

TELEVISION DIGEST®

The Authoritative Service for Broadcasting, Cable, Consumer Electