations. Licensee went through long renewal hearing at FCC on charges of news rigging brought by Lansing chapter of ACLU, which appealed renewal. "It's our view that we can transfer stations," according to spokesman for Gross, since "there's no stay" of renewal issued by FCC. Attorney on other side said "it's an interesting legal question," predicted petition for stay will be filed once transfer is filed at FCC. That, he said, probably will be granted; "otherwise things could get messy." Gross earlier had sold stations to another group financed by Frostmann Little & Co., also headed by Backe and for \$48 million, decided deal "wasn't in the best interest" of Gross and let letter of intent expire.

Industrialist William Hanley has been renominated by President Reagan to CPB board term which expires March 1, replacing Gillian Sorensen. Senate Commerce Committee spokesman said votes were being tallied late last week and Hanley's name would be before full Senate for confirmation Jan 30. Hanley was first nominated Sept. 12 as recess appointment but was refused seat by CPB because he wasn't confirmed by Senate. Nomination was later blocked by Sen. Weicker (R-Conn.), who represents Hanley's home state. Apparently, differences are patched up.

"Time World Newsradio Service" will be offered in barter deal to radio stations starting in Feb. Service will consist of 3- & 5-min. reports (15 total per week) from Time magazine in return for 10 min. air time, which Time plans either to use or sell. Nathaniel Lande, dir. of service, said it also will be offered in 80 countries at no charge as part of effort "to extend Time's presence." He said service won't compete with breaking news, will offer mostly feature oriented and "back-of-the-book" stories.

DBS service starts in Washington area in Feb., United Satellite Communications (USCI) said last week. New market area will cover 31-county region including Baltimore, parts of W.Va., Pa. & Va. USCI said it also is adding Cincinnati area in Feb. Meanwhile, Radio Shack expects to be ready to provide sales representation to USCI in Chicago by Feb. 1.

Celebration of 50th anniversary of Communications Act includes dinner June 7 at Washington Hilton, sponsored by FCBA & Best. Pioneers.

THE BUSINESS OF TV NEWS

Bringing in the Viewers

A 2-day seminar on the trends, promotion, personnel, viewing habits and formats in TV news and information programming.

New Orleans, February 27-28, 1984

Intercontinental Hotel

Sponsored by Television Digest and McHugh & Hoffman

The profits in television news continue to rise. But only for the station which is competitive and on top of change. With this in mind, Television Digest and McHugh & Hoffman, the respected television news consulting firm, have developed this unique seminar focusing on the topics which station managers and news directors ask about most frequently — formats, changing viewing trends, promotion, dealing with talent, new information programming concepts and more.

Faculty for this seminar includes: **Dr. Richard Renck**, President, KPR Research Assoc., Inc.; **Geoffery Garin**, Vice President, Peter D. Hart Research Assoc. Inc.; **Paul Bortz**, Managing Partner, Browne, Bortz & Coddington; **Jim Masucci**, Vice President, Broadcast Division, KTRK-TV, Houston, TX; **Ed Godfrey**, President, RTNDA, WAVE-TV, Louisville, KY; **Cliff Abromats**, News Director, WABC-TV, New York, NY; **Jim Topping**, News Director, KTRK-TV, Houston, TX; **Steven Steinberg**, Vice President & Director of Broadcast Services, WHAS-TV, Louisville, KY; **Gil Buettner**, News Director, WOKR, Rochester, NY; **Bill Miller**, News Director, KTSP-TV, Phoenix, AZ; **David Salzman**, President, N.I.W.S./Newscope; **William F. Baker**, President, Television Group, Group W Television; **Phil Boyer**, Vice President, General Manager, Production, Development and Planning, Television Stations Division, American Broadcasting Company; **March Doyle**, Director of Programming, WAGA-TV, Atlanta, GA; **Moses Znaimer**, President, CITY-TV, Toronto, Ont., Canada; **John Rohrbeck**, Vice President & General Manager, WRC-TV Washington, D.C.; **Andy Fisher**, News Director, KNXT, Los Angeles, CA; **George Hiltzik**, Vice President, Policy Administration, National Broadcasting Company, Inc.; **Jerry Smith**, President, The Jerry Smith Studio, Inc.; **Jerry Della Femina**, Della Femina/Travisano; **Carole Cooper** and **Richard Leibner**, N.S. Bienstock.

With moderators from McHugh & Hoffman including **Peter Hoffman**, President; **John E. Bowen**, Vice President; **Roy Meyer**, Account Executive and **Jacques de Suze**, Account Executive; and from Television Digest, **Tack Nail**, Executive Editor and Vice President.

To register, return the coupon below with your check or credit card authorization for \$595.00.

_____ Payment attached (Make checks payable to Television Digest Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires: _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place, NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268. Discounts are available for groups of three or more delegates registering as a group. Contact Deena Anderson at 202/872-9200 for details.

RIVERA ROASTS FCC ON KID TV: "I wish I had the eloquence of Mark Antony for this eulogy. Our federal children's television policy commitment deserves no less at this, its interment. Make no mistake — this is a funeral and my colleagues have here written the epitaph of the FCC's involvement in children's TV" — FCC Comr. Rivera in beginning 27-page dissent to Commission's Dec. decision (TVD Dec 26 pl).

Rivera charged FCC failure to act to require children's programming by commercial stations "was not only unreasonable, but an abrogation of this agency's responsibility to unique and vulnerable beneficiaries of the FCC's public interest charter." Based on record, he said agency should have adopted "a flexible children's programming processing guideline" designed to increase supply of kid TV and retained guide until it was "shown that need can be satisfied without government intervention."

Majority's (vote was 4-1) "muteness" in not requiring programs for children "underscores an unprecedented indifference to children's rights to responsive programming on commercial TV," Rivera said. "At a time when the educational training and fitness of children are subject to increasing criticism, this indifference is unfortunate, if not outrageous... [FCC] has set the notion of enforceable children's programming obligations on a flaming pyre, adrift from federal concern, in the hope that the concept will be consumed in its entirety and never return to the FCC's shores."

Cable system sales: (1) Sammons bought 2 Warner Amex systems to expand its Tex. panhandle cluster. Systems in Dumas & Sunray have about 3,000 subscribers. (2) Wometco bought Conyers-Rockdale Cablevision serving about 1,000 subscribers in Conyers, Ga. System is subsidiary of Omni Cable TV. (3) First Carolina Communications bought South-Western Cable TV, system with 21,400 subscribers in Ill. — Caseyville, Collinsville, Columbia, Duplo, Edwardsville, Glen Carbon, Granite City, Highland, Hollywood Heights, Maryville, Millstadt, Mitchell, Pontoon Beach, Troy, Waterloo. (4) Gulfstream Cablevision of Pinellas County (Fla.) purchased Storer systems serving 9,500 in Dunedin, Oldsmar, Tarpon Springs & Williston, Fla. Communications Equity Assoc. was involved in all transactions, wouldn't disclose financial details.

ABC has been awarded U.S. TV rights to 1988 Winter Olympics in Calgary, Alberta with bid of \$309 million — compared with \$91.5 million ABC paid for 1984 Winter Olympics starting Feb. 7 in Sarajevo, Yugoslavia and \$225 million for summer games in L.A. NBC reportedly dropped out when bidding approached \$300 million; CBS had dropped out earlier.

Taft Bestg. was among 35 tentative winners last week in FCC LPTV; Taft won in Oshkosh, Wis. Microband and Satellite Syndicated Systems tentatively lost to minority-controlled J-Pax Bestrs. (which also won in Louisville) in drawing for Kansas City. Several other minority-controlled applicants won.

After being cleared by both FCC and Justice Dept. of allegedly conspiring with 2 Joplin, Mo. TV stations to fix rates, KOAM-TV Pittsburg, Kan. has sued FCC for reimbursement of \$193,201.49 — about half of station's actual expenses, according to Pres. Bill Bengston. Suit was filed under Equal Access to Justice Act, which permits aggrieved parties to recoup some of their expenses under certain circumstances. FCC rules under Act permit party to recoup only \$75 hour for attorneys' fees; much of KOAM-TV's legal costs in long, protracted discovery process and renewal hearing were double that rate. FCC Mass Media Bureau claims that KOAM-TV isn't entitled to compensation since expenses came in renewal hearing, excluded by EAJA. Station responds that proceedings clearly were "an adversary adjudication [and] that the position of the agency was represented by attorneys who participated in the proceeding" — both conditions cited as eligible for reimbursement in legislative history of bill. KOAM-TV also relies heavily on opinion of FCC Review Board Member Norman Blumenthal, in decision renewing KOAM-TV's license, who said case should have been revocation proceeding rather than renewal. In revocation, burden of proof is on Commission; in renewals, burden is on licensee. Case is before FCC Law Judge John Conlin.

HBO is still more than year away from deciding if it will enter DBS field, Pres. Frank Biondi told Washington Metropolitan Cable Club last week. "I think we will have an answer between the summer of 1984 and the summer of 1985 if that's a go or no-go," he said. Factors that would push HBO toward DBS are: (1) Emergence of encryption system that's industry standard. (2) Reliable, affordable ground segment. (3) Effectiveness of cable operators at entering DBS sales & service side of business. Biondi said many companies are closely watching USCI's DBS roll-out in Ind.: "A lot of people are going to school on USCI. I would say that out of 200 or so subscribers that they have out there, at least 30 are on somebody's payroll [working for other communications companies]."

Erosion of TV network audiences to cable and pay TV turned around in 1983 with network shares climbing from 50.8 in 1982 to 51.2 last year, according to NAB. HUT levels also increased in 1983 to 63.2% of homes, compared with 62.7% previous year. NAB said WTBS Atlanta and HBO lost shares and HUTs in 1983, attributed this to "a weaker movie selection and the attrition of cable's novelty factor." NAB didn't cite source of figures.

On FCC agenda for Feb. 3 meeting is consideration of whether radio stations should be required to continue to keep program logs. Also, Comrs. Dawson & Rivera will participate in Jan. 30 panel before CBS TV Affiliates Govt. Relations Committee at Watergate Hotel, Washington.

Promised resolution asking broadcasters to refrain voluntarily from making election projections until polls close was introduced by Rep. Edwards (D-Cal.) with 35 co-sponsors (H. Res. 395).

Personals

Roderick Porter promoted to FCC Mass Media Bureau deputy chief, replacing **Henry Baumann**, named NAB senior vp-gen. counsel to succeed **Erwin Krasnow**, who returns to private practice in April; **John Kamp** advanced to legal asst. to Bureau Chief **James McKinney**... **Joseph Angotti** promoted to NBC News gen. mgr.-Europe... **Robert Murphy** promoted to ABC News coverage vp; **Anthony Sproule** advanced to fair employment practices dir... **Robert Monaghan** promoted to CBS vp-purchasing & facilities; **Lisa Freiburger**, ex-Lynn Stalmaster/Toni Howard & Assoc., appointed entertainment casting dir., CBS Entertainment, west coast.

Daniel Ehrman promoted to Gannett Bestg. vp-finance & business affairs... **Ed Roginski**, ex-Columbia Pictures, appointed MCA senior vp-studio mktg. group mgr... **Robert Stengel** advanced to Continental Cablevision corporate services dir.; **Frederick Livingston** to vp-mktg... **Joyce Robinson**, ex-Joyce Robinson & Assoc., appointed HBO casting exec., new post.

David Werblin, chmn. Madison Sq. Garden Corp., drops CEO title, also named a dir of parent Paramount Pictures... At Rainbow Programming: **Ava Abramowitz**, ex-Sheldin, named corporate financial analyst; **Kathleen Dore** promoted to central region sales mgr.; **Mary Collins**, ex-ATC, named affiliate mktg. mgr.; **Neal Flyer**, western region affiliate mktg. mgr.; **James Cofer**, affiliate mktg. coordinator... **John Riggio** promoted to Worldvision Enterprises dir.-creative services; **Gerald Bixenspan**, ex-Avery-Knodel TV, named dir.-research & sales development... **Kenneth Davis**, ex-American Syndicated Programs, named Meadowlands Communications senior vp-client services.

Larry Maisel promoted to WBNS-TV Columbus, O. news vp... **Clifton Conley** advanced to WFTV Orlando station mgr... **Kathy Wood** promoted to KXAS-TV Ft. Worth-Dallas national sales mgr., replaced as Dallas sales mgr. by **Linda Speer**; **Steve Fefferman** named Ft. Worth sales mgr... **Marlene Olsen** promoted to WTHR Indianapolis local sales mgr... **Joseph Tiernan**, ex-NRBA, joins RTNDA as editor of monthly Communicator and of bi-monthly newsletter Intercom to start in April... **Brenda Young**, ex-KCET L.A., named KTLA L.A. dir.-business affairs/legal counsel... Speakers at Feb. 7 meeting of Washington chapter of Women in Cable will be D.C. City Council Member **Betty Ann Kane** and Montgomery County Cable TV & Telecommunications Policy Chief **John Hansman**; meeting at NCTA begins at 6:30 p.m. Details, reservations, **Debbie Burch**, 301-252-1012.

William Philipp, ex-Catonsville Community College, named PBS Adult Learning Service assoc. dir.-mktg... FCC Gen. Counsel **Bruce Fein**, AAF Pres. **Howard Bell** and FTC Comr. **Patricia Bailey** are among speakers at AAF public policy seminar Feb. 23, Beverly Hills... **Fred Mound** promoted to Universal Pictures Distribution senior vp-gen. sales mgr.; **Nikki Rocco** becomes presidential asst.

William Berman, ex-Acton Corp., appointed RCA

TELEVISION Digest

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.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nail Executive Editor
Paul L. Warren Senior Editor
Jonathan Miller Senior Editor
Paul Travis Senior Editor
Steven Tuttle Associate Editor
Mary Crowley Associate Editor
Mike Schwartz Associate Editor
Art Brodsky Associate Editor
Melinda Gipson Assistant Editor
Daniel Warren News Editor
Deborah Jacobs Info. System Mgr.

Television and Cable Factbook

Michael Taliaferro Managing Editor
Mary Appel Editorial Director
Lynn R. Levine Senior Editor
Barbara E. Van Gorder Senior Editor

Factbook Research, Inc.

Marilou B. Legge Director
Business
Roy W. Easley III Controller

Barbara J. Pratt Marketing Dir.
Chery Grund Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Editor
Seth Goldstein Senior Editor
Julie Talen Assistant Editor

JAPAN REPRESENTATIVES (Editorial & Business)

Aske Dam
Richard E. Varner
c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24600

Americom CATV Services mgr... **Rev. Joseph Fenton**, U.S. Catholic Conference Dept. of Communications broadcast productions mgr., adds USCC & National Conference of Catholic Bishops public affairs liaison with TV & radio networks, radio news... **Russell Youngwirth**, ex-WTAE-TV Pittsburgh, named TV Videotape Satellite Communications technician; **Sandra Brewer** promoted to tape distribution coordinator; **Cindy Pratt**, sales service coordinator; **Diane Taitt**, sales service asst.

Jack Heim advanced to Showtime/Movie Channel sales & affiliate mktg. senior vp... **William Brown** named American TV & Communications central Fla. senior operations vp; **Graham Powers** appointed construction exec. dir... **John Stafford** named Jerrold's Cox Cable acct. mgr... **Neil Dryburgh**, ex-Twin Cities PTV, appointed WGBH-TV Boston corporate mktg. dir.; **Barbara Kiperman**, ex-McDougall Assoc., named corporate development dir... **Stephen Barnes**, ex-Newark Chamber of Commerce, named WNET N.Y. mgr.-personnel & training... **Anthony Gray** advanced to Granada TV International financial dir... **Jack Kava**, ex-IBM, named Alspa Computer pres... **Wayne English**, MCI senior vp-chief financial officer, elected a dir... **John Duemmel**, ex-Air Force Systems Command, appointed Spacecom communications dir.

Obituary

Justin Dart, 76, ex-Comsat board member and wealthy industrialist, died of heart failure, in L.A. Jan. 26. He was member of President Reagan's "kitchen cabinet." He is survived by wife, 5 children.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 1984's first 2 weeks, through Jan. 13:

	JAN. 1-13	1983 (2 WEEKS)	% CHANGE	DEC. 24-30	FULL YEAR 1983	FULL YEAR 1982	% CHANGE
TOTAL TV#.....	561,514	467,678	+20.1	369,653	19,683,533*	17,131,568	+14.9
COLOR#.....	402,946*	348,718	+15.6	255,849*	13,986,092*	11,366,334	+23.0
MONOCHROME....	156,568	118,960	+33.3	113,704	5,697,441	5,765,234	- 1.2
PROJECTION TV...	4,994*	4,453	+12.1	2,895	143,506*	117,253	+22.4
HOME VCR.....	136,394*	90,051	+51.5	93,850*	4,091,321*	2,034,797	+101.1
COLOR CAMERAS...	9,413	10,100	- 6.8	10,225*	413,614*	295,949	+39.8

Color TV 5-week moving average: 1982-83--258,345*; 1981-82--198,794 (up 30.0%).

Home VCR 5-week moving average: 1982-83--98,869*; 1981-82--56,206 (up 74.1%).

Excludes projection TV. * Record for period.

1984 SALES START A MIXED BAG: First figures for 1984 industry sales to dealers are in, but analysts hoping to use them as harbinger of year's remaining 50 weeks are in for tough time. EIA data show continuation of record seasonal demand for color TVs & VCRs (see State of Industry box above), but also could be interpreted to indicate that last year's torrid marketplace may be cooling off.

Signs of market growth strength were, in retrospect, there to be seen when 1983 kicked off. Five-week moving sales average for color TV was up 15.5%, against 13.3% rise in closing 5 weeks of 1982, while VCR average was up 90%, against 76.1%. But 1984 started off with color average up 30%, below 33.4% average rise for final Dec. 1983 weeks, and VCR average had dropped to 74.1% from 81.4%. Also, sales increases in first 2 weeks last year against same period in 1982, 21.8% in color and 120.3% for VCR, were substantially higher than respective rises those products had in Dec. and full year 1982, showing market was still picking up steam. Results for 1984 are opposite.

It's certainly not time yet to get concerned about slowdown. But our Early Warning Report, which tracks business activity of our panel of retailers, shows Dec. sales were strong, closed on an up-tick and that inventories built-up in Nov. in anticipation of strong Christmas demand were lowered. So presumably dealers are open to buy. Industry did, however, end up with equally depleted pipeline inventories, particularly of fast-moving high-end and low-end color TVs and VCRs. Comparatively sluggish sales in first 2 weeks this year may just stem from distributor inability to deliver. Sales figures for next several weeks should tell story.

VIDEO IMPORTS STRONG IN NOV.: Though Nov. saw no new all-time monthly TV or video equipment import records set, it was notable for across-board shipment surge in which failure to double results of Nov. 1982 was exception rather than rule, Commerce figures show.

VCRs provided growth leadership for month, leaping 182.5% to 563,300, and putting 11-month total at 4.15 million, up 83.7%. In cameras, month's rise was 110.4% to 59,000, paced by 104.8% jump in color to 51,600, while b&w climbed 160% to 7,400. Even with that growth, 11-month total of 434,300 was down 2.8%, with color off 2.2% to 359,600, b&w off 5.3% to 74,700. In color, imports of consumer-type cameras — with f.o.b. pricing of not more than \$2,000 — totaled 50,900 for month, 350,700 for 11 months. Also surging were imports of videodisc players, up 192.6% in Nov. to 10,100, and up 46.1% to 67,300 for full period. Incoming shipment of projection TVs rose 25.3% for month to 7,200, for 11-month total of 47,400, up 40%.

In TV, overall imports of sets, chassis & kits rose 55.5% to 1.28 million, putting full period at 10.9 million, up 17.7%. Color imports jumped 85.6% in Nov. to 692,000, while b&w rose 30.6% to 586,100. For year through Nov., total color imports were up 50.9% to 6.14 million, and b&w was down 7.9% to 4.78 million. In color, month's imports of complete sets soared 124.5% to 451,700 on strength of more than doubled shipments from Korea, Japan, Malaysia & Taiwan, putting 11-month total at 3.63 million, up 80.8%. Imports of color chassis & kits were up 40% to 240,300 for month, up 21.8% to 2.51 million for 11 months.

In b&w, tinyvisions bounced back to set growth pace. Sets 10"-&-under were up 67.2% to 164,900, as combinations climbed 124.3% to 78,900, TV-only models rose 35.6% to nearly 86,000. For 11 months, small screen imports were off 19.2% to 1.16 million, with combos off 23.1% to 564,100, others down 15% to 600,000. Imports of larger b&w TVs were up 20.1% to 419,600 for month, off 3.8% to 3.6 million for 11 months.

TOSHIBA GETTING NEW LOOK FOR 1984: Toshiba feels that time has come for image and marketing policy change, and that it will have to modify traditional role it has played if it's to get what it considers equitable share of world market. As result, it will adopt new posture and come out swinging this spring with more complete product line, including some aimed at low-end market segment it previously disdained.

First hint that change was on way came during interview we had in Tokyo with Pres. Shoichi Saba. He stressed that Toshiba has carried through with high-tech emphasis it displayed during technology exhibition held in Tokyo in Dec. 1982 (TVD Dec 6/82 p14). Of 140 new items shown then, Toshiba had 50 on market last years, and most of rest are to be commercialized in 1984, Saba said.

Electronics technology is backbone of effort. Toshiba is looking for major sales growth in such advanced areas as components, communications, computers & automation. "Almost all our sectors are depending on progress in semiconductor development," and about 50% of each business sector's R&D budget is in IC area, Saba told us. Helping speed that work along will be new IC production facility charged with developing "next generation of circuits." On corporate level, Toshiba practices what it preaches, and in March is scheduled to move its 5,000 hq employees out of 11 sites around Tokyo into single new 40-story building where departments will be linked by computers and have access to latest in electronic office equipment.

Part of overall growth strategy is "an effort to enlarge our business in lower priced" products, particularly in consumer goods, Saba told us. Toshiba, he said, plans to accomplish this by achieving production cost reductions, and ties in closely with Toshiba's capabilities. "To develop such low end products while maintaining quality needs high levels of design and production technology" he said.

First evidence of new thrust in U.S. will come when Toshiba introduces 1985 model line in 2nd quarter, according to Fumio Ohta, Toshiba managing director in charge of Audio-Video Products Group. "Up until now, we have been pushing more highly technical products, but after a review of our position, we have decided to introduce a broader line."

Toshiba's past efforts to capture "appropriate share" of U.S. market "weren't good enough," Ohta said. Much of last year was devoted to strengthening sales operation here, and that paid off with what Ohta termed "modest" sales growth. This year, company will revamp product line, support it with "more extensive ad and promotion campaign" stressing that owning a Toshiba quality product doesn't have to be expensive. But Toshiba has no desire to abandon high end. Beta Hi-Fi has been on backorder in U.S. & Japan since introduction last fall, and company had to fly shipments of its \$160 MPU-controlled coffee grinder-brewer to U.S. in Nov. & Dec., still couldn't meet demand.

Toshiba expects to be particularly aggressive in Beta VCRs, and, to dispel any doubts, Ohta emphasized Toshiba has no intention of switching to or adding VHS format either in U.S. or Japan. Toshiba opted to produce VHS in U.K. plant because "in Europe and especially in England, Beta's market share is getting smaller each year, so Toshiba is unable to find a market

position with Beta VCRs." Also, he said, Beta VCRs are slightly more expensive than VHS in Europe and software is in short supply.

But "there is strength for Beta at this time" in U.S. and Japan, "and we judge that if we try harder we will increase our sales as well as our share of the Beta market." Most of Toshiba's sales have been in high-end full-feature models, and company has experienced sellout of Beta Hi-Fi units. Upcoming models will be in low- and mid-priced range as well. Ohta stopped short of making Toshiba's commitment to Beta permanent. He acknowledged company plans to "make an intensive study and analysis" of U.S. VCR market to decide "what we should do in the future."

As for new VCR formats, Toshiba has completed "technical development" of 8mm Video camcorders and can start production at any time, Ohta said. Company also is ready to make separate 8mm portable decks if that's what market wants. But company isn't in hurry to get in. "I feel 8mm Video will have the same kind of introduction problems" that have hampered sales of V2000 format VCRs in Europe and videodisc players in U.S. & Japan, Ohta said.

Situation and market view for Toshiba is similar in another new technology area, digital TV. Current types of TVs provide "picture quality good enough for watching in the average home," and more expensive sets with digital chassis "won't have any advantage" to people who just watch TV broadcasts, according to Masayoshi Motoki, exec. chief engineer for A-V Group. Conditions, however, will change dramatically as consumers find new media "require a better display system" and begin to demand improved sets, Motoki said.

Digital TV is way to meet that demand, Motoki told us, pointing out that such sets will be needed to provide high-resolution and wide-angle pictures as well as advanced performance features. Toshiba, he said, has devoted vast amounts of "time and resources on ways to mass produce digital sets and ICs" their chassis will require. He said he feels there's no doubt that investment will pay off, predicted that when all things that digital TVs can accomplish are realized it will stimulate development of even more new services designed specifically to work with them.

BASF says Information Systems Div. (ISD), which produces magnetic materials, had 13% worldwide sales increase to \$555 million last year, provided 4% of corporate volume. Nearly half of ISD volume, about \$263 million, came from consumer products, with that about evenly divided between video and audio cassettes. Company said unit sales growth outpaced revenue and profit increases as improvement was held back by 25% drop in videocassette prices during 1983. BASF put its sales in U.S. at \$110 million, primarily representing product output by Bedford, Mass. plant. BASF said it plans to spend about \$90 million annually over next several years to expand ISD production, primarily of videocassettes and computer discs, in effort to boost sales by 15% per year and increase current 10% share of world markets. Company said it spends 5-10% of sales on R&D, claimed to be world technology leader in metal deposited and metal evaporated tape.

TV memory IC set developed by N.V. Philips provides variety of set feature options, is being offered to other manufacturers. Set of 7 chips has 2 Mbyte capacity, can be used as frame store to eliminate picture flicker & noise, store up to 300 teletext pages or provide freeze frame, zoom or picture-in-picture display.

Retail sales of phones, both corded & cordless, will rise 15-20% to 30 million, with 2-piece corded phones replacing fading one-piece models as prime traffic builder, according to Mura.

VCR owners in U.K., Germany & France spend close to \$2 billion annually on recorded cassette rentals & purchases, with total expected to jump to \$4.5 billion by 1987, according to latest Mackintosh International survey. U.K. market should rise from \$1 billion to \$2 billion, German from \$500 million to \$1.5 billion, French from \$400 million to \$1 billion. Thereafter, MI expects "a measurable falloff" as users exhaust stock of favorite titles, novelty wears off and interest shifts to cable. Copyright theft has greatest impact in U.K., MI says, estimates revenues of legitimate distributor at \$180 million last year, leaving pirates with 80% of market. MI predicts VCR penetration in U.K. & Germany will rise to more than 50% by 1990, France to 40%. Mid-1983 levels were 23%, 13% & 5%.

Mighty micro disc drive being offered by Shugart stores megabyte of data on double-sided 3.5" micro-disc. Drive weighs just over one lb., takes 75% less space than 5.25" drive, has disc housed in hard plastic protective shell with automatic head access shutter. Company says it priced drive at less than \$200 in OEM quantities, will start deliveries in 2nd quarter. Shugart also will have single sided 500K version.

Sprague plans to move all senior officers to new hq it expects to open in Boston area this year. Those in facility will have worldwide responsibility for planning, marketing, sales, operations, legal & financial activity.

CHINA BUYING IN: China is buying its way into international consumer electronics scene through acquisition of controlling interest in Hong Kong's Conic Investment. That such move might be in works was reported here last month (TVD Dec 26 p18).

Conic has \$20 million 50-50 TV & audio export-assembly venture with China Resources in China's industrial zone that abuts Hong Kong. Investment in Conic is being made by China Resources subsidiary Sin King Enterprises, which has already purchased 16% interest, will increase that to 34.8%. Total outlay will be \$22.8 million.

Conic, through subsidiaries, is Hong Kong's largest electronics equipment producer, also has major real estate holdings. Major operations include Cony, TV & audio; Far East United, TV, audio, telephone equipment, computers & computer peripherals; Hung Nien, audio, telephones, answerers & communications terminals; Chee Yuen, plastic molds & products. Smaller subsidiaries turn out circuit boards, resistors, coils, LCDs, power transformer, AC adaptors & power suppliers, among other products. It also has joint audio venture in Philippines, is negotiating for venture in India.

Conic markets worldwide under own Conic & Contec brands, also sells to OEMs in U.S. & Europe. Company's U.S. sales history has been marked by series of false starts, launched another major stab in late 1982, setting up Chicago subsidiary, Contec Electronics, with industry marketing veteran Patricia Schoenberg as pres. Conic is believed prime source of 36,300 color TVs that were imported from Hong Kong in first 11 months last year.

Chinese will bring financial and management aid to Conic, which has been suffering from sluggish profitability, mounting debt. Company had 29% drop in earnings in 1982, and in first half last year, latest period for which figures are available, edged up just 3% to \$2.7 million. Company had been forecasting 134% jump to \$9.4 million. At end of 1982, its debt stood at \$45.8 million, double that at start of year. Sin King says its chmn. will become Conic's deputy chmn. and serve as managing dir.

In other merger & acquisition activity: **U.S. Precision Lens**, maker of plastic projection TV lenses, has acquired 75% of Taiwan glass lens maker Bauer & Son from Robert Bosch Co., including 75,000-sq.-ft. plant employing more than 300, for undisclosed cash amount. It will be operated as USPL subsidiary Baso Precision Optics... **Williams Electronics & Bally** terminated discussions on Bally's acquisition of Williams' arcade game business. Reasons weren't disclosed... **Concord Electronics** has been acquired from Westland International by Epicure Products for \$6 million. Westland was founded by Fisher Pres. Howard Ladd, who will continue as consultant to Concord. Sumner Ladd will remain as Concord pres.

Hitachi will spend \$4.3 billion on new plants & equipment over next 5 years. Company said emphasis will be on expanding electronics production capability, said it looks for electronics to provide 75% of its sales in 1989, vs. current 50%.

V'DISC NO COIN-OP CURE: Arcade videogame manufacturers & marketers are coming around to bitter realization that adoption of videodisc technology may not be enough to reverse their declining fortunes, let alone bring back glory days of 1981. Sales of new games haven't taken off, and fear is that smashing success of Dragon's Lair last year may have stemmed from its novelty and that future hits will be few & far between.

First open admission came from Williams Electronics as part of report for fiscal 4th quarter to Sept. 30 in which it posted \$1.68 million loss on 74% sales drop to \$5.11 million. In same 1983 period, it showed \$1.39 million profit. Pres. Michael Stroll blamed "industry-wide weakness" in demand for coin-op games for depressed result, said poor market conditions "continued into the first quarter of fiscal 1984." WE, Stroll said, plans to offer its first disc game, Star Raider, in Feb., but cautioned that while company hopes it will "stimulate lagging sales, it appears to date that industry-wide customer response to laser games has been less favorable than anticipated."

Sentiments were echoed by Bally spokesman, who said disc game sales "are sort of slow to everyone's surprise." Price, he said, is holding sales back. Company's new NFL game, using RCA-supplied CED player, costs \$4,000, or about double price of standard video game. Bally, he said, is trying "to wring out \$500," to close gap. Even with that, Bally has shipped about 1,200 games, all containing disc that supplies plays pitting Raiders against Chargers. Distributors will be able to reprogram with new discs for \$600. Disc with Redskins vs. Dallas is due in March, Jets vs. Miami in June.

Disc games are now just another videogame breed, aren't worldbeaters many thought they would be, according to spokesman for Amusement & Music Operators Assn. "They're settling into a niche," he said, doing far better in well-trafficked arcades than street locations. AMOA thinks LV player manufacturers — primarily Pioneer Video — are doing fine, "but they're not necessarily sweeping the marketplace." There have been few additions since dozen were introduced last Oct., with next round not due until fall. AMOA sees 1984 being a tough year for arcade game industry, expects heavy shakeout in 2nd half.

Ad notes: JVC appoints SSC&B, replacing Marsteller... Sharp is conducting agency review with eye to consolidation of its \$20 million account. Current Isidore, Lefkowitz, Elgort handles consumer products; Rosenfeld, Sirowitz & Lawson business & industrial... Ampex appoints Dailey & Assoc. for Computer Products Div. line of disc drives, VDTs & core memories... Games of Tomorrow names WKE Communications for coin-op videogames.

Matsushita may be committed to being first manufacturers of 8mm Video format VCRs, but it isn't backing away from position of world's largest producer of 1/2" VCRs. Company says it plans March introduction of smallest VHS portable yet, weighing just 4.8 lb., 2.9" high.

VCP'S ON WAY FROM FUNAI: Industry's first true videocassette players are slated for arrival in U.S. in 3rd quarter from Japan's Funai Electric, which last year dropped its own 1/4" CVC VCR format to take up production of VHS models. Units are being sold to rental specialist Portavideo International, which has one-year renewable exclusive marketing rights in U.S., Canada & Mexico.

Player purchase arrangement is detailed in preliminary prospectus for 1.67 million, \$5.83 million share initial offering planned by PI. Proposed price to public is \$3.50 per share, with \$4.73 million of net proceeds to go to PI, remaining \$526,000 earmarked for Chmn. Ted Thrush, who is selling 167,000 from his holdings. Prospectus says PI will use \$4 million of proceeds to buy players from Funai. Assuming sale is completed, current holders, mainly insiders, will retain 63% of PI.

PI was launched in Oct. 1982 as VHS equivalent to Rent-a-Beta operation previously launched by Superscope. Aim was establishment of retail franchises where consumers not owning one could rent VCRs overnight to watch taped movies at home. Last year, PI switched to offering regional distributorships in U.S., though it plans to continue franchising in foreign markets. PI says it now has 22 distributors & franchises, including 2 in Canada, and has preliminary agreements for Belgium, Netherlands, Norway & W. Germany.

Figures in prospectus show PI earned \$64,500 in 7 months to July 31, 1983 on revenue of \$3.05 million, including \$469,600 in franchise fees, \$2.59 million from product sales, including VCRs, displays and marketing materials. In quarter to Sept. 30, it earned \$70,200 on product sales of \$1.15 million. PI makes special carrying case for VCRs it rents, is paying off mold maker with \$10 per case produced. Figures show PI had paid \$14,400 through Sept. 30, indicating production of 1,440 cases.

PI says it has commitments to supply 16,678 players to U.S. customers through 1988, 51,630 to foreign customers through 1989, estimates that at current costs it will need \$49 million to cover its purchase requirements. That indicates average cost of about \$717. Prospectus says average price it charged for VCR, complete with company-added power supply & case, was \$1,308 in quarter to Sept. 30.

Prices could come down dramatically if deal with Funai goes through. PI says it has contracted to buy 60,000 for approximately \$12 million, or about \$200 each. PI has March 1 deadline to make first \$3 million payment, and Funai is to start delivering in monthly lots of 5,000 within 4 months after that. Prospectus notes that VCR prices have been dropping rapidly, and that it is likely to have to reduce its price to customers to stay competitive.

Radio Shack is keeping home computer pricing pressure on, introduced 64K version of color computer at \$260, dropped 16K with extended basic from \$240 to \$200, reduced 4-color graphics printer to \$120 from \$200.

1983 AT-A-GLANCE, AGAIN: Summary table of monthly 1983 & 1982 video equipment sales to dealers figures ran here last week had incorrect full-year totals (TVD Jan 23 p20). To straighten record, here's corrected version:

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
April	1,272,541	1,193,565	906,130*	810,879	366,411	382,686
May	1,136,646	1,144,424	830,230*	720,614	306,416	423,810
June (5 wks.)	1,956,323	1,559,598	1,310,665*	1,055,452	645,658	504,146
July	1,432,426	1,229,807	965,638*	825,410	466,788	404,397
August	1,375,776	1,229,287	1,030,150*	806,460	345,626	422,872
Sept. (5 wks.)	2,150,738	1,811,632	1,577,467*	1,226,854	573,271	584,778
October	1,933,137	1,604,612	1,402,951*	1,075,241	530,186	529,371
November	1,987,734	1,541,839	1,378,380*	1,053,360	608,354	488,479
December	2,085,997	1,836,369	1,542,003*	1,156,107	543,994	600,262
TOTAL	19,683,533	17,131,568	13,986,092*	11,366,334	5,697,441	5,765,234

PROJECTION TV SALES TO DEALERS

Month	1983	1982	Month	1983	1982
January	11,127*	7,052	July	8,944	7,276
February	9,958*	6,518	August	10,581*	9,840
March (5 weeks)	10,896*	6,233	Sept. (5 weeks)	16,430	14,384
April	7,430	6,213	October	16,732	14,384
May	8,292*	5,074	November	16,288*	14,617
June (5 weeks)	8,671	8,022	Dec. (5 weeks)	18,157*	15,624
TOTAL			TOTAL	143,506*	117,253

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
April	228,335*	116,170	23,464*	19,125
May	272,104*	109,148	25,043	25,822*
June (5 weeks)	348,414*	140,786	40,509*	29,438
July	324,197*	141,496	30,762*	25,851
August	298,022*	137,223	29,305*	18,723
Sept. (5 weeks)	456,334*	243,123	39,409*	26,864
October	398,483*	207,750	39,778*	23,451
November	434,070*	232,595	40,694*	23,665
Dec. (5 weeks)	601,797*	331,673	70,242*	43,191
TOTAL	4,091,321*	2,034,797	413,614*	295,949

*Record

Sales of 1/2" videocassettes to professional market will be worth \$100 million by 1988, equal to size of present 3/4", according to demand, 3M's Dennis Farmer said at recent International Communication Industries Assn. meeting. Farmer said compound annual growth since 1980 has averaged 49.4% for VHS, 44.5% for Beta, with 1983 increases of 77.5% & 67%, respectively. However, dollar volume growth has been modest — 16% for VHS, 22% for Beta, compared with 1982 results. Mini-3/4" format, used for broadcast ENG, is in same boat, showing only 6% gain in sales value despite 25.1% jump in units. Farmer forecast continuing profit erosion, complained about "bush league approach" of some tape manufacturers who have decided "to buy themselves some market share with savage pricing."

International Trade Administration followed International Trade Commission in officially accepting Motorola's complaint of Japanese dumping of cellular radio transceivers in U.S. ITA said it has opened investigation, expects to have preliminary finding by June 5. ITC is scheduled to determine by Feb. 13 whether dumping poses threat of injury to domestic industry.

Rebirth of Aquarius home computer, recently ditched by Mattel (TVD Jan 16 p21), may be engineered through Shasta Beverage, producer of soft drinks. Manufacturer, Hong Kong's Radofin, which took over rights to Aquarius from Mattel, is negotiating distribution agreement with Shasta and Burlingame, Cal. distributor Venture 100. Venture will be importer, handle marketing through retailers, while Shasta would market Aquarius to schools through its food services division. Shasta presumably could offer bargain computer prices in package deal with food service contracts.

Panasonic Industrial adds 100" 3-tube video projection console for front or rear projection systems which can be floor or ceiling mounted, at \$6,200. Also new is professional rack mountable VHS Hi-Fi VCR with real-time & elapsed time indicators. For dubbing, up to 400 can be looped and controlled through single operating switch. VCR lists at \$1,800.

Fla. adoption of unitary method of taxing multi-national corporations was in part responsible for IBM's decision to cancel 10% expansion of personal computer operations there, IBM said. IBM had intended to add 400,000 sq. ft. to facilities in Boca Raton to provide for expected tripling of personal computer sales this year, including new PCjr. Other considerations involved managability of larger Fla. operation, impact of expansion on local economy. In response to IBM's announcement, Boca Raton officials approved resolution calling for repeal of state's unitary tax.

CED videodisc players have received lukewarm reception in U.K. where they went on sale last fall. About 9,000 Hitachi-made units have been delivered to distributors, 4,500-5,500 sold to consumers. But, RCA Videodisc U.K. Managing Dir. Steve Bernard is sticking with prediction there will be 100,000 players in use by end of this year.

CELLULAR RADIO 84

Facts for the New Frontier

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

The All-New Update to "Birth of an Industry"

CELLULAR RADIO 84

Facts for the New Frontier

CELLULAR RADIO

Birth of an Industry

A Special Report From
Television Digest, Inc.
Publisher Of
Communications Daily

New territories are opening for cellular, even as the first operational cellular systems are opening for business. Stay on top of developments in this dynamic new field with **CELLULAR RADIO 84**, the second volume of the authoritative cellular radio source book published by Communications Daily.

CELLULAR RADIO 84 puts the latest cellular facts at your fingertips, and contains:

- Application data for markets 61-90, including a *city-by-city* directory of organizations seeking cellular franchises, wireline & non-wireline, and a *company-by-company* cross-index, showing which organizations are applying where.

- A background on cellular developments in 1983, derived from the news archives of Communications Daily, covering the latest *FCC* actions, the *joint ventures*, and the introduction of cellular services into the *marketplace*.

CELLULAR RADIO 84 is available on its own, or can be ordered as a package with our 1983 cellular fact book: **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, which we have now reprinted, due to continuing strong demand. **BIRTH OF AN INDUSTRY** contains comprehensive directories of the top 60 cellular markets, a background news archive, and a clearly-written primer on cellular, authored by the specialists at Communications Daily.

Don't get left behind on the cellular frontier — order today.

RETURN THIS RESERVATION CERTIFICATE TODAY

☐ Yes, please send me _____ copy(s) of **CELLULAR RADIO 84** at \$85 per copy, including domestic handling & delivery. Add an additional \$10 for foreign orders.

☐ I prefer the package deal. Please send me _____ copy(s) of **CELLULAR RADIO 84** along with **CELLULAR RADIO: BIRTH OF AN INDUSTRY**, at \$175 for both books. Add an additional \$10 for foreign orders.

ALL ORDERS MUST BE PREPAID. D.C. buyers must pay 6% sales tax on book amount.

Name _____ Title _____

Organization _____

Address _____ City _____ State _____ Zip _____

____ Payment enclosed (Make checks payable to Television Digest, Inc.)

____ Please bill my credit card. Card Type (circle one): American Express, Visa, MasterCard

Card Number _____ Expiration _____

Signature _____

Return to Book Order Desk, Television Digest, Inc., 1836 Jefferson Pl., N.W., Washington, D.C. 20036.

RCA RESULTS UP: RCA said consumer electronics business was major contributor to record sales and improved earnings posted for 4th quarter and full-year 1983, but slump in broadcast equipment sales resulted in reduced earnings for its electronics segment. RCA net jumped 45.1% in quarter as sales rose 16.9%. For year, earnings were up 8.2% on 12% revenue rise (see financial table). Excluding \$48.6 million in one-time 1982 gains from business sales and tax benefits, RCA's 1983 earnings were up 38.4%.

RCA said it had record quarterly and annual sales in consumer electronics, substantially higher earnings from RCA Records on modest sales gain, improved profits from RCA Service. Also, RCA said its loss from videodisc operation was about same as \$97 million posted in 1982. That would bring RCA's 6-year investment, in terms of R&D expenses & losses, in that technology to more than \$380 million.

Corning posted sharp gains in operating income in 4th quarter and full 1983, said it had strong profit improvement from color TV bulbs, electronic components and optical fibers. Also contributing to earnings rise, Corning said, were cost restructuring and improved management controls instituted last year. Excluding non-operating revenue and expenses, Corning's pre-tax net rose 73% in quarter to \$16.8 million, was up 133.6% for year to \$68 million.

Commodore reported record results for quarter & half to Dec. 31, with profits doubled for both periods. Company said continued high demand for its computer products are expected to produce records in 3rd quarter as well.

TDK consolidated net slipped 7.9% to \$115 million in year to Nov. 30, first such decline in 8 years, though sales rose 13.8% to \$1.5 billion. Company said it had strong performance from electronic materials & components operation, blamed earnings decline on excessive price competition in videocassette business caused by too rapid an increase in world capacity. TDK said results improved as year progressed, predicted trend would continue and that its profitability will soon resume growth.

Emerson Radio was solidly in black in fiscal 3rd quarter to Dec. 31, with earnings of \$2.1 million on doubled sales. For 9 months, company had operating net of \$3.28 million as sales jumped 91.9%. Total full-period earnings of \$7.65 million include \$4.37 million gain on security transactions. Emerson had losses in same 1982 periods. Emerson also announced 5-for-3 stock split, payable Feb. 21.

Apple Computer net dropped 75% to \$5.8 million in fiscal opening quarter to Dec. 31, though sales were up 48% to \$316.2 million. Company's earnings were bolstered by \$1.37 million copyright infringement settlement payment from Franklin Computer. At annual meeting last week, where company introduced new Macintosh computer and revamped Lisa models, Pres. John Scully predicted profitability would start rising later this year.

Motorola said all its major businesses contributed to improved sales & earnings reported for 4th quarter and full 1983. Company said it had increased semiconductor sales to consumer, communications,

automotive & distributor markets, ended year with order backlog more than double that at end of 1982.

MUSIC VIDEO'S FUTURE: Sales of music video cassettes & discs represented only 4% of industry sale & rental revenue last year, but will expand to 25% by 1988, according to report by Stephen Reed, former vp of CBS Records Group, now with investment house F. Eberstadt & Co.

Study puts 1983 total recorded video business volume at \$1 billion, sees jump to \$5 billion in 1988, with share provided by movies dropping from 67% to 50%. Other major segments: Adult films, now 14%, slipping to 8%; instructional & informational, 7%, down to 6%; children's, 7%, up to 8%; other, 1%, up to 3%. Predictions for 1988 are based on VCR population of 35 million, about 38% penetration of TV households.

At same time, expected sharp drop in duplication costs to \$5 per cassette, will cause change in rental-sale revenue ratio at retail from present 4-1 to 3-5, overwhelming shift in favor of sale. Study says "generous gross margins at current price points" leave plenty of room for retail price declines now. That's based on an estimate of current pricing structure that gives dealer 30% margin, distributor 12%, plus \$9 for duplication, 20% royalty.

Study credits CBS/Fox with being software market leader in 1983 with 20% share, with Paramount close behind at 19%. Others ranked: Warner 11%, MCA, RCA/Columbia & MGM/UA 10% each, Thorn EMI 5%, Disney 4%, all others 11%. Details: F. Eberstadt & Co., 61 Broadway, N.Y.C. 10006.

Sanyo will be first producer of both Beta & VHS VCRs in Europe, just as it was in Japan. Subsidiaries Tokyo Sanyo & Sanyo Trading will invest \$3.6 million next month to establish German production operation, Fisher Industry, in Noerdlingen, Bavaria. FI is slated to go on stream in Sept. with 350 workers turning out 15,000 VCRs monthly for sale in all European markets under Fisher brand. At start, VCRs will have 25% local content, making kits exported from Japan for final assembly free of EEC quota. Sanyo says European value-added will be increased to 45% by end of next year. Last year, Sanyo announced it would start production of Sanyo-brand Beta VCRs at color TV plant in Lowestoft, U.K.

Atari system wins top rating in current Consumer Reports review of low-cost (under \$1,000) home word processors. First choice was package including XL600 console, 1027 printer, cassette recorder at \$650, winning out over similarly equipped Commodore 64 system at \$550 and Radio Shack (16K) package at \$620, as well as Coleco Adam at \$700. Atari won on strength of print quality, on-screen legibility of screen and quality of WP program cartridge, extra at \$100. Commodore and Radio Shack were down graded for low quality of dot matrix printers & programs, Adam because of printer noise, limitations of built-in WP program.

OCT. TV IMPORTS: Color TV import surge from major source countries continued strong in Oct., with Korea & Taiwan maintaining triple digit growth. Jump in complete color from Japan and chassis & kits from Mexico put them ahead of 1983 on cumulative basis for those respective categories for first time this year.

Also in Oct., on cumulative basis, total TV imports from Korea shot past 3 million, while total color from Japan topped million. Month's total color imports of 802,900 set alltime record, while complete color, at 480,500, was new Oct. high (TVD Dec 26 p14).

Following are TV import totals by country for Oct. and 10 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	% chg.	10 mos.	% chg.
Japan				
total...	192,900	- 2.6	1,409,900	-14.2
color...	142,600	+33.4	1,065,600	- 3.2
b&w.....	50,300	-44.8	344,300	-36.4
Taiwan				
total...	285,900	+ 5.6	2,512,800	- 9.6
color...	125,200	+114.3	842,500	+117.6
b&w.....	160,700	-24.3	1,670,200	-30.1
Korea				
total...	499,600	+69.3	3,417,300	+55.9
color...	228,600	+175.7	1,364,800	+166.3
b&w.....	271,000	+27.7	2,052,600	+22.2
Singapore				
total...	68,000	+29.0	545,200	+29.7
color...	68,000	+35.4	523,700	+45.2
b&w.....	--	--	21,500	-64.0
Malaysia				
total...	12,700	- 1.0	169,500	+234.7
color...	10,500	+ 9.1	122,200	+292.4
b&w.....	2,200	-31.3	47,300	+142.6
Hong Kong*				
total...	8,600	--	46,200	--
color...	8,600	--	27,600	--
b&w.....	--	--	18,600	--
Canada				
color...	6,400	-18.3	73,900	+16.9
Complete Color				
Japan....	96,800	+39.5	727,700	+ 1.2
Taiwan...	125,200	+128.9	804,200	+131.4
Korea....	212,200	+162.3	1,247,400	+145.1
Singapore	18,600	+ 6.2	157,700	+29.3
Color Chassis & Kits				
Japan...	45,800	+22.1	337,900	-11.6
Taiwan...	--	--	38,400	- 3.1
Korea....	16,400	+715.6	117,400	+3159.1
Singapore	49,400	+51.0	366,100	+53.4
Mexico...	210,500	+82.0	1,305,900	+ 7.1

*Imports negligible in 1982.

Taiwan cracked down on computer pirates, sentenced owners of 6 companies to 8 months in prison for copying Apple operating system software.

Consumer Electronics Personals

John Farrand promoted to Atari pres. and pres.-COO of Atari Products, new div. responsible for mktg., sales, R&D and manufacturing; Charles Paul advanced from gen. counsel to pres. of coin-op arcade game unit, replacing Farrand; Donald Kingsborough named sales exec. vp; David Ruckert appointed Atari Products mktg. exec. vp... Terry O'Flynn, former NAPCE Philco Div. sales vp, joins Mitsubishi Sales as national sales coordinator responsible for buying groups and special products.

Ted Ikeda, ex-Matsushita Electric Industrial Radio Div., shifts to affiliate Quasar as corporate planning asst. gen. mgr., assuming some former responsibilities of Terry Yokoyama, who continues as Video Recorder Div. asst. gen. mgr.; Tom Chadwick promoted to national buying group sales mgr.; John Monaco, formerly microwave oven mktg. specialist, named midwest region mgr., succeeding Chadwick; David Parse & Robert Mulhall advanced from sales mgrs. to branch mgrs. at N.Y. & Chicago distribution operations, respectively.

Adrian Delgado promoted at Sony Tape Sales from east region mgr. to industrial tape national sales mgr... Randall Griffin, ex-Digital Equipment, joins Zenith Data Systems as product management & planning vp, new post... Robin Huff, ex-Backstreet Records, joins Alpine as merchandise mgr., succeeding Jeanne Shepler, resigned... Larry Wechsler, ex-Nova-Electro Acoustics, joins Kenwood Home Audio Div. as sales training mgr.

Jay Schwab resigns as CBS/Fox Video sales vp; Lisa Judson, ex-Hearst/ABC Services, joins as program R&D mgr.; Robert Johnson promoted to western district mgr.; Frederick Jaworski advanced at International Div. to operations dir... Phil Hart advanced at Sony Video Communications from southern zone mgr. to national sales mgr... Don Mirisch named business affairs vp, Embassy Home Entertainment... Jerry Sharell appointed senior vp, MCA Home Video Distribution, new post... Glen Powers joins Video Station as sales & mktg. dir., responsible for subsidiary Coast Video Distribution; William Dain shifts from CVD sales mgr. to VS major wholesale account dir.; William Dumong named operations mgr., John Lex controller...Cathy Mantegna named press coordinator, Vestron Video.

Taiwan's rising surplus in trade with U.S. has officials there concerned about growth of protectionism here. Taiwan gets 45% of its export volume in shipments to U.S. which totaled about \$11.3 billion in 1983. Imports from U.S. were valued at \$4.65 billion, for \$6.7 billion surplus, up 60% from \$4.2 billion in 1982. Taiwan had deficit in trade with Japan, with exports at \$2.5 billion against imports of \$5.6 billion.

Correction: E.F. Johnson, not Motorola, filed complaint which led International Trade Commission to launch preliminary investigation into charges that Japanese are dumping cellular transceivers in U.S. (TVD Jan 16 p17).

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
AT&T			
1983-year to Dec. 31	69,403,200,000	248,700,000	.13 ^a
1982-year to Dec. 31	65,093,000,000	7,278,800,000	8.40 ^b
1983-qtr. to Dec. 31	17,598,400,000	(4,874,700,000)	-.a
1982-qtr. to Dec. 31	16,672,300,000	1,501,400,000	1.66
Audiotronics			
1983-6 mo. to Dec. 31	10,650,000	317,000	.26
1982-6 mo. to Dec. 31	8,780,000	180,000	.15 ^c
1983-qtr. to Dec. 31	5,104,000	117,000	.10
1982-qtr. to Dec. 31	3,849,000	10,000	.01 ^c
Avnet			
1983-6 mo. to Dec. 31	751,252,000	39,943,000	1.13
1982-6 mo. to Dec. 31	541,002,000	23,968,000	.68 ^c
1983-qtr. to Dec. 31	395,794,000	21,261,000	.60
1982-qtr. to Dec. 31	266,127,000	11,713,000	.33 ^c
A. H. Belo			
1983-year to Dec. 31	242,556,000	31,225,000	3.25
1982-year to Dec. 31	203,436,000	23,113,000	2.47
1983-qtr. to Dec. 31	71,101,000	10,552,000	1.02
1982-qtr. to Dec. 31	57,459,000	8,392,000	.90
Commodore International			
1983-6 mo. to Dec. 31	640,700,000	74,400,000	2.41
1982-6 mo. to Dec. 31	279,600,000	40,000,000	1.30 ^b
1983-qtr. to Dec. 31	431,400,000	50,100,000	1.62
1982-qtr. to Dec. 31	176,300,000	25,100,000	.81 ^b
Corning Glass			
1984-year to Jan. 1	1,589,400,000	92,200,000	4.38
1983-year to Jan. 2	1,578,700,000	74,500,000	3.52
1984-12 wk. to Jan. 1	377,200,000	16,300,000	.78
1983-12 wk. to Jan. 2	355,900,000	42,900,000	2.03
Emerson Radio			
1983-9 mo. to Dec. 31	136,473,000	7,647,000	.87 ^b
1982-9 mo. to Dec. 31	71,417,000	(1,143,000)	--
1983-qtr. to Dec. 31	53,596,000	2,104,000	.24
1982-qtr. to Dec. 31	25,714,000	(896,000)	--
Koss			
1983-6 mo. to Dec. 31	11,205,953	30,347	.01
1982-6 mo. to Dec. 31	11,714,255	381,837	.10
1983-qtr. to Dec. 31	6,049,100	(73,873)	--
1982-qtr. to Dec. 31	6,045,677	120,886	.03
LIN Bcstg.			
1983-year to Dec. 31	107,333,000	23,528,000	1.06
1982-year to Dec. 31	88,420,000	20,121,000	.92 ^c
1983-qtr. to Dec. 31	32,143,000	7,974,000	.36
1982-qtr. to Dec. 31	26,477,000	6,672,000	.30 ^c
3M			
1983-year to Dec. 31	7,039,000,000	667,000,000	5.67
1982-year to Dec. 31	6,601,000,000	631,000,000	5.37
1983-qtr. to Dec. 31	1,756,000,000	163,000,000	1.39
1982-qtr. to Dec. 31	1,557,000,000	151,000,000	1.28
Motorola			
1983-year to Dec. 31	4,328,000,000	244,000,000	6.26
1982-year to Dec. 31	3,786,000,000	177,961,000	4.87 ^b
1983-qtr. to Dec. 31	1,268,000,000	95,000,000	2.42
1982-qtr. to Dec. 31	995,000,000	63,579,000	1.69 ^b
RCA			
1983-year to Dec. 31	8,977,300,000	240,800,000	2.10
1982-year to Dec. 31	8,016,000,000	222,600,000	2.03 ^b
1983-qtr. to Dec. 31	2,484,400,000	78,400,000	.75
1982-qtr. to Dec. 31	2,123,800,000	54,000,000	.48
Reeves Communications			
1983-6 mo. to Dec. 31	112,447,000	5,579,000	.45
1982-6 mo. to Dec. 31	106,270,000	9,439,000	.76
1983-qtr. to Dec. 31	58,582,000	2,634,000	.21
1982-qtr. to Dec. 31	59,029,000	5,722,000	.46

Company & Period	Revenues	Net Earnings	Per Share
Rollins			
1983-6 mo. to Dec. 31	211,992,588	8,375,490	.34
1982-6 mo. to Dec. 31	228,360,078	10,832,078	.42
1983-qtr. to Dec. 31	105,114,823	4,190,833	.18
1982-qtr. to Dec. 31	110,331,705	5,655,666	.22
Scientific-Atlanta			
1983-6 mo. to Dec. 31	191,966,000	5,965,000	.25
1982-6 mo. to Dec. 31	148,682,000	(5,834,000)	-.a
1983-qtr. to Dec. 31	95,110,000	3,457,000	.15
1982-qtr. to Dec. 31	73,429,000	280,000	.01
Taft Bcstg.			
1983-9 mo. to Dec. 31	387,487,000	33,197,000	3.40
1982-9 mo. to Dec. 31	324,861,000	34,042,000	3.39
1983-qtr. to Dec. 31	112,630,000	11,264,000	1.19
1982-qtr. to Dec. 31	77,978,000	7,910,000	.84
TDK^d			
1983-year to Nov. 30	1,480,300,000	114,900,000	--
1982-year to Nov. 31	1,300,500,000	124,800,000	--
United Artists Communications			
1983-14 wk. to Dec. 8	81,994,000	523,000	.05 ^b
1982-14 wk. to Dec. 2	69,874,000	1,787,000	.17 ^b

Notes: ^aAfter special charge. ^bIncludes special credit. ^cAdjusted. ^dAt yen's current rate.

MCA is considering legal action options in wake of Supreme Court's Betamax ruling that in-home videotaping of broadcast programs doesn't constitute copyright violation (TVD Jan 23 p14). "We have made no decision," executive told us, added possible litigation could run gamut of broadcast & cable services. Earlier reports indicated MCA would restrict any new suits to pay-TV area. Asked about likelihood of VCR & tape royalty legislation, executive said "we obviously have to consider" strong opposition from Rep. Kastenmeier (D-Wis.), chmn. of House Copyright Subcommittee, and expressed doubts there would be any activity this year, but added "I think it's possible" Subcommittee will move on Fair Marketing Amendment to give studios share of retailer cassette rental revenue.

Canada is dropping controversial requirement that foreign companies agree to buy Canadian components before getting permission to set up, or acquire, manufacturing operation there. Officials in Ottawa say govt. has agreed to accept finding by GATT arbitration panel that such conditions discriminate against foreign investors and violate international trade rules by giving preferential treatment to domestically made goods. Complaint to GATT over rule was brought by U.S. Another U.S. complaint, that Canada's requiring foreign-owned companies to export part of their Canadian manufacturing output also is unfair, was dismissed by GATT panel.

Italy will invest \$212 million in rebuilding and reorganizing its consumer electronics industry, with disbursement to be handled by state-run finance company, Ristrutturazione Elettronica. RE will provide capital, purchase equity interest, in domestic manufacturers, also provide low-cost loans. Bulk of funds is expected to go to Italy's largest consumer electronics producer, Zanussi. Imports now hold more than 50% of Italy's consumer electronics market.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

FEBRUARY 6, 1984

VOL. 24, NO. 6

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

REAGAN & FOWLER SCORED by House investigators for 'improper' meeting at White House on financial interest & syndication rules. (P. 1)

ADMINISTRATION HOLDS BUDGET LINE, asks no increase in FY '85 forward funding for Corp. for Public Bestg., only modest hikes for FCC, FTC, NTIA, USIA. (P. 2)

IT'S NATPE TIME AGAIN IN S.F.: No FCC comrs. or congressmen on agenda. (P. 3)

CITIES & MAYORS 'BICKERING' over representation, policy positions for talks with NCTA on changes in cable bill. (P. 5)

END TO FAIRNESS DOCTRINE & equal time rules endorsed by broadcasters & print media at hearings on Packwood's 'freedom of expression' bill. (P. 6)

BROADCAST BILL IMPASSE: House members fail to reach accord on radio deregulation & TV quantification. (P. 8)

ATLANTA TV STATION THREATENED by FCC with license revocation for failing to resolve interference with land mobiles. (P. 9)

CABLE POLITICAL ADS TOUTED: Industry plans 'how-to' session with congressmen. (P. 10)

FOWLER/REAGAN FINANCIAL INTEREST TALKS SCORED: Confirming report in our sister publication Communications Daily Feb. 2, House investigators released staff report same day that says President "acted improperly" by meeting in Sept. with FCC Chmn. Fowler to discuss then-pending financial interest & syndication rulemaking: "The President has intruded on the independence [that] Congress intended when it created the FCC."

"The President was injudicious in calling [Fowler] to the Oval Office... It was particularly unwise, given the President's personal interest, and the financial interests of his friends in the rulemaking proceeding," report continued. "The President acted improperly and undermined the fairness and the integrity of the rulemaking proceeding by failing to place on the record the occurrence if not the substance of the meeting once it was held." Report was silent on question of possible sanctions.

Sixteen-page report was prepared by investigators for House Energy & Commerce Oversight & Investigations Subcommittee chaired by Rep. Dingell (D-Mich.). Investigation was launched

Consumer Electronics

MATTEL & MILTON BRADLEY quitting video. Intellivision being sold, Vectrex dropped. (P. 12)

CUSTOMS SEEKING COMMENTS on COMPACT's petition to close low-duty loophole for picture tubes imported in color TV kits. (P. 13)

'DRAMATIC CHANGE' in video market wrought by VCR heralds new shakeout, Hitachi's O'Neil says. 'Global' is key word for survival. (P. 14)

IS VCR REACHING PLATEAU? Parallel to growth years of color TV indicates it is. (P. 15)

STEREO TV SOUND passes another hurdle as new round of comments largely endorses FCC selection of single system. Decision in April? (P. 16)

KODAK'S 8mm INTRODUCTION could kill profits in standard portables. U.S. marketers blamed. (P. 16)

9,000 CED PLAYERS sold weekly by RCA, says Valencia, who sees dip coming, pickup in fall. (P. 17)

BETA PICKS UP new adherents in Far East. Chinese venture launched with Sony license; Korea's Hyundai also signs with Sony. (P. 18)

NEW SETS: Sharp adds 20" FST color, one-piece portable. Introductions by Samsung. (P. 18)

immediately after President met with Fowler Sept. 28, was based on interviews with Fowler & Comrs. Dawson, Quello & Rivera, Asst. Attorney Gen. William Baxter, NTIA Dir. David Markey and Fowler's chief aide Randy Nichols. No attempt was made to interview White House aides.

In releasing report, Dingell attached cover letter saying he believed its findings were fair & justified. "The President, like any other citizen, isn't above the law... The President's actions [have] undermined confidence" in the integrity of independent regulatory process, Dingell wrote. Subcommittee Republicans didn't see report until shortly before it was released. Said one GOP aide: "This is obviously a political thing."

Report charges White House with failing truthfully to disclose details of meeting in published accounts and correspondence with Dingell. Investigators said official report of how meeting was set up, recounted in letter by Presidential Asst. Kenneth Duberstein to Dingell in Nov., says Fowler asked for meeting. But investigators said Fowler claimed Presidential Asst. Craig Fuller called him to request meeting. "If [Fowler & Nichols] were truthful in describing how the meeting with the President was arranged — and there is no apparent reason to doubt them — then the President's version, as described by Mr. Duberstein, is inaccurate & misleading," report said.

"A first-time summons to the Oval Office — on a matter where the President was known to have a strong point of view — carried a message all of its own," report says. "Under such circumstances, the forum itself becomes the message. In fairness to all parties, a record disclosure should have been made at least of the existence if not the substance of the Presidential ex-parte contact."

Ex-parte rules limit manner in which anyone with interest in regulatory proceeding may discuss matter directly with FCC members. While rules don't bar such personal contacts, they do require that substance of talks be set down in writing and placed in public file for inspection. White House claimed meeting was merely "briefing" for President, but investigators concluded that President, by asking questions of Fowler during meeting and commenting on the issue, played more active role which should have been reported. Neither Reagan nor Fowler has filed ex-parte report.

Report's release was abrupt & unexpected. Sources said Dingell hoped for dramatic unveiling, possibly at FCC oversight hearing by sister Telecom Subcommittee Feb. 8. Dingell aide refused comment on faster release, claimed no timetable was ever settled. Report came in form of Committee staff recommendations and not as more formal Subcommittee report that would require review of all members, and include comments from dissenting legislators. No Subcommittee report is expected and no hearing is planned.

White House spokesman also refused comment: "I doubt that we will ever comment." Spokesman said President would have no comment. Fowler hadn't yet read report when he talked to our sister publication but said that White House "made no effort, direct or indirect, to influence the [FCC] or to tell us what to do in the proceeding." Fowler contended that briefing with President was "absolutely appropriate [but] I certainly would like to see the report to see why the [House] staff reached a different conclusion."

MODEST BUDGET INCREASES PROPOSED: In line with Administration efforts to hold down federal spending, President Reagan requested only modest increases in fiscal 1985 budgets for FCC, FTC, NTIA & USIA, proposed sharp cuts for CPB despite pressure from Congress for increases there. Budget calls for increased personnel at NTIA, and for USIA to continue upgrading broadcast facilities. FCC would trim 22 from staff, but salary budget would increase about \$1 million.

Proposed for FCC is \$92.6 million, marginally more than \$91.2 million that Congress in Nov. authorized for current fiscal year. Budget breakdown: Mass Media Bureau, \$20.6 million; Common Carrier Bureau, \$18.6 million; Private Radio Bureau, \$9.4 million; field operations, \$19.6 million; commissioners, \$2.2 million; science & technology, \$6.9 million.

FCC budget projects decrease in staff of 22 for total of 1,953. Private Radio would lose 16 positions, 9 as result of CB deregulation. Seventeen jobs in various other bureaus would be cut,

but FCC proposes adding 8 people and spending \$335,000 to monitor Cuban radio interference. Common Carrier Bureau would add 4 staffers costing \$103,000 to audit divested Bell system, and 2 would be added to staffs of 5 commissioners, but where they would go is unspecified.

Mass Media Bureau got 23 additional staffers in FY '84, and proposed budget projects this will result in increase of 140-332 FM license awards in FY '85. Some 12,000 LPTV applications should be processed in FY '85, up from 5,600 in current fiscal year, budget said. In Common Carrier Bureau, 22 positions were added in FY '84 budget (\$748,000) to process cellular radio bids. Budget projects that will mean cellular disposal rate will triple from FY '83 rate of 203 to 650. It's anticipated that comparative hearings among competing cellular applicants in 25 markets will be completed by end of FY '84 2nd quarter, budget said.

Largest fixed cost increase in FCC budget proposal is additional \$2.6 million for rent as result of GSA hike. Commission requests \$334,000 to reconfigure space at 1919 M St. hq to absorb staff now working in nearby Brown Bldg. FCC said it needs \$78,000 for telephone access charges.

White House wants \$20 million slashed from \$130 million FY '86 budget that Congress has already appropriated for CPB, also requested only \$100 million for CPB in fiscal 1987 in what OMB said was Administration's continued drive to encourage private funding of public broadcasting. CPB wants \$238 million for FY '87.

President requested \$14 million for NTIA, vs. current \$12 million. NTIA spokesman said most of money is targeted for salary increases and some 6 new people for Washington office. As in CPB budget, line item was eliminated for grants to public telecommunications facilities; FY '84 proposal provided \$767,000. "The Administration continues to support the abolishment of the public telecommunications facilities grant program," OMB explained. Budget for international policy work would be \$751,000, about same as present. New program to develop Integrated Services Digital Network accounts for most of increase from current \$1.4 million to \$1.6 million in funds requested for systems & networks research & analysis.

USIA is targeted for \$545 million, up from \$477 million expected to be spent in current fiscal year. Budget proposes \$11.2 million for Radio Marti broadcasts to Cuba being administered by VOA. Marti proposal includes funds for land and construction of studios in Marathon, Fla., staff of 188 and purchase & installation of 50-kw transmitter.

Budget proposes \$173 million for VOA and \$43 million increase for TV & film service, including \$1.7 million "Euronet" global satellite network that links U.S. embassies for news conferences. Budget foresees increase in USIA staff from current 8,336 to 8,591. For Board for International Bestg., which administers Radio Free Europe & Radio Liberty, budget contains \$100 million, down from \$118 million currently.

NASA requested \$7.49 billion for FY '85, with just \$20 million of that for communications programs. As expected, \$90 million for Advanced Communications Technology Satellite flight demonstration was knocked out of budget, after Hughes filed FCC application for Ka-band system. ACTS technology development and ground test program will be pursued with \$5 million of FY '85 funds and more than \$25 million carried over from previous years. NASA Administrator James Beggs said restructured program would "address the original program objectives without the NASA-funded flight test." Communications satellite industry apparently doesn't agree, according to NASA file containing 30-40 letters protesting ACTS budget cuts.

Rural Electrification Administration would receive \$15 million to use in administering govt. subsidized or guaranteed loans to CATV & rural phone systems. Proposed FTC budget is \$66.6 million, up slightly from \$64.2 currently.

IT'S NATPE TIME AGAIN IN S.F.: For first time in memory, NATPE convention Feb. 10-14 in San Francisco will unfold without single FCC commissioner on agenda. In past years, quorum of commissioners usually participated in NAB-like panel, along with appearances at other sessions. Also notably absent this year will be any members of Congress as speakers or panelists.

Comr. Quello originally was slated to appear on Fri. panel titled "Washington Explores the Future," canceled in favor of his legal aide Kenneth Howard (Chmn. Fowler's legal aide Thomas Herwitz also will participate). Comr. Patrick told us he's going to NATPE to roam halls "to listen and learn," won't participate formally.

NATPE is going to total exhibit hall concept (as opposed to hotel hospitality suites) for first time in Moscone Center, has 187 programmers signed up for 90,000 sq. ft. Several major syndicators are holdouts, however, will have hospitality suites in Fairmont Hotel. Phil Corvo, NATPE exec. dir., said he expects to have all majors on exhibit floor next year "except maybe MCA."

Simmering underneath surface, too, is continuing dispute between NATPE & INTV over dates — situation that makes programmers who exhibit at both very unhappy. This year, INTV convention was 2 weeks ago in L.A. (TVD Jan 23 p3) and next year 2 will be just 3 days apart — INTV Jan. 5-8 in L.A., NATPE Jan. 11-15 in San Francisco. Corvo denied published report that NATPE moved its dates from Feb. to mid-Jan. in effort to force joint or back-to-back conventions with INTV in same city, said earlier dates were "forced" on NATPE by programmers.

Although 2 sides talked in L.A., will meet again in San Francisco, "there's no possibility of a joint convention and there never has been," INTV Pres. Herman Land told us. He's irked that NATPE never consulted INTV about earlier dates. Corvo said contract through 1985 was signed in Nov. 1980 with Moscone Center and that NATPE is locked in to dates through Jan. 23-27, 1987 in New Orleans. Land also denied that he is "feeling the pressure from angry program distributors" to work out compromise. Land had been scheduled to appear on NATPE panel on "Festivals and Conventions" Sun., bowed out because he didn't want discussions to center on INTV-NATPE dispute.

Corvo said: "We have been getting a lot of complaints from our distributors [about proximity of conventions] and so have they... We made a lot of suggestions in L.A.; they made none." He said chances were "slim to none" that compromise will be reached.

Preregistration for NATPE topped 3,200, vs. 2,900 last year, and "we're getting more [station] general managers than we've ever had," Corvo said.

Metromedia has signed agreement with Pres. John Kluge and 3 other top executives for their takeover of firm in stock buyout worth about \$1.5 billion. Deal, which would take company private, must be approved by Metromedia stockholders — who will receive package worth about \$41 per share. Two investment firms retained to advise company's outside directors called offer "fair... from a financial point of view." Day before proposed takeover was announced Dec. 6, Metromedia stock closed at 24-1/2; Jan. 31, stock closed at 35-1/2. Company said it shortly will file proxy statements with SEC. Boston Ventures Partnership Ltd. is involved with Kluge & associates (George Duncan, Metromedia senior vp-telecommunications; Robert Bennett, senior vp-broadcasting & productions; Stuart Subotnick, senior vp-finance & administration), said it will take "small" equity interest in Metromedia (TVD Dec 12 p2). Among Ventures partners are former Teleprompter principal owner Jack Cooke, Marvin Davis of 20th-Century Fox, newspaper publisher Rupert Murdoch and Warner Communications, which is fighting Murdoch over attempted takeover of Warner.

CATA is joining with NCTA to sponsor series of Washington legislative conferences. In letters sent under joint signatures of NCTA Pres. Thomas Wheeler & CATA Exec. Dir. Stephen Effros, operators are urged to come to Washington Feb. 27-29, March 19-21 & April 9-11 to lobby for HR-4103.

Alberto-Culver and CBS settled class-action suit Feb. 3 when CBS agreed to begin "immediately" accepting 2-product, split 30-sec. announcements through Sept. 1985. In Nov., A-C sued CBS, NAB and 7 major station groups seeking to force broadcasters to abandon "outlawed restrictions" of defunct NAB TV Code on number of products or services which could be advertised in 30-sec. spot (TVD Nov 21 p6). ABC & NBC had agreed to accept split 30s before A-C filed suit and group owners now are expected to fall in line, also. CBS reserved right to limit split 30s to one per commercial break, agreed to eliminate its corporate identification restrictions in such ads. Both A-C and CBS have agreed to withdraw suits against each other. No payment was involved in settlement.

Best. Pioneers Library Pres. Ward Quaal reports major contributors in 1983 were ABC, Blair, Bonneville, Bestg. magazine, Cox, Federated Media, Fetzer, Gaylord, Group W, Hubbard, Lee Enterprises, Magid, Palmer, Stuart Enterprises, Taft, Tribune Co., Wilkes, Artis, Hedrick & Lane law firm. Quaal said Library seeks \$3 million to provide operating income, then will aim for contributions to provide own building. Library is currently housed free at NAB hq.

Following President Reagan's public announcement for reelection, his campaign committee now will pay for airtime for his weekly 5-min. Sat. radio speeches.

SLOW START FOR CABLE TALKS: National League of Cities (NLC) and U.S. Conference of Mayors (USCM) are having trouble agreeing about who will represent them at talks with NCTA on compromise changes in cable legislation (HR-4103), according to sources. "The real question they seem to be facing is exactly what powers [representatives] will have when they come to the table," we were told. As preparation for talks dragged on, HR-4103 picked up additional 10 co-sponsors, raising number to 73.

"There's a lot of bickering going on over there" at NLC & USCM, cable figure said. NLC spokesman denied that but admitted: "We're still working on who will be at the table. There will be one group representing NLC and the mayors, and it hasn't been decided who will head up the delegation." House Energy & Commerce Committee Chmn. Dingell (D-Mich.) recently persuaded NLC & mayors to return to bargaining table with NCTA for changes in HR-4103, said it was urgent that talks not be delayed (TVD Jan 30 p6).

USCM has made more progress than NLC. Spokesman said 3 mayors have been chosen to represent organization on panel, including Pittsburgh Mayor Richard Caliguiri as head of USCM delegation. Whether Caliguiri or leader of NLC delegation will be in charge of cities' panel was undecided. Late in week, NLC said it had named 2 of 3 who will represent it: N.Y.C. City Council Pres. Carol Bellamy and Tucson City Council Pres. Tom Volgy.

"I'm somewhat disappointed that we've now seen a week of footdragging," NCTA Pres. Thomas Wheeler said. He said NCTA's bargaining team will be same as before: Himself, Exec. Vp James Mooney as chief negotiator, and legal adviser Charles Walsh of Fleishman & Walsh.

NCTA was concerned that, whoever represents other side at talks, they have guaranteed bargaining powers. Mooney noted that "last time we sat down with them they told us they did" have power to speak for organization, but NLC negotiators ended up being overruled by membership (TVD Dec 5 p2). Fears also were expressed by cable executives that NLC & USCM representatives wouldn't be authorized to make concessions, only to demand them from NCTA.

"Rate deregulation and renewal are our top priorities," said CATA Exec. Dir. Stephen Effros. "We're concerned that the cities want to keep everything they've got, while talking about getting more," he said. Bottom line, Effros said (statement several others echoed), is that: "Industry negotiators are up against the wall; there's very little more they can give up [without losing support of industry]."

Dingell will attend first session to set stage, charge parties to negotiate in good faith. Staffers representing Democratic & GOP members of Commerce Committee will attend all sessions as monitors.

Some said NCTA is under pressure from largest MSOs somehow to restrict leased access language in bill. "ATC is worried about leased access," cable executive said. "They don't want somebody coming into a big city and starting a movie channel" competing with HBO, owned by common parent Time Inc.

Continuing efforts to stop attempted takeover of Warner Communications by Australian publisher Rupert Murdoch — and at same time boost its stake in Warner — 2 affiliates of Chris-Craft, between Dec. 12 & Jan. 27, purchased additional 2.06 million Warner common shares for \$58.6 million. Purchases raised interest of C-C to 21.3%. C-C also has secured 3-year loan of \$150 million from 6 banks to purchase additional shares. In report to SEC, C-C said it doesn't "presently intend to seek to acquire control of [Warner]. However [C-C] intends to continue to review [its] investment... and may in the future change [the] present course of action and consider other alternative courses of action." C-C purchased additional Warner shares through subsidiaries United TV (900,000 shares at \$25 million) and BHC Inc. (1.16 million shares for \$33.66 million). Prices paid ranged from 22-7/8 Dec. 12 to 29-1/2 Jan. 27. Murdoch's News International Inc. is attempting to acquire up to 49.9% of Warner stock, has asked FCC & court to stop Warner/C-C combine on grounds it violates TV-cable cross-ownership rules.

Justice Dept. has come down on side of ABC-TV in network's effort to gain per-performance music licenses from ASCAP. In filing before N.Y. Dist. Court, DoJ rejected ASCAP argument that BMI (which has blanket license with ABC-TV through 1985) is conspiring with TV networks to competitive disadvantage of ASCAP. Said DoJ: "Through the past 2 decades, BMI has been engaged in frequent litigation against broadcasters, including the TV networks," and that BMI & ASCAP both were defendants in case brought by CBS-TV which upheld legality of per-performance licenses. "Compelling ASCAP to grant ABC a per-program license potentially can produce significant pro-competitive effects... and it could increase the level of competition between ASCAP and BMI, thereby bringing down the price of music performance licenses," DoJ said.

RTNDA & AFTRA have joined Newspaper Guild and Society of Professional Journalists in urging Congress to resist Administration attempts to weaken FOI Act. At news conference with allies House Govt. Information Subcommittee Chmn. English (D-Okla.) & Sen. Leahy (D-Vt.), groups urged Congress to strengthen FOIA and presented petitions signed by 6,500 broadcasters & journalists. Leahy sponsored S-774, which would ease some existing FOIA hurdles, and English this week proposed HR-4696, to make it harder for govt. to use 1974 Privacy Act for rejecting FOIA requests.

Rockefeller Center completed \$332.1 million acquisition of Outlet Co., closing deal approved Nov. 29 by FCC. "The communications industry meets our criteria for strategic growth and Outlet Co. is a broadcast group with an excellent performance record and an even greater growth potential," said Rockefeller Pres. Richard Voell. Outlet's top executives Bruce Sundlun & David Henderson, chmn. of TV Operators Caucus, will remain with Rockefeller. Outlet owns 5 major-market VHF TVs, 5 radios.

BROADCASTERS BACK PACKWOOD BILL: First 2 hearings on Senate Commerce Committee Chmn. Packwood's (R-Ore.) bill (S-1719) to eliminate fairness doctrine, reasonable access & equal time rules for broadcasters amounted to mostly chorus of endorsements with only few witnesses objecting.

Local TV & radio broadcasters, constitutional experts, journalism school deans, newspaper reporters, editors & publishers, and Robert Powers, FCC chief scientist, cited disparity in ways govt. treats broadcast and print media as reasons to remove restrictions. They called rules unconstitutional. But liberal & conservative public interest groups condemned bill, said it was eliminating rules that assure access.

"It's time to recognize that there's simply no logical difference between newspaper space and airtime in terms of the penalty imposed on the exercise of journalistic discretion," said Robert Lewis of the Society of Professional Journalists, Sigma Delta Chi. Lewis and other witnesses claimed rules stifle public debate by discouraging broadcasters from editorializing or addressing controversial issues that might cause expensive license challenge. Increasing use of new electronic technologies to transmit information also is blurring distinctions between broadcast & print media, witnesses added. With 1,046 TV & 8,901 radio stations, spectrum scarcity no longer should be issue, they agreed. Powers underscored other testimony with figures showing growth in broadcast industry, said in last 30 years AM outlets increased 92%, FM 561%, TV 466%.

Stanley Cohen, gen. mgr. of WINZ(AM) Miami, described how his all-news station's license was challenged by state regulators who claimed violations of fairness doctrine & personal attack rules after station launched petition drive asking Fla. PUC to reject rate hike request of electric utility. "Public issues are the meat and potatoes of any good newscast," but rules can too easily lead to costly, unfounded & unfair counterattacks on stations, Cohen argued. Other broadcasters described similar incidents.

Fairness issue also was cited by bill's critics. Samuel Simon of Telecommunications Research & Action Center predicted courts would find S-1719 unconstitutional because fairness doctrine is at heart of broadcasters' public trustee obligations. He advocated congressionally chartered non-profit public advocacy group to monitor broadcasts for abuses of public responsibility and congressionally mandated public access time.

S-1719 was endorsed by ANPA, ASNE, Assn. for Education in Journalism & Mass Communications and Freedom of Expression Foundation, which Packwood founded. Opponents include Accuracy in Media and Media Access Project. NAB, NCTA, NRBA & RTNDA will support bill in testimony this week when hearings continue.

ABC is buying KIXK(FM) Dallas from Kix Radio for about \$9 million cash. KIXK will give network its 13th owned radio station.

Philadelphia cable bids have been thrown out by Mayor Wilson Goode, who said city will start again with new request for proposals to be issued March 2. It will be city's 4th attempt at awarding franchises in 4 areas; each time mayor and City Council couldn't agree on winning bidders. Goode said he will propose changing city ordinance that stipulates mayor picks winners, but with Council approval, to give Council authority to select franchisees. Officials said bidders could resubmit current proposals, which are due March 8.

John Evans, pres. of Arlington (Va.) Telecommunications, has resigned from NCTA board in accordance with bylaws which stipulate same company can't have 2 employees on board. Gustave Hauser, NCTA vice chmn., partially owns Arlington cable system headed by Evans; Hauser will remain on board. Bylaws call for Evans' seat to be filled by special election. Presidents of state & regional cable associations in Dist. 6 (Ky., Tenn., Va. & W.Va.), which Evans represented, must submit nominations by Feb. 13. Ballots must be returned by March 2.

More than half of radio broadcasters who responded to NRBA survey plan to buy satellite dishes in next 2 years. Dishes featured among most popular purchases in 1982-83; 54.7% of respondents bought them. Single most purchased item was microphone. NRBA's survey, "Market for Radio Equipment & Services," also indicated that AM stereo showed "most potential as a growth market" in equipment, with nearly 28% of broadcasters surveyed planning to buy such equipment in 1984-85, compared with 12% who said they bought it in 1982-83.

United Cable TV's acquisition of CommuniCom cable franchise serving 300,000 homes in west L.A. has been approved by L.A. City Council, which also extended franchise 6 years to 1993. Move makes United dominant L.A. cable operator (it earlier acquired East Valley franchise with 365,000 homes). United bought CommuniCom for undisclosed price from parent Neilson Enterprises.

BMI will require radio stations to log only 3 consecutive days annually — instead of full week — as basis for payment of copyright royalties. Effective immediately, BMI said it also had "revised and simplified" logs used by stations.

Aaron Spelling Productions, considered synonymous with ABC prime-time success, will continue exclusive relationship with ABC through 1988, according to ABC Best. Group Pres. Anthony Thomopoulos.

Oak has agreed to out-of-court settlement in piracy suit against 5 L.A.-area Red Onion restaurants. Restaurant chain will pay \$100,000 for pirating ON-TV programming last 2 years.

Vote at FCC to end children's TV rulemaking without setting standards or guidelines was 3-1, not 4-1 as reported (TVD Jan 30 p8), with Comr. Rivera dissenting, Comr. Patrick not participating.

THE BUSINESS OF TV NEWS

Bringing in the Viewers

A 2-day seminar on the trends, promotion, personnel, viewing habits and formats in TV news and information programming.

New Orleans, February 27-28, 1984

Intercontinental Hotel

Sponsored by Television Digest and McHugh & Hoffman

The profits in television news continue to rise. But only for the station which is competitive and on top of change. With this in mind, Television Digest and McHugh & Hoffman, the respected television news consulting firm, have developed this unique seminar focusing on the topics which station managers and news directors ask about most frequently — formats, changing viewing trends, promotion, dealing with talent, new information programming concepts and more.

Faculty for this seminar includes: **Dr. Richard Renck**, President, KPR Research Assoc., Inc.; **Geoffery Garin**, Vice President, Peter D. Hart Research Assoc. Inc.; **Paul Bortz**, Managing Partner, Browne, Bortz & Coddington; **Jim Masucci**, Vice President, Broadcast Division, KTRK-TV, Houston, TX; **Ed Godfrey**, President, RTNDA, WAVE-TV, Louisville, KY; **Cliff Abromats**, News Director, WABC-TV, New York, NY; **Jim Topping**, News Director, KTRK-TV, Houston, TX; **Steven Steinberg**, Vice President & Director of Broadcast Services, WHAS-TV, Louisville, KY; **Gil Buettner**, News Director, WOKR, Rochester, NY; **Bill Miller**, News Director, KTSP-TV, Phoenix, AZ; **David Salzman**, President, N.I.W.S./Newscope; **William F. Baker**, President, Television Group, Group W Television; **Phil Boyer**, Vice President, General Manager, Production, Development and Planning, Television Stations Division, American Broadcasting Company; **March Doyle**, Director of Programming, WAGA-TV, Atlanta, GA; **Moses Znalmer**, President, CITY-TV, Toronto, Ont., Canada; **John Rohrbeck**, Vice President & General Manager, WRC-TV Washington, D.C.; **Andy Fisher**, News Director, KNXT, Los Angeles, CA; **George Hiltzik**, Vice President, Policy Administration, National Broadcasting Company, Inc.; **Jerry Smith**, President, The Jerry Smith Studio, Inc.; **Jerry Della Femina**, Della Femina/Travisano; **Carole Cooper** and **Richard Leibner**, N.S. Bienstock.

With moderators from McHugh & Hoffman including **Peter Hoffman**, President; **John E. Bowen**, Vice President; **Roy Meyer**, Account Executive and **Jacques de Suze**, Account Executive; and from Television Digest, **Tack Nall**, Executive Editor and Vice President.

To register, return the coupon below with your check or credit card authorization for \$595.00.

_____ Payment attached (Make checks payable to Television Digest Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires: _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place, NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268. Discounts are available for groups of three or more delegates registering as a group. Contact Deena Anderson at 202/872-9200 for details.

BCST. BILL ACCORD ELUDES HOUSE: Expected broadcast bill compromise didn't materialize at House meetings last week despite hopes of legislators that they'd be able to resolve differences over TV quantification standard & radio deregulation. Procedural compromise is being considered instead, could be finalized this week. EEO language is likely to be part of final package.

Talks reached impasse at Feb. 1 members meeting, where Telecom Subcommittee Chmn. Wirth (D-Colo.) made what was then called his final offer. He told us he was willing to accept radio deregulation if bill contains language preserving FCC discretion to determine when public interest isn't being served in particular radio markets. Wirth said he wouldn't insist on including language detailing when or how FCC would do this. In return, Wirth wanted TV quantification to include minimum children's programming, perhaps 5 hours weekly.

But Rep. Tauke (R-Ia.) said his bottom line remains total deregulation of radio "with no strings attached." Tauke said he and ally Rep. Tauzin (D-Ia.) already have agreed to accept mandatory program standards in 2 broad categories for informational & local programming. "We will not and can not support any kind of mandatory programming for specific groups," he said. Although Tauke agreed increasing children's TV programming is laudable goal, he said Congress would be opening Pandora's box by mandating such shows for one group and not another. The 2 instead continue to back provisions that would direct FCC to give stations special consideration if they air substantial amounts of children's programs.

To get around impasse, proposed procedural accord was revised to give Wirth what he wants on radio, but not on children's TV. But NAB spokesman said compromise doesn't suit Assn. He said NAB could accept incentives to encourage children's TV programming, but no mandatory guidelines, and nothing but total deregulation for radio is acceptable. Broadcasters also are concerned about other parts of compromise that Tauke & Tauzin already have accepted, particularly number of stations that would have to improve their programming when quantification standard kicks in. Wirth is pushing language that would make as many as 30% of stations upgrade local & informational programming, while Assn. is willing to accept 15% level, spokesman said.

EEO language appears certain, sources said. Rep. Leland (D-Tex.) has been participating in talks and has won considerable support in Subcommittee & parent Energy & Commerce Committee for including EEO, sources said. Idea is anathema to NAB, but Assn.'s chief ally, Tauke, told us he won't get involved with issue: "They're [NAB] going to have to work this out themselves." Leland met privately with NAB Feb. 2, but nothing was resolved. Leland aide said congressman told broadcasters he'd find it "very difficult" to have EEO standards below 60% of parity level in cable bill (HR-4103).

ESPN is seen in 29.3 million homes, according to Dec. Nielsen figures.

NRB's WASHINGTON FRIENDS: National Religious Broadcasters' 41st annual convention concluded last week in Washington, leaving broadcasters reassured that they have friends in White House, FCC & on Capitol Hill. Record-breaking crowd of around 4,000 also included more Hispanic broadcasters than ever, reflective of NRB drive to diversify, attract more minorities. Conference theme was "Issues in 1980s." Of these, social rather than regulatory matters seemed to dominate speeches and discussions.

President Reagan urged broadcasters to support banning abortion, reinstating voluntary school prayer through constitutional amendment, adopting anti-child-pornography legislation. Reagan was joined by others urging religious broadcasters to make stations focal points for furtherance of Bible-based ideals.

Moral Majority head Jerry Falwell challenged broadcasters to use their stations as base for establishing crisis pregnancy counseling or "save a baby" centers to "give young women alternatives to abortion." NRB board, late in week, passed resolution to use stations as vehicles to encourage non-partisan voter registration. NRB Exec. Dir. Ben Armstrong estimated that there are 12 million evangelicals eligible to vote who aren't registered.

Some regulatory issues did emerge. Board authorized \$10,000 for NRB lawyer, former FCC Chmn. Richard Wiley, to file in TBS's must-carry suit pending before U.S. Court of Appeals, D.C. Religious programming would be hardest hit if must-carry rules were abolished because: "It is more profitable for cable systems to carry pay-TV programs and syndicated offerings that are often unsuitable for children and have little relevance to community needs," Armstrong said.

FCC Comr. Dawson spoke warmly of religious broadcasters' work as "something that you believe in and we believe in." For Commission: "There's nothing more important than the restoration of First Amendment protections to broadcasters and nowhere is this protection more important than in religious broadcasting," she said.

Time Inc. 4th quarter income from continuing operations was \$44.5 million (70¢ a share) compared with \$35.9 million in last year's quarter (57¢). Quarterly revenues were \$763.1 million vs. \$668.9 million. For year, income was \$143.2 million (\$2.25 a share) on revenues of \$2.7 billion. Net income in 4th quarter was \$54.9 million compared with \$43.2 million in 1982 quarter (86¢ vs. 68¢). Profits from video operations rose sharply, Pres. Richard Munro said. HBO's universe in 1982 grew by one million to 13.5 million while Cinemax grew to 2.7 million subscribers. Video division had quarterly revenues of \$295.2 million vs. \$236.9 million in same 1982 period, income of \$54.4 million vs. \$51.2 million in 1982 quarter. For 1983, Time Inc. income from video operations (2 pay cable services plus ATC) was \$215.6 million. That compares with income of \$91.9 million from publishing, which Munro said had record results in 1983 despite absorbing \$47 million loss from discontinued TV-Cable Week.

FCC THREATENS ATLANTA TV STATION: FCC has given WVEU (Ch. 69) Atlanta 90 days to resolve interference problems it's causing to host of land mobile radio operators or risk losing program test authority. Last week's ruling came after long, often sharp disagreement over what Commission should do, afforded Comr. Dawson opportunity to say "I told you so" because hers was lone dissent last June when FCC decided to veer from its "last-in" policy, allow Atlanta station to go on air despite knowledge it would frequently jam existing land mobile community.

Commission was told station had failed to reach agreement with 30 Atlanta land mobile operators on paying for them to be relocated in spectrum, thereby ending interference problem, as had been ordered.

Commission ruling was patchwork of partial dissents: Comr. Quello dissented to threatening WVEU with revocation; Dawson dissented "to any aspect of this which veers from our last-in policy"; Comr. Rivera dissented to requiring WVEU to pay spectrum relocation costs for land mobiles that came on air after Ch. 69.

In other actions, Commission: (1) Denied petitions for special relief filed by cable operator Arlington (Va.) Telecommunications for waiver of must-carry rules for 2 Va. educational TV stations. FCC also denied petitions by 2 stations to fine cable system for not carrying them. (2) Authorized use of non-translating repeater ("booster") by licensees to circumvent obstacles in transmission path of studio-transmitter links and intercity relays. (3) Launched rulemaking to liberalize rules governing transmitter remote control devices.

"Much of the research being made available [for broadcasting & cable] is too nebulous and untimely to be important as a decision-making tool," according to Group W TV Pres. William Baker. Speaking at recent meeting of Electronic Media Ratings Council in Boca Raton, Fla., he expressed "frustration" at quality of research, said that as result "our gut feelings are every bit as important as research" in making programming decisions. He noted that Arbitron and Nielsen ratings for 6 p.m. news on Group W's KPIX San Francisco vary by 6 share points, added: "For that kind of surgical precision, this year alone KPIX will pay \$1.2 million and that will probably soon go up to about \$2 million per year." He said that Group W spends more than \$15 million annually for audience research.

Communications lawyers in 24 cities will participate in March 20 videoconference on legal aspects of cable TV franchising sponsored by ABA Cable TV Committee, chaired by Washington attorney George Borsari. Panelists for "Cablelaw '84" are expected to include Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee, FCC Mass Media Bureau Chief James McKinney, Catholic U. Prof. Harvey Zuckerman, author Morton Hamburg, United Artists Vp-Gen. Counsel William Koplovitz, attorney Harold Farrow. Cost is \$170 before Feb. 17, \$200 later. Details: Barbara O'Neil, Elsbeg Assoc., 202-362-1140.

Reporting to Congress on financial interest & syndication talks Jan. 31, MPAA Pres. Jack Valenti told Senate Commerce Committee Chmn. Packwood (R-Ore.) and House Commerce Committee Chmn. Dingell (D-Mich.) that negotiations between CBS Chmn. Thomas Wyman and MCA Chmn. Lew Wasserman are continuing. Wasserman is representing Committee for Prudent Deregulation (CPD), which includes independent TV stations, programmers & syndicators. Valenti criticized ABC & NBC: "Notwithstanding my persistent entreaties to all 3 networks to meet apart from the CBS-CPD conversations, both NBC and ABC chose not to be involved in separate negotiations." FCC won't be taking action soon on rulemaking aimed at relaxing rules on networks, said Commission official, who added he didn't expect Congress to take action before May. "I expect some of the powerful senators will push the parties back into negotiations," FCC official said.

What diversity there is on networks hasn't been supported by most advertisers, ABC Entertainment Pres. Lewis Erlicht told IRTS luncheon in N.Y. last week. "In the past year or 2 on all 3 networks — with *Playing For Time*, *Adam*, *Something about Amelia*, *Day After* — each of the networks was praised after the fact," he said. In each case, "it was never supported beforehand in terms of advertising dollars." "The very people who cry out for change, when change does appear, must stand up and be counted," he said. Annual institution of panel of 3 network entertainment presidents included CBS's Bud Grant and NBC's Brandon Tartikoff. Along with usual competitive jibes (asked what NBC will program against Olympics, Tartikoff said "punting comes to mind"), all 3 said erosion of network shares in prime time by cable and other competing technologies had peaked and audience is returning to network programming.

Saving NPR from bankruptcy last year may have cost up to \$1.3 million, according to company financial sources. Figure includes combined costs of auditing, transition management team, severance. NPR Pres. Douglas Bennet said total must be compared with about \$1.7 million which transition team was able to eliminate from deficit projected last summer to reach \$9.1 million by Sept. 30. Deficit as of Sept. 30 was \$7.4 million, according to audited review of FY '83. Costs are being "scrubbed" to get "hard" figures for hearings scheduled Feb. 10 before House Energy & Commerce Oversight & Investigations Subcommittee, official said. During board meeting in Washington last week, NPR directors increased FY '84 budget by almost \$2 million to \$21.3 million. It was previously approved at \$19.4 million.

Arts & Entertainment and Lifetime, 2 cable programming services formed from mergers, debuted last week. Lifetime was born from merger of Viacom's Cable Health Network and Hearst/ABC's Daytime. A&E draws programming from Hearst/ABC's ARTS and material originally produced for Entertainment Channel.

CABLE MOUNTS POLITICAL AD DRIVE: Envious of millions to be spent on TV political ads this election year, cable industry is mounting concerted effort to attract some of those dollars by promoting itself directly to Washington politicians. It will put on "how-to" session March 1 for congressmen & senators and their campaign coordinators aimed at convincing them that cable can reach targeted audiences for less cost than TV or radio.

According to Simmons Research Bureau, numbers touted by workshop sponsor Cable TV Ad Bureau (CAB), typical cable subscriber is 28% more likely to vote than non-subscriber, 50% more likely to work for candidate, 69% more likely to be involved in political fund-raising. CAB Pres. Robert Alter also said that cable universe has more than doubled since 1980 election. Moreover, cable franchises sometimes mirror congressional district boundaries, officials said.

Not to be outdone, NAB is linking 28 cities in satellite conference Feb. 23 to advise TV & radio executives on how to attract political advertising. NAB estimates \$225 million will be spent this year for broadcast political ads. TvB says \$180 million will be spent on TV alone.

Success story cable executives will tout at workshop in Cannon House Office Bldg. caucus room is how Rep. Frank (D-Mass.) used cable advertising in 1982 to defeat Rep. Heckler (R-Mass.) for 4th Dist. seat.

"We've always wanted the political dollar," said workshop steering committee Chmn. Richard Holcomb, vp-public affairs at ATC. "Now we have enough systems that sell advertising, that have the lowest-unit rate cards, that have the equipment for us to make a major effort. Two years ago we didn't; a year ago we didn't; but if we don't do it in 1984, we'll have to wait 4 more years for this opportunity again."

Cellular radio subsidiaries of 7 regional Bell Operating Cos. last week submitted to FCC agreements with 23 independents to form wireline franchises in 38 generally small and mid-sized cities. Arrangements must be approved by FCC before they can take effect. Lawrence Schnieders, spokesman for Southwestern Bell Mobile, said deals could "eliminate the need for lotteries" in areas covered by agreements, assuming FCC approves.

Communications Technology is new monthly magazine to start in March, published by Paul Levine, ex-publisher, Cablevision magazine. Periodical will be official journal of Society of Cable TV Engineers. Controlled circulation periodical starts with 10,000 distribution. Editor is Toni Barnett, ex-CED magazine. Hq is Denver, 303-779-9717; N.Y. office (Woody Sumner sales vp), 212-599-0209.

FCC's next LPTV lottery will be Feb. 28, 9:30 a.m. Licensees will be chosen for 9 markets, largest of which is Atlanta, with 11 mutually exclusive applicants. Most popular market, according to number of applicants, is Tulsa, with 19 bidders. Licensees also will be picked for Aberdeen, Wash., Honolulu, Denison, Ia., St. Paul.

Western Union won one and lost one before FCC last week. Its new Westar 6 satellite, launched into orbit on shuttle Feb. 3, is destined for 91 degrees west, position FCC allowed WU to retain to avoid relocation problems for users now on Westar 3 there. WU had also asked for 5th slot for Westar 3, but FCC refused, said that WU can either move Westar 3 into Westar 2 slot at 79 degrees west or choose another location temporarily. GTE Spacenet had been granted 91 degrees for new hybrid satellite, scheduled for launch in 1986. FCC solution to complaints by WU that disruption would be caused by moving its slot from 91 was following: (1) WU retains 91 west for Westar 6, will move Westar 3. (2) Satellite Business Systems slot for SBS 4 (yet to be orbited) would move from 89 to 91 (in Ku-band; Westar 6 is C-band bird). (3) AT&T Comstar D3 will move from 88.5 to 86 degrees west. (4) GTE Spacenet satellite will be launched into slot somewhere between 88.5 & 89 degrees. FCC Satellite Radio Branch Chief Ron Lepkowski said flexibility was due to different spacings available in C- and Ku-band arcs.

Broadcast & cable financials: (1) Capital Cities Communications said gains in cable TV & publishing divisions helped boost profit to \$34.7 million in 4th quarter, up 23.5% from year earlier. Company said it had quarterly revenue of \$214.1 million, vs. \$182.6 million. Chmn. Thomas Murphy said publications division had 12% increase in revenues, while cable unit revenue rose 26%. But "soft" demand for TV advertising resulted in only 7% gain in broadcasting revenue, he said. (2) Rogers Cablesystems had loss of \$5.8 million in quarter ended Nov. 30, vs. \$4.1 million loss in same period year ago (29¢ vs. 23¢ loss per share). Quarterly revenue was \$79.9 million vs. \$80.4 million, while operating income was \$23.4 million vs. \$22.7 million. (3) Multimedia had 1983 earnings of \$35.2 million (\$2.15 per share), up 31% from 1982, company said. Yearly revenues were \$271.5 million, up 20%; broadcasting revenues were \$126.4 million vs. \$110.5 million, while cable revenues were \$54.5 million vs. \$32.8 million. Net earnings for 4th quarter were \$11.1 million, up 22%, on revenues of \$75.8 million.

M/A-Com has unveiled VideoCipher II scrambling and receive system for satellite cable and DBS distribution. Demonstration used 6-ft. dish with offset feed and Galaxy 1 satellite. Company said successful test would open "opportunities for DBS services on existing C-band satellites" and enhance signal reception by eliminating need for audio subcarriers and for using digital synchronization. System "will also provide similar operational benefits in Ku-band DBS systems," company claimed.

Pharmaceutical manufacturer Schering-Plough has retained Merrill Lynch subsidiary to find buyers for all or some of its 12 radio stations licensed to Plough Bestg. S-P owns AM-FM combinations in Atlanta, Baltimore, Chicago, Cincinnati, Memphis & Tampa-St. Petersburg. Stations are headed by Wayne Hudson, billed \$21.9 million in 1982. WJJD(AM) & WJEZ(FM) Chicago had been put on block earlier for \$14.5 million.

WEEKLY

Television Digest**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.

Copyright © 1984 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036

Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
 Dawson B. Hall Executive Editor
 Paul L. Warren Senior Editor
 Jonathan Miller Senior Editor
 Paul Travis Senior Editor
 Steven Tuttle Associate Editor
 Mary Crowley Associate Editor
 Mike Schwartz Associate Editor
 Art Brodsky Associate Editor
 Melinda Gipson Assistant Editor
 Daniel Warren News Editor
 Deborah Jacobs Info. System Mgr.

Television and Cable Factbook

Michael Taliaferro Managing Editor
 Mary Appel Editorial Director
 Lynn R. Levine Senior Editor
 Barbara E. Van Gorder Senior Editor

Factbook Research, Inc.

Marliou B. Legge Director

Business

Roy W. Fasley III Controller

Barbara J. Pratt Marketing Dir.
 Cheryl Grund Advertising Dir.
 Betty Alvino Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
 Phone: 212-686-5410

David Lachenbruch Editorial Dir.
 Robert E. Gerson Managing Editor
 Seth Goldstein Senior Editor
 Julie Talen Assistant Editor

JAPAN REPRESENTATIVES

(Editorial & Business)

Aske Dam

Richard E. Varner

c/o Foreign Correspondents Club of Japan

Denki Bldg., 20th Floor 1-7-1

Yuraku-cho, Chiyoda-ku

Tokyo 100, Japan

Phone: 211-3161 Telex: J24600

& Gail Winslow, vice chmn.; Bruce MacGregor, treas.; Ian Portnoy, secy.

Donald Williams, Times Mirror Cable TV senior vp-group operations, retires March 2... Daniel Monahan promoted to Avery-Knodel N.Y. CBS Team asst. sales mgr... Betsy Topilow advanced to ABC TV affiliate relations district mgr... William Andrews, ex-KAKE-TV Wichita, appointed KSNW Wichita promotion mgr... Arthur Elliot, ex-Corinthian TV Sales, appointed WKRN-TV (formerly WNGE) Nashville pres.-gen. mgr... Lorna Bitensky, ex-Warner Bros. TV, named Columbia Pictures TV business affairs dir.

Jack Valenti, MPAA pres., speaks Feb. 16 at Howard U. School of Communications conference... Janis Langley, FCC Office of Public Affairs deputy dir., joins Bell Atlantic Washington office Feb. 21 as media relations mgr... William Crispin advanced to partner in Washington law firm Verner, Liipfert, Bernhard & McPherson... Veronica Ahern becomes partner in Washington office of N.Y. law firm Chadbourne, Parke, Whiteside & Wolff.

Matthew Hart, ex-Magnavox CATV, named S.A.L. Cable Communications vp-national mktg. & sales... Richard Owen advanced to Seltel vp-dir. programming & special mktg. services; Nadine Tekula to program services mgr.; Margaret Agsteribbe to research dir... Gary Wright, RAB consultant, joins fulltime as Communications Div. creative services dir.; Chuck Shepard promoted to production dir.

Bill Brown advanced to ATC senior vp-central Fla. division; Graham Powers promoted to construction exec. dir... Jane Rulon appointed NRBA member services dir.; Debbie Byrnes administrative asst... Hal Krisbergh promoted to General Instrument Jerrold Subscriber Systems Div. vp-gen. mgr... Antoinette Coniglio joins AAF as asst. to Pres. Howard Bell and dir. of conference services.

Tim Newman promoted to dir.-domestic sales administration, Worldvision Enterprises... John Forde promoted to vp-gen. mgr., newly formed Jerrold Telecommunication Sales Div... Eugene Torvend advanced to vp-mfg., Times Fiber... Michael Ortman, ex-Charles Brotman & Assoc. PR firm, appointed PR mgr., Home Team Sports; Lisa Klein, ex-Arlington Telecommunications, named ad & promotion mgr.; Stanford Berizzi promoted to affiliate mktg. mgr... Michael Rhodes joins Viacom Productions as vp-creative affairs.

Obituary

Gertrude G. Broderick, 85, leader in development of educational radio & TV, died Jan. 25 in N.Y. Native of Minn., she came to Washington in 1935 as exec. secy. of Federal Radio Education Committee formed by FCC to develop better relationship between educators and broadcasters. She later headed establishment of division in Office of Education to develop educational radio programs. She was one of first women active in Best. Pioneers.

Personals

Shaun Sheehan has rejected RKO General offer, remains NAB senior vp-public affairs; Janet Miles, NAB regional mgr. for Tex., Okla. & Kan., promoted to dir.-TV membership, Washington hq... Named aides to FCC Comr. Dennis Patrick: Theodore Schofner, ex-National Assn. of Mfrs., special asst.; Kathleen Levitz, ex-Common Carrier Bureau, legal aide for common carrier matters... David Clanton, ex-FTC member who turned down NAB top lobbying job, joins Washington office of Pittsburgh law firm Buchanan, Ingersoll, Rodewald, Kyle & Buerger.

Steve Tuttle advanced to Washington managing editor, Television Digest... ABC-TV Pres. James Duffy will be featured speaker at Feb. 28-29 workshop of ANA, Plaza Hotel, N.Y... Patrick Gmitter advanced to exec. vp, WPXI Pittsburgh, and vp-mktg. for parent Cox Communications; John Howell, ex-WKBW-TV Buffalo news dir., succeeds Gmitter as vp-gen. mgr. of WPXI... John Frisoli, ex-Polygram Distribution, appointed vp-cost management, ABC, succeeding Bruce Maggin, now vp of ABC Video Enterprises.

Ted Koppel, ABC News, speaks at HRTS luncheon Feb. 14 at Beverly Wilshire Hotel on broadcast media in Presidential elections... Diana Dougan, State Dept. dir. of telecommunications & information policy, is FCBA luncheon speaker Feb. 16 at Washington Touchdown Club... William Henry, Washington attorney and ex-FCC chmn., elected WETA-TV-FM Washington chmn., succeeding Aaron Goldman, named chmn. emeritus; Christopher Makins

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Jan. 20 (3rd week of 1984):

	JAN. 14-20	1983 WEEK	% CHANGE	2 WEEKS TO JAN. 13	3 WEEKS 1984	3 WEEKS 1983	% CHANGE
TOTAL TV#.....	424,223	349,585	+21.4	561,514	985,737	817,263	+20.6
COLOR#.....	343,848*	244,910	+40.4	402,946*	746,794*	593,628	+25.8
MONOCHROME....	80,375	104,675	-23.2	156,568	238,943	223,635	+ 6.8
PROJECTION TV...	3,441*	3,293	+ 4.5	4,994*	8,436*	7,746	+ 8.9
HOME VCR.....	111,814*	56,111	+99.3	136,394*	248,208*	146,162	+69.8
COLOR CAMERAS...	6,913*	6,005	+15.1	9,413*	16,326*	16,105	+ 1.4

Color TV 5-week moving average: 1983-84--261,111*; 1982-83--198,794 (up 30.3%).

Home VCR 5-week moving average: 1983-84--96,403*; 1982-83--52,501 (up 83.6%).

Excludes projection TV. * Record for period.

MATTEL, MILTON BRADLEY DROP OUT: Mattel & Milton Bradley washed hands of red-ink generated by videogames and electronic toys last week, Mattel agreeing to sell its Electronics Div. at bargain basement price, Milton Bradley discontinuing Vectrex. In related activity, a major computer introduction was postponed and there have been 3 recent management restructurings, as game & computer marketers seek ways to keep 1983's disruptions & losses from carrying into 1984.

Mattel said it plans to sell Intellivision videogame and other assets of electronics operation for \$20 million to investment group headed by Terrence Valeski, now senior sales & mktg. vp for unit. Mattel Electronics will continue as entity, providing parts & service for new company being formed, also will handle software assembly on contract basis for at least year.

Aside from that activity, Mattel said, it will end all involvement in electronics, concentrate on profitable toy & hobby business. Company has negotiated sale of its publishing operation, said it's seeking buyer for theme park, Circus World. Speculation that Mattel would quit electronics has been rife for year, was fueled last summer when it stopped test marketing and dropped Aquarius home computer system, cut 660 employes from Electronics Div., including most top managers & marketers. At that time, it reaffirmed commitment to Intellivision, followed with introduction of computer adaptor and other accessories. Last month, it dismissed 200 more workers and revised its market position. New official response to its videogame posture: "We are evaluating the industry and our position in it." Electronics Div. ran up \$223 million loss in first 9 months of 1983, said it expected sizable deficit in final 1983 quarter to Jan. 28. That loss, Mattel indicated last week, will be boosted by reserves covering business disposal.

In related move, Penn Central said it will sweeten takeover offer to public holders of Solid State Scientific. PC has agreed to buy Mattel's controlling interest in SSS for \$12.3 million (\$6.11 per share) intended to pay same for 48% held by public and SSS insiders. Under revised proposal, PC will pay them up to 20¢ more per share, depending on SSS's 4th quarter results. Semiconductor maker had \$6.44 million loss in first 9 months, but said it expects to report 4th quarter profit on record sales.

In consigning Vectrex to limbo, Milton Bradley said it took \$16.5 million charge in final 1983 quarter to cover discontinuation costs, reported that in total it lost \$31.6 million on game.

MB also shut down General Consumer Electronics, Vectrex developer acquired in 1982 for about \$4 million. Vectrex was introduced in 1982 at \$200 as first game with built-in monochrome TV tube offering non-raster X-Y display, but it never caught on, and cutting price to under \$100 didn't help.

MB reported net losses of \$18.7 million for both quarter & year, including total losses of \$22.6 million & \$30.2 million from discontinued operations in those respective periods. Additional writeoffs, company said, were for inventory of some electronic board & hand-held games. MB said operating results also were hampered by cancellation of orders from Atari & TI of voice activation systems it developed for their home computers.

Commodore has placed indefinite hold on computer models 264 & 364 introduced at last month's CES amid excitement ranking 2nd only to Kodak's 8mm Video display. Commodore said models were being reevaluated, wouldn't be marketed "until there's a need" for them. Computers presumably got lukewarm reception from consumer electronics and toy retailers. Company is essentially persona non grata with computer specialty dealers, who are still steaming over Commodore's refusal to give them price protection last year when wholesales on Model 64 were trimmed.

Incoming Commodore Pres. Marshall Smith, due Feb. 21 to fill slot emptied by resignation of founder Jack Tramiel, will have little worry about displacing current employees as he builds his own team. Four key marketing & manufacturing executives resigned. Departures seemingly are unrelated to top management changes. Atari's new Pres. James Morgan has totally revamped corporate structure set up only last June, while Apple has split up into operating divisions (for details see Trade Personals).

CUSTOMS REVIEWING TV KIT DUTIES: Labor-industry group COMPACT has won first round in fight to discourage use of imported picture tubes in color TVs assembled in U.S. Customs has agreed to consider whether separate customs entries should be made for picture tubes imported as part of TV kits.

COMPACT's contention is that standard 15% duty should be levied on tubes included as part of kits, rather than 5% rate imposed on complete TVs, chassis, kits and most other parts. That was way things were until 1977. Until then, there was no specific tariff schedule provision for either TV chassis or kits, and any imported tubes not actually built into imported TVs were subject to higher duty rate.

Situation changed when Japan agreed to put voluntary quota on color exports to U.S. Arrangement provided separate allocations for complete and incomplete TVs, counted chassis with tube against quota for complete sets, exempted less-finished chassis from restrictions. To help Customs monitor Japan's compliance with agreement, 8 new tariff classifications for kits, chassis and circuit boards were created, all carrying same duty rate as complete TVs. That opened color picture tube import loophole Matsushita walked through last year, touching off howl from COMPACT.

Last fall, Matsushita started shipping tubes from Japan to chassis assembly plant in Tijuana, Mexico, then shipping tubes & chassis in equal numbers as kits for final assembly to factory in Franklin Park, Ill. where Panasonic & Quasar sets are turned out. Tariff schedule has no requirement that all kit parts be from same country. In 1982, Matsushita shipped estimated 120,400 such kits, saving as much as \$818,000 on duty it would have paid had same tubes been shipped directly from Japan to Franklin Park.

Imports of tube-inclusive color kits from Mexico through first 11 months of 1983 were 387,000, for indicated duty savings of at least \$2.63 million. Other foreign manufacturers have caught on to opportunity. New suppliers this year include Singapore with 27,300 and Korea with 19,600, while shipments from Japan were 54,700, up 48.6% from same 1982 period. Those imports were enough to put total duty savings well over \$3 million. Presumably, manufacturers get additional incremental savings from increased tube production and from not having to use special parts to adapt set design for U.S.-made tube.

In petition to Customs, COMPACT argues that special kit & chassis classifications never should have been used for duty determinations and requests they be disregarded and old system reinstated for future shipments. Otherwise, it contends, tubes should be broken out of kit imports, and duty on them assessed at 15%. Customs has set March 26 as deadline for comments on current classification procedures and COMPACT's petition for change.

'DRAMATIC CHANGES' SEEN IN VIDEO MARKET: Advent of VCR has been major factor in "dramatic" change in consumer electronics market in last 2 years — change which could bring new shakeout in which "global companies" will survive. That's view of industry veteran Robert O'Neil in interview on occasion of 20th anniversary of Hitachi Sales Co. of America.

O'Neil, who has served in major posts at RCA, Sylvania & Admiral, estimated VCR wholesale sales at over \$3 billion — "that was the color business just a few years ago; it's astounding." Companies will find it increasingly difficult to maintain leadership without supremacy in VCR as well as color, O'Neil maintains, says firms which have their own VCR production for global markets have inside track on survival on U.S. consumer electronics scene.

In terms of consumer electronics manufacturing for U.S. market, he said, Matsushita is now No. 1, RCA No. 2, Hitachi "probably No. 3, certainly No. 4." Hitachi's elevation has come in large part through contract to supply RCA's VCR needs, he said, adding that VCR has completely changed Hitachi's posture in U.S., which now takes "most significant share of Hitachi's volume worldwide."

Although for last 15-20 years RCA & Zenith have run neck-&-neck in color sales, totaling some 40% of market, O'Neil observed, RCA kept supremacy in VCR with over 15%, while Zenith dropped to 5% or less. "They may eventually get to 6-7%" with VHS, he said, "but I don't think they can make up for lost momentum" enough to gain same position in VCR they hold in color (O'Neil classified 15% of VCR market as equivalent to about 20% of color). Sizing up U.S.-based giants, O'Neil sees Zenith declining unless it can make sensational comeback in VCR through VHS. As for GE, "it may be the biggest company in our business, but [in video] it's the weakest guy," because it has lowest share of major firms which have only U.S. market base.

Asked about secret of Japanese success in consumer electronics, O'Neil replied: "Forget about management" and other traditional arguments. "The Japanese have a much wider awareness of the global market and what it can do with volume. When we look at Chicago & Dallas, they're looking at Australia and the Near East and some countries we never even heard of. The world market made VCR. The global giants can survive a U.S. depression." R&D spending in Japan — traditionally about 5% of sales — assures increase in lead, O'Neil maintains. "In 2 years, the Japanese will spend \$1 billion on R&D alone in a single product [VCR]. This gives them strength on that next product," guarantees steady flow of innovation. "Who can compete?"

Parent Hitachi's contract to supply RCA VCRs helps Hitachi Sales Corp. of America "long term," according to O'Neil. "It probably reduced our expansion somewhat." He admits there's some inhibition — "we obviously can't introduce before they do. We're giving up innovation [under Hitachi brandname], there's no question about it. It's a tradeoff — there's a price we pay, but it's offset by our volume base."

Competition from Korea & Taiwan won't gain major foothold in U.S., O'Neil predicted. "In 10 years, they won't be more significant than they are now — I don't see them being more than a nuisance. The entry fee is too high, and the strategy of the TV majors is not to let them in. Giants can keep them out [of world markets]. They'll be more aggressive in 1984, but the majors will go with them."

Discussing Hitachi America's move to direct sales Jan. 1, he said 80 sales people were added for total sales force of 100. Move was made because of Hitachi's vastly expanded line and dilution of reps' efforts as new products such as other brands' phones & computers are added to their lines. "With our own people, Hitachi is all they know. Even audio & video are finally coming together. Reps were handling our video and somebody else's audio. Now, we're getting new exposure to our audio from video. Already, some dealers who carried only our video are

adding audio." In 1984, Hitachi America will sell 250,000 more color sets than it did in 1980, said O'Neil — "and VCR didn't even exist for us" in 1980.

Hitachi will go slow in adding new product categories in U.S.: "We're looking at small refrigerators, air conditioners, laundry — we'll have them in a small way in the next 12 months." Hitachi has had TBM-competitive computer on hold for 2 years. We'll be conservative [in computers] — no big blast. We're looking also at portables \$1,000 & up, but nothing is imminent." He described video games as "the Hula Hoop of the business — they took floor space, and their decline gives dealers more open-to-buy. Now they'll put more effort into VCR & color."

Monitor-receiver business will grow each year, said O'Neil, but not dramatically. "It's a 19-in. TV set at \$700," sometimes hard to sell against 19" remote portable for \$399. He thinks square-cornered tube will stimulate console business. Stereo TV is "like the monitor-receiver, a high-end product." Digital TV, still few years off, will help global manufacturers by making it easier to produce world set. Combination of stereo plus digital plus high performance, he believes, will accelerate obsolescence, shorten replacement cycle for TV sets by couple years.

In projection TV, Hitachi is "selling out everything we're getting." Although most publicity goes to its new liquid-coupled model, Hitachi has much bigger commitment to low-end unit. For minimal risk, "we'll have lots of product which can be sold at \$1,995. We have no major commitment to liquid-coupled, because it's a \$500-\$600 step at retail. Not many sets are available below \$2,000. We're sold out through June on low-end projection" assembled in Anaheim, Cal. (For O'Neil's views of 8mm Video and videodisc, see related reports elsewhere in this issue.)

COLOR TV ANALOGY INDICATES VCR PLATEAU: We've commented before on remarkable similarity between growth years of color TV and of VCR — and that parallel continued through 1983. If its growth curve continues to follow that of color, VCR will level off at 5-6 million for next 5 years before showing any major new growth.

Comparing 1959-66 in color with 1976-83 in VCR shows closeness of parallel in sales to dealers on unit-for-unit basis:

Year	Color TV	Home VCR	Year
1959.....	90,000	55,0001976
1960.....	120,000	160,0001977
1961.....	147,000	401,0001978
1962.....	438,000	475,0001979
1963.....	747,000	805,0001980
1964.....	1,366,000	1,361,0001981
1965.....	2,747,000	2,035,0001982
1966.....	4,702,000	4,091,0001983
1967.....	5,224,000	1984

What happened to color after 1967? 1968 — 5,827,000; 1969 — 5,524,000; 1970 — 4,822,000; 1971 — 6,181,000. It wasn't until 1972 that color left 5-6 million plateau, moving to new 8-9 million level for 6 years, then to 10-11 million for next 5 years, and in 1983 to new area of 14 million or so. Translated into VCR timetable, this would mean sales in 5-6 million area annually through 1988.

Timex announced new computer peripherals to be introduced through June. Most can be used on discontinued low-end TS 1000 as well as recently introduced models with full keyboards. Additions include 85K high speed micro tape drive, supplied by U.K.'s Sinclair, to retail for about \$80; 300-baud modem at \$120; 80-column dot matrix printer at \$325; expansion interface with RGB & video outputs at \$120.

Toshiba marks production of 2 millionth color TV at Lebanon, Tenn. plant next month. Facility started assembling sets in Aug. 1978. So indication is that during its 5-1/2 years, Toshiba plant accounted for about 3.9% of U.S. domestic color production, 3.2% of U.S. (production plus imports) market. Plant produces private label and Toshiba sets, so figures don't reflect Toshiba's own-brand U.S. market share.

FCC WEIGHS TV SOUND: FCC's multichannel TV sound (MTS) proceeding passed another milestone last week — deadline for reply comments expired without postponement or delay. Commission-watchers now think selection of single system — Zenith-dbx, as recommended by EIA MTS Subcommittee — is likely. As for timing, there's some feeling decision could come just before April 29-May 2 NAB convention as present to broadcasters — but that's mere speculation.

Reply comments filed last week ran as predicted, with few surprises. Broadcasters generally endorsed single-standard ruling and requirement that cable systems carry supplementary audio channels. Cable industry also endorsed single system but strongly urged against making MTS "must-carry." Telesonics Inc., proponent of one of 2 losing systems, reiterated that it wanted marketplace decision.

Telesonics Pres. Larry Ocker told us his system "was not even considered in the 2nd round" of MTS tests because subcommittee members were "so mad at us" because of its insistence that tests were rigged against it first time around. He said if FCC makes marketplace decision, Telesonics will push for acceptance of its system. "If it chooses Zenith-dbx, we'll certainly go along." Ocker is engineering vp of WTTW (PBS) Chicago.

Other losers in system race didn't file reply comments — EIA-J for its transmission system, CBS & Dolby for companding systems. CBS Technology official told us that as a broadcaster, CBS was more eager to get MTS moving than it was to push own CX companding system. Dolby spokesman said that while company feels decision for dbx was wrong and that more tests should have been held, it "won't upset the vote." He said Dolby is now working on other technological developments important to future of TV.

Unusual comments were filed jointly by Time Period Modulation (TPM) and Cable TV Supply Co., both of Cal., urging marketplace approach. Document says TPM has "new system for modulating a TV carrier and digitally transmitting TV & other signals... making substantially more efficient use of existing telecommunications spectrum." For MTS, it says "TPM system would permit an inexpensive alternative without sacrificing quality service [and] would convert existing TV transmitting and home receiving equipment into stereo equipment. [It] would not require the broadcast industry to retool, or home viewers to buy expensive new TV sets."

PBS urged FCC to adopt single standard and strongly recommended that it permit use of TV aural subcarriers "with full discretion for public TV stations to use [them] for whatever uses they wish, and for revenue producing purposes..."

Revenue production is also on minds of commercial TV stations, as evidenced by NAB comments urging that no common carrier regulation be imposed on TV aural subcarriers, suggesting that stations could use them for "program-related material for the sight & hearing impaired, storecasting and background music, paging services, electronic mail

delivery, facsimile services to offices and municipal traffic light & sound control." NAB strongly recommended adoption of single system and must-carry status for cable TV.

NCTA just as strongly opposed must-carry rule while urging adoption of service, stating cable systems would carry it where they could but mandatory carriage would impose "technically unacceptable and costly burden on cable operators and their subscribers."

EIA MTS Subcommittee filed its expected comments proposing that FCC choose Zenith-dbx system. It said Zenith was selected because it's "theoretically perfect under ideal conditions," has potential of expandability into quad sound or more channels, requires no complex filtering, is easy to build because of similarity to FM stereo." As for dbx companding system, filing said it provides up to 100% low frequency modulation capability, consistent stereo separation, good headroom and low transient distortion, excellent perceived bandwidth, high audio quality with excellent noise reduction and was choice in listening tests.

8mm—PROFIT-KILLER? Impact of 8mm introduction by Kodak "could cut industry profitability by \$20-\$30 million" this year if it causes consumer confusion, in opinion of Hitachi Exec. Vp Robert O'Neil, who laid much of blame on video industry leaders rather than Kodak itself.

Enlarging on widely quoted comments he made at CES (TVD Jan 16 p13), O'Neil faulted major U.S. manufacturers for jumping on 8mm bandwagon. "If it were only Kodak as a market test, that would be one thing," he said, "but everybody else is helping Kodak by giving them exposure. Talk alone will slow down portable sales."

Based on anticipated 5.5 million VCR sales this year, O'Neil said, more than one million will be portables. "Some 500,000 of these portables are in jeopardy if people decide to wait. These are our deluxe, high-priced models, our most profitable. We can have a nice dump on high-priced portable VCRs... You can lose your year's profits on one model of one product."

As for Kodak, "you can't dismiss them... It's the start of something." He forecast 8mm camcorders could be selling for less than \$1,000 — "camera stores are used to operating on low margin."

Although 8mm may open up big camcorder market, O'Neil believes it won't be only format. "I think we'll see 2 or 3 formats in the future. This is causing manufacturers to look at Betamovie and VHS-C [Video Movie]," which O'Neil believes will be helped, rather than made obsolete, by 8mm.

Price war in high-end computer software is being awaited following Visicorp.'s cutting \$95 from \$495 price of Visi On Applications Mgr. program.

9,000 CED PLAYERS WEEKLY: Based on surge of CED player shipments which began last fall, RCA should have no problem meeting its share of 500,000 videodisc players expected to be delivered to retailers this year. According to RCA Videodiscs Vp-Gen. Mgr. Arnold Valencia, Indianapolis plant has been shipping average of 9,000 machines weekly since Sept., vs. 2,000-2,500 during same period last year. Valencia maintains distributor backorders reached 34,000 units Jan. 10.

He acknowledges pace will drop off in 2nd & 3rd quarters, expects it to move past 9,000 weekly mark by fall. Fly in ointment is preponderance of \$199 monaural players — 60% of total sales — Valencia noting that step up to more expensive stereo models still hasn't occurred and, as result, "music video is not moving as quickly as anticipated." He says retailers don't demonstrate stereo properly, problem he hopes to discuss at RCA's distributor meeting in May.

As for random-access player, sales have been almost non-existent because unit hasn't been available in quantity. Valencia points out that 50% of output to date was sold to Bally for NFL Football arcade game, with production for distributors just beginning. He wouldn't comment on details of RCA-Coleco discussions about use of player with Adam computer except to say "we're talking to a variety of people in a serious vein... We see an opportunity."

Bigger objective is bringing player sales in line with disc deliveries. The 2 components are out of whack, probably will remain that way until midyear, largely because program suppliers overestimated player demand when they decided to go ahead with custom-pressing. That decision was based on strong sales filling retail pipeline. "Everybody just got carried away," comments Valencia. "They didn't apply normal standards," and result has been massive inventory buildup.

Valencia said he now believes correction has set in and "they're ordering responsibly... It's a short-term problem that has taken longer to work out than expected." He believes disc rentals are fact of life accounting for 30% of dollar volume and shouldn't be discouraged. "I know the studios don't like to hear that."

Different solutions to oversupply have led to sniping between CBS/Fox Video and RCA Videodiscs, but reports of feud have been greatly exaggerated, Valencia said. Problem stemmed from CBS/Fox's reduction of 225 CED titles to \$19.98. Valencia said move didn't offer distributors price protection on 180 releases, claims "they stopped buying" rather than incur inventory writedowns of up to \$50,000. CBS/Fox originally posted new purchase price of \$8 a disc, barely above replication cost, in contrast to RCA policy which permitted return of 10% of its titles in Dec.

Apparently, CBS/Fox agrees with Valencia evaluation that plan didn't work. Senior Sales & Mktg. Vp Leonard White told us distributors can hold to first scheme — 50% price reduction and \$1-a-disc ad allowance — or try 2nd, which keeps disc at old cost but offers \$5 rebate. White claims dramatic

improvement in disc sales since difficulties were straightened out, maintains "we're nearly back to the old level."

* * * *

Hitachi demonstrated own interactive CED player, along with home videodisc game system, to dealers at Hitachi Sales Corp. of America 20th anniversary cruise down coast of Mexico. System can be used with any home computer, and as demonstrated used horse-racing videodisc programmed from floppy disc. Company said it would be ready by year's end. Hitachi is negotiating with "all videogame makers" in U.S. & Japan about use of its CED players in home disc games, official told us.

Hitachi's CED videodisc player business in U.S. remains "on hold," but "we want it to go," Exec. Vp Robert O'Neil said in interview. CED system, he added, "can still survive, even if RCA doesn't make it this year." He said he thought pricing is "where it belongs, at \$169, \$199," but that system needs specialized software — particularly educational — that "hasn't been developed yet." As for Laservision — "I almost dismiss it. It's about 1/4 of CED [in sales], it will always be more expensive" and will survive only as commercial-industrial product.

Radio Shack is eyeing entry into video software through short music video and special feature programs. It plans to have line of 45-min. recorded cassettes by 3rd quarter, is seeking original product, apparently also is willing to license existing programming if suppliers allow it to be sold on its label. RS won't comment on status of venture other than to acknowledge its existence. Sources tell us RS will guarantee to buy 20,000 copies of accepted programs at \$12.50 each, retail them at \$29.95. Volume is about double what most music videos generate now. RS is offering to have subsidiary Memtech (formerly Memorex consumer products operation) supply blanks for duplication at \$3.75-\$4 each. B&H/Columbia Pictures Video Services would seem to have inside track on duplication because of both capability and past association with Memtech in videocassette loading venture. B&H/C is gearing up for music videos, expects to buy Sony pancake tape duplication facility at Dothan, Ala. plant, will get it started in mass production of shorter tapes. It's probable company will build duplication plant this year, adding 1,000 slave VCRs to 2,500 now in use, although music video still won't be primary reason — they're expected to account for well under 10% of recorded cassette market of at least 13 million units in 1984.

Safety tests of electrical appliances controlled by ICs are planned by Consumer Product Safety Commission. Agency is concerned over possible hazard if chip fails, particularly in ovens and other heating devices (TVD Oct 31 p18). On another safety issue, FDA says it may move on cordless phones if CPSC doesn't go beyond warning labels to attack problem of overload ring. Many cordless phones ring through earpiece and there are reports of hearing loss suffered by consumers who had phones too close to ear when they rang. FDA says Radiation Control Act gives it authority to regulate any product emitting electronically produced sonic waves.

NEW BACKING FOR BETA: VHS format may have dominating lead in VCR market supremacy battle, but Beta continues to pick up new international support. Latest to sign on are manufacturers in China & Korea.

Beta is first format to get formal blessing and major investment from mainland Chinese officials. Sony said it has signed technical assistance, licensing & patent agreements for joint venture by Chinese and Hong Kong interests. New company, Amoy Solid Electronics, is to be located in Amoy economic zone. It's capitalized at \$5.1 million, is slated to start production in Sept. Company plans to turn out 300,000 VCRs in next 6 years.

ASE will use Sony brand name, and at first buy 70-80% of parts from Sony, but plans to have all components made in China within 6 years. Sony said it's also negotiating separate agreement on exporting videotape to China. Matsushita & JVC have small-scale licensees in China, and are understood to be negotiating for larger deals. Sony agreement is believed first to cover plant of significant size.

Korea's Hyundai is including VCR production in plans to evolve into consumer electronics manufacturing force. Hyundai Electronics, recently formed subsidiary of conglomerate, has purchased VCR technology & licenses from Sony in exchange for up-front payment, 5% royalty on sale, expects to start production in 2nd half this year.

Hyundai presumably intends to be Korea's 2nd producer of Beta VCRs. Daewoo produces Beta under agreement with Toshiba, while Gold Star & Samsung have VHS licenses from JVC. Korea's manufacturers are barred from exporting VCRs until Jan. 1, though they're negotiating to have ban lifted Oct. 1. Gold Star, meanwhile, has become first Korean VCR producer to win UL listing, considered necessity for exports to U.S.

* * * *

On VHS front, NEC says it plans to switch from assembler of kits supplied by JVC to integrated production in July. All of NEC's VHS output will be for export, primarily to U.S., and company expects shipments of about 6,000 monthly.

JVC's AHD (Audio High Density) digital disc system is due for introduction in Japan this summer. JVC will have separate AHD players as well as adaptors that permit discs to be played on VHD videodisc players already on market. AHD discs are designed to provide stereo audio and still video pictures. AHD will be direct competitor to CD optical digital audio discs, and JVC will have foot in both camps. Company recently announced that members of its records group will release 35 CD titles in March and that it's building capacity to press 300,000 CD discs monthly.

On-screen caption generator used in RCA's interactive videodisc player has been awarded patent, with Charles Wine cited as inventor. Designed to display instructions on videoplayer use, prompting & timing information, it can be used with VCRs as well as disc players, RCA notes. Currently it's part of LSI in disc player, can operate with or without disc.

NEW SET INTRODUCTIONS: Sharp introduces its first flat square tube (FST) in 20" monitor receiver with 142 channels, keypad remote, stereo TV jack, RGB & video-audio inputs, on-screen color coded function display, comb filter at \$760, 2 mechanically tuned 19" portables at \$400, 25" table model at \$590.

New VCRs from Sharp start with front-load model at \$600 featuring search, stop action, 7 day one event timer, 8-function wired remote, illuminated "cassette in" indicator. Updated all-in-one portable VCR including tuner-timer weighs 13.2 lb., nearly 2 lb. lighter than predecessor, with search, still, frame advance, 105 channels at \$900. Sharp introduced new CD player with random program access, search. Sharp enters portable typewriter field with "Intelliwriter" dot matrix portable with 70-character LCD display, 2,200-character memory at \$360.

Samsung introduced 5" AC-DC color set; 13" AC remote color, 13" remote monitor receiver with 133 channels, dual antenna connections; 19" monitor receiver with dual antenna, stereo amplifier, 105 channels, up-down remote.

Color TV sets for classroom instruction were introduced by RCA Service Co. With keypad tuning, video & audio input jacks, 127 channels, sets are available in 19" & 25". Larger size has optional Digital Command Center, wireless remote which also will operate some RCA VCRs and videodisc players, as well as separate input for closed-circuit use.

Toshiba's Walky, to be introduced in Japan in March at \$150, is first headphone cassette player smaller than cassette itself. Cassette snaps on to outside. Walky, which weighs just 7.4 oz., also includes FM-AM radio.

—

Backyard satellite dish market should jump from 225,000 units last year to 550,000 in 1984, including sales to schools and other non-home users, bring number in use to 875,000, KLM Electronics Pres. Peter Dalton told news conference at recent WCES in Las Vegas. Show had its usual parking-lot display of earth stations which drew usual glances from passersby, problem that TVRO industry has yet to overcome, Dalton acknowledged, noting sales potential of \$1.4 billion this year "unfortunately has been ignored by [many] dealers." Dalton said average unit price was declining from \$3,000 to \$2,500, and claimed KLM holds 33% market share. KLM meanwhile has licensed Pioneer Electronics of Japan to manufacture receiver line, transferring considerable volume of production outside U.S.

National Semiconductor may face criminal fraud charges for its acknowledged failure to test properly ICs supplied to military in 1978-81. Following investigation, NS was disqualified in Feb. 1982 as military supplier, but won that status back 10 weeks later after revamping testing & reporting procedures. Last week, Pentagon disqualified Fairchild Semiconductor as IC supplier for similar reasons, said that company too was being investigated for fraud. Indications are that other IC producers also are being probed.

CONSUMER ELECTRONICS VIDEO DATA BOOK

1983 Edition

The market continues to change rapidly in the consumer electronics industry, and to see the future, strategists must examine the past. To aid them, editors Robert Gerson and David Lachenbruch have gleaned from Television Digest's news archives every important market statistic and projection for the past year—to July 1983.

These are some of the same statistics which led Sony Chmn. Akio Morita to tell Playboy magazine that Television Digest is "the leading U.S. trade journal" and required reading in Japan. This 150-plus page handy Data Book covers color & monochrome TV, VCRs, videocassettes, videodiscs & players, audio equipment—plus statistical forecasts & projections, along with summaries of market surveys and reports from a wide variety of industry sources. The **CONSUMER ELECTRONICS VIDEO DATA BOOK** is available for \$125, but subscribers to any Television Digest publication receive the preferred rate of only \$95.

Among statistics in this everyday ready-reference book:

- Table of weekly sales to dealers of total TV, home VCRs, projection TV and color cameras from July, 1982 to July, 1983;
- Monthly sales-to-dealers summaries, with inventory reviews and analyses covering 12 months;
- Quarterly data on total-market supply of color & monochrome TV sets, including TV Digest's own breakdown of domestic production and imports;
- Average prices, mix, imports & sales by screen sizes and U.S. exports;
- Monthly summaries of Japanese exports to U.S. and U.S. imports of major video electronic products;
- Television Digest's exclusive Share-of-Market rankings of color & monochrome TV and home VCR brands;
- Trends and forecasts, including statistical analyses from other sources—all major surveys in a 12-month period;
- Market studies and reports, including projections, covering all types of industry products for both the U.S. and overseas.

NOTE: If you don't already have your copy of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK**, covering Jan., 1981 through June, 1982, you may order it with the new edition at a discounted price of \$25.

Yes! Please ship me _____ copy/copies of the **1983 CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$125 (price for subscribers to Television Digest publications is \$95). Please add \$10.00 per book for foreign orders. D.C. purchasers add 6% sales tax per copy ordered. Make checks payable to Television Digest, Inc. All orders must be prepaid.

Also ship me _____ copy/copies of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$25.

Credit Card _____ American Express _____ Visa _____ MasterCard _____

Credit Card Number _____ Valid From _____ to _____

Signature _____

Name _____

Organization _____

Address _____

City _____ State _____

Return this form to Television Digest Inc., 1836 Jefferson Pl. NW, Washington, D.C. 20036.
202-872-9200

NAP NET UP: North American Philips posted record 4th quarter results, higher sales & earnings for year. Closing quarter was first in which company sales topped \$1 billion, while net rose 24.8%. For year, NAP had earnings gain of 30.1% on 12% sales rise (see financial table). Earnings are after \$3.97 million dividend on special shares sold to U.S. Philips Trust to finance 1975 acquisition of Magnavox. Excluding that payment, NAP earnings were up 38.1% for quarter, 35.5% for year.

Consumer electronics operations "registered sharply improved results" despite extensive losses from videogames, NAP said. CE improvement "was most notable" in video products, TV tubes, and losses from videodisc business were reduced. NAP said cost reductions and operating efficiencies also helped boost CE performance. Company had higher sales & earnings in all major segments of its electrical & electronic components business, while sales of CATV equipment were down.

Activision reported \$8.1 million loss in 3rd quarter to Dec. 31, putting 9-month deficit at \$12 million. Sales fell 79.7% in quarter, were off 56% for full period. Company said results reflect lower order rates, cost of staff reductions, reserve for higher than anticipated post-Christmas videogame inventories. Activision said it expects soft market to continue through much of 1984, added that most of its new titles will be released in several formats this year "because of significant fragmentation in the hardware marketplace."

Texas Instruments, free at last from home computer business, enjoyed 81.9% jump in 4th quarter net, including \$11 million in sales of home computer equipment previously written off. Full-year loss of \$145.4 million includes \$193 million tax credit, \$350 million in writeoffs and estimated \$310 million in operating losses from home computer business.

Craig said dropping home & portable audio equipment to concentrate on car stereo helped it cut loss 50% to \$609,000 in 2nd quarter to Dec. 31. For half, deficit was \$1 million, down from \$1.6 million. Craig said sales were down only 6.6% to \$15.5 million, but were off 14.7% to \$29.6 million for half.

Dai Nippon Printing said 30% jump in sales of color tube shadow masks and other electronic parts helped boost sales 8.5% to \$1.31 billion in half to Nov. 30. Japanese firm said net rose 4.4% to \$48.9 million.

Walt Disney worldwide home video & non-theatrical sales rose 45.7% in fiscal 1983 (to Sept. 30) to \$55 million, according to annual report. Cited as biggest cassette & disc sellers were Alice in Wonderland at \$1.8 million, Tron at \$1.7 million. Report indicates contract giving RCA exclusive CED disc distribution rights to Disney video titles expires this year, won't be renewed.

R&D spending in U.S. on electrical machinery & communications should rise 12.4% this year to \$14.5 billion, with private industry taking on bigger share of load, according to Battelle Memorial Inst. Govt. financing in field is expected to increase 6.8% to \$5.65 million, to account for 39% of total, down from 41% share in 1983.

FMA HEARING FEB. 23: Final hearing on proposed Fair Marketing Amendment to Copyright Act has been set for Feb. 23 by House Copyright Subcommittee. Witness list isn't out, but we're told it should include Consumers Union's Mark Silbergeld, who will oppose revision that would allow studios to share in retailer revenues from recorded cassette rentals. Training Media Distributors Assn. will speak in favor of FMA.

Session represents last licks for MPAA & HRRC. Lobbyist for latter claims "we've not been told there's any commitment to a markup." Aide to Subcommittee Chmn. Kastenmeier (D-Wis.) told us markup timetable hasn't been discussed, calls Feb. 23 date "fairly prompt scheduling" in contrast to hearing on computer technology, postponed while Kastenmeier draws up own legislation. That could bring FMA issue closer to resolution.

HRRC meanwhile is continuing to fan grassroots response among dealers, got more than 5,000 anti-revision signatures at Jan. CES in Las Vegas, will hold 24 retailer-education meetings around U.S. by month's end. One estimate is that possibly 50% of retailers weren't aware FMA was separate issue, and great many still think Supreme Court's Betamax ruling that home taping isn't copyright violation settled entire matter. HRRC has no count on mail sent to Congress, but claims volume has been significant.

Sony officers slogged through 13-1/2 hour annual meeting in Tokyo last week where they were peppered by stockholders with questions on company's declining profits and future of Beta VCR system. Sony apparently was caught up in current positioning battle fought by group called Sokaiya, and generally referred to as "special stockholders." They are so-called consultants, researchers & journalists, own one or 2 shares, and traditionally show up at meetings to applaud management and help keep meetings short in exchange for consulting fees, ads in limited circulation journals. In 1982, govt. revised commercial code making such payments criminal offense. Sony, it's understood, has moved to comply fully with new rules. Sokaiya apparently used meeting to demonstrate what happens to companies that refuse to deal with them.

Ad notes: Commodore appoints Anametrics Services as agency of record for its \$100 million worldwide budget — \$70 million earmarked for spending in U.S. AS, new subsidiary of Commodore's investment advisor, Anametrics Inc., is assigning actual ad creation & placement to established agencies... Video Movie magazine, devoted to reviews of films on cassette & disc, bows this month with \$2.95 cover price. Ad rates are based on 150,000 circulation.

CD price cuts are extending to discs as well as players. Denon America says it will trim dealer cost of discs by \$2 to about \$10 in March, lower suggested retails \$3 to \$17, expects further reductions later this year. Also in March, company plans to boost CD pressing capacity in Japan 50% to 450,000 monthly.

Consumer Electronics Personals

Henry (Gary) Thone, ex-Team Central exec. vp and pres. of subsidiary Atlantis, joins NAP Consumer Electronics as Magnavox vp-brand mgr., replacing Senior Mktg. Vp Donald Johnstone, who has held post on interim basis since shift of **Kenneth Thomson** to Odyssey vp-gen. mgr... **Susumu Yoshida**, advanced at Sony (Japan) from senior managing dir. to deputy pres. Gen. managers elected dirs.: **Yoshitoshi Hiraki**, Sony Production Technology & Components Group; **Eiji Oki**, TV Group; **Nobuo Kanoi**, Audio Group; **Senri Miyaoka**, Audio-Video Technology Center. Also named dir. was **Kiyoshi Yamakawa**, deputy gen. mgr., Consumer Video Group... **William Harlow** joins Sony (U.S.) Video Communications as videotex/teletext project mgr.

Paul Malloy named Atari Products mfg. exec. vp in restructuring (TVD Jan 30 p17); **Marvin Hoff** appointed R&D exec. vp; **Steve Calfee** named senior vp of new Entertainment Software Div., with **Fred Simon** appointed vp responsible for marketing products in non-Atari formats... **Dennis Groth**, former head of non-operating units, named exec. vp for telecommunications operation, Ataritel, with added responsibility for videogame radio broadcasting venture with Activision... Resignations at Commodore: **Donald Richard**, as pres. of Commodore Business Machines, to become pres. of Polo Business Systems, affiliate of Hong Kong's Radofin; **Myrdin Jones**, as U.S. mktg. vp, now Sperry vp responsible for new personal computer; **William Miller**, systems engineering dir.; **Roy Thomas**, materials dir. for company's IC manufacturing.

Fred Bucy, TI pres., to add post of CEO in May, succeeding **Mark Shepherd**, continuing as chmn.; **William Weber** advanced to exec. vp, strategic development... **Steven Jobs**, Apple chmn., named exec. vp of new Apple 32 Div. responsible for Lisa & Macintosh models; **Delbert Yocam**, former operations vp, named to head new Apple II Div.; **Michael Muller** named vp-gen. mgr. for new Accessory Products Div... **Nolan Bushnell** resigns as Pizza Time Theater chmn... **James Magid**, electronics industry financial analyst at L.F. Rothschild, named senior vp.

Harvey Schneider, ex-Sharp national accts. mgr., joins rep Royal Sales as San Mateo, Cal. office vp-gen. mgr... **Richard Ziff** shifts from PR specialist for 3M Magnetic Audio/Video and Automotive products to other lines including recorded cassettes offered by Leisure Time Products Project... **Jack Tweddle**, ex-Tomy Home Computer Div. sales & mktg. vp, named pres.-COO of Super Tel (home telecommunications equipment)... **Gene Williamson** advanced at Record a Call to national sales & mktg. dir., succeeding **Buck Dates**, now sales & mktg. vp... **Mike Hyde**, Mitsubishi Car Audio Div. gen. mgr., named vp.

Todd Leavitt advanced at CBS/Fox Video from legal & business affairs vp to programming & business affairs senior vp; **Lisa Alter** promoted to legal & business affairs dir.; **Dick Davi** named ad-creative services dir... **Janice Whiffen** promoted to national sales dir., Vestron Video... **Diane Moy** appointed

promotion mgr., Paramount Home Video; **Jack Kanne**, ex-Commtron national sales mgr., named southern region mgr... **Noel Gimbel**, Sound Video Unlimited chmn., adds duties as COO, succeeding **Leonard Grossi**... **Joel Schoenfeld**, RIAA special counsel & anti-piracy operations dir., adds duties as assoc. gen. counsel.

Philo Farnsworth, an inventor of all-electronic TV, and **Theodore Maiman**, developer of first operable laser, elected to U.S. Patent & Trademark Office National Inventors Hall of Fame.

Electronic transaction handling can mean major paperwork cut, according to report of Corporate Trade Payments, 6-month 45-company pilot test run by National Automated Clearing House Assn. Project processed some 300 transactions valued at \$14.5 million among participants, replaced about 3,000 checks with electronic fund transfers. Most of banks & businesses involved indicated plan to continue involvement. Among participants: Sears, Sony, Westinghouse, Xerox. In related activity, 3 new banks agreed to invest in VideoFinancial Services, venture developing electronic home banking software and marketing it to videotex operators. Signing on were State Street Boston, N.Y.'s Chase Manhattan, First National of Chicago, bringing number of institutions involved to 7.

Japan's NHK claims development of high definition TV transmission system that uses single standard TV broadcast channel. Method calls for usual 60 fields per second transmission rate, but using 4 fields to create each complete frame or picture, and NHK says pictures are 2-3 times brighter than standard TV pictures, so there is no noticeable flicker. To further reduce bandwidth requirement, only non-white portions of picture are actually sent, and are reinserted by memory & re-synthesizing circuits contained in receivers. NHK said new technology would make HDTV sets very expensive at first, but estimates cost of 25" model would quickly drop to \$2,100-\$2,600 range through use of large scale ICs.

Conflict at Kyocera is spotlighted in unusual look at Japanese operation in U.S. in TV documentary "The Kyocera Experiment" slated to be aired on PBS March 8. Instead of usual feature on Japanese management turning around struggling U.S. factory, report focuses on how company is handling executive cultural clash between U.S. & Japanese managers at Kyocera's IC ceramics plant in San Diego. One key issue is preference of company's American salesmen for having large orders filled by more efficient plants in Japan.

TV picture tubes have been added to list of semi-monopoly products subject to price surveillance by Korea's Fair Trade Commission. List generally includes critical products which are subject to severe import restrictions and are being made in Korea by limited number of companies. Object of scrutiny is to see producers don't take advantage of situation by charging excessive prices and making higher than reasonable profits. Gold Star & Samsung dominate Korea's picture tube industry.

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
Activision			
1983-9 mo. to Dec. 31	49,620,000	(11,997,000)	--
1982-9 mo. to Dec. 31	112,760,000	13,452,000	.45
1983-qtr. to Dec. 31	10,168,000	(8,105,000)	--
1982-qtr. to Dec. 31	50,057,000	4,696,000	.16
Andrea Radio			
1983-year to Dec. 31	4,422,114	448,209	.88
1982-year to Dec. 31	4,781,861	437,111	.86
1983-qtr. to Dec. 31	1,089,796	107,778	.21
1982-qtr. to Dec. 31	1,030,204	75,225	.15
Arvin Industries			
1984-year to Jan. 1	600,605,000	18,338,000	2.37
1983-year to Jan. 2	513,905,000	10,866,000	1.40
1984-13 wk. to Jan. 1	169,460,000	7,712,000	.99
1983-13 wk. to Jan. 2	124,267,000	3,180,000	.41
Capital Cities Communications			
1983-year to Dec. 31	762,295,000	114,704,000	8.53
1982-year to Dec. 31	663,580,000	96,317,000	7.25
1983-qtr. to Dec. 31	214,145,000	34,745,000	2.59
1982-qtr. to Dec. 31	182,645,000	28,140,000	2.10
Chyron			
1983-6 mo. to Dec. 31	9,091,000	2,309,000	.38
1982-6 mo. to Dec. 31	7,571,000	1,992,000	.33a
1983-qtr. to Dec. 31	5,188,000	1,226,000	.20
1982-qtr. to Dec. 31	4,145,000	1,056,000	.17a
Cox Communications			
1983-year to Dec. 31	614,623,000	77,950,000	2.75b
1982-year to Dec. 31	514,746,000	65,421,000	2.31
1983-qtr. to Dec. 31	172,631,000	25,367,000	.90b
1982-qtr. to Dec. 31	146,159,000	17,975,000	.64
Knight-Ridder Newspapers			
1983-year to Dec. 31	1,473,369,000	119,435,000	1.80
1982-year to Dec. 31	1,327,987,000	102,931,000	1.57c
1983-qtr. to Dec. 31	409,543,000	40,323,000	.61
1982-qtr. to Dec. 31	364,155,000	36,146,000	.55c
Lee Enterprises			
1983-qtr. to Dec. 31	48,897,000	6,322,000	.46
1982-qtr. to Dec. 31	46,299,000	5,804,000	.42a
Milton Bradley			
1983-year to Dec. 31	336,963,000	(18,674,000)	--
1982-year to Dec. 31	345,531,000	19,178,000	2.60c
1983-qtr. to Dec. 31	116,967,000	(18,716,000)	--
1982-qtr. to Dec. 31	98,378,000	3,710,000	.51c
Multimedia			
1983-year to Dec. 31	271,538,000	35,174,000	2.15
1982-year to Dec. 31	225,463,000	28,974,000	1.90
1983-qtr. to Dec. 31	75,837,000	11,090,000	.67
1982-qtr. to Dec. 31	62,676,000	9,063,000	.59
North American Philips			
1983-year to Dec. 31	3,799,825,000	95,712,000	6.75b
1982-year to Dec. 31	3,168,052,000	73,564,000	5.33
1983-qtr. to Dec. 31	1,120,325,000	37,095,000	2.58
1982-qtr. to Dec. 31	849,526,000	29,731,000	2.14
Owens-Illinois			
1983-year to Dec. 31	3,422,100,000	69,100,000	2.48
1982-year to Dec. 31	3,552,900,000	90,700,000	3.18b
1983-qtr. to Dec. 31	814,800,000	38,700,000	1.39
1982-qtr. to Dec. 31	887,700,000	(31,800,000)	--
Rogers Cablesystems^d			
1983-qtr. to Nov. 30	79,900,000	(5,764,000)	--
1982-qtr. to Nov. 30	80,400,000	(4,068,000)	--c
Scripps-Howard Bcstg.			
1983-year to Dec. 31	100,631,000	17,558,000	1.70
1982-year to Dec. 31	95,645,000	19,470,000	1.89b
1983-qtr. to Dec. 31	29,464,000	5,400,000	.52
1982-qtr. to Dec. 31	27,284,000	6,045,000	.59b

Company & Period	Revenues	Net Earnings	Per Share
Texas Instruments			
1983-year to Dec. 31	4,579,800,000	(145,400,000)	--
1982-year to Dec. 31	4,326,600,000	144,000,000	6.10
1983-qtr. to Dec. 31	1,299,300,000	77,500,000	3.23
1982-qtr. to Dec. 31	1,107,000,000	42,600,000	1.80
Time			
1983-year to Dec. 31	2,717,035,000	168,934,000	2.65
1982-year to Dec. 31	2,370,931,000	153,115,000	2.45c
1983-qtr. to Dec. 31	763,118,000	54,932,000	.86
1982-qtr. to Dec. 31	668,925,000	43,206,000	.68c
TRW			
1983-year to Dec. 31	5,493,000,000	205,200,000	5.53
1982-year to Dec. 31	5,131,900,000	196,300,000	5.49b
1983-qtr. to Dec. 31	1,381,400,000	52,600,000	1.41
1982-qtr. to Dec. 31	1,208,100,000	31,500,000	.83b
Washington Post			
1983-year to Dec. 31	877,714,000	68,394,000	4.82
1982-year to Dec. 31	800,824,000	52,413,000	3.70
1983-qtr. to Dec. 31	254,260,000	28,644,000	2.02
1982-qtr. to Dec. 31	224,790,000	22,206,000	1.57

Notes: ^aAdjusted. ^bIncludes special credit. ^cRestated.
^dIn Canadian dollars.

LV GROWING IN JAPAN: Introduction of slot-load feature and semiconductor laser late last year has helped boost Laservision optical disc player sales in Japan from 2,500-3,000 monthly to 5,000-6,000, according to Yasuo Aomi, pres. of Tokyo-based Pioneer affiliate Laser Disc Corp. He estimates 90,000 LV players are now in use in Japan, says that with Sony expected to sell at 3,000 monthly following April introduction, it "isn't too unrealistic" to look for population to approach 200,000 by end of 1984.

Aomi puts LV home player population at 90,000-100,000 in U.S., 10,000 in U.K., 1,000 in Australia where system was launched in Oct. Software awareness created by recorded cassettes also is aiding LV, Aomi claims. Latest numbers from Japanese Video Assn. indicate sales of 2.5 million recorded cassettes last year, features accounting for 14%, music 15%, adult titles 40%.

Japanese LV consumer catalog has grown from 450 titles in fall to 660 now, with 260 custom-pressed for Pony, CBS/Sony, Japan/Columbia, others. Pioneer's Kofu plant has annual capacity of 5 million discs, Carson another 1.2 million. Aomi said he considers development of LV arcade games "godsend for the industrial sector," and game manufacturers are "demanding more than we can put out" despite signs market is moving more slowly than anticipated (TVD Jan 30 p13).

Also in Japan, JVC is broadening its video software sales horizons to cassettes through formation of CIC-Victor Video, venture with CIC Video, U.K. based international distributor of Paramount & MCA theatrical & TV titles. New company will lease movies to retailers for consumer rental, put sale-only tag on JVC music titles.

Japanese defendants in Zenith-NUE \$3 billion antitrust have asked 8th U.S. Appeals Court, Philadelphia to reconsider its reversal of district court's dismissal of action. If request is denied, Japanese could ask Supreme Court for review.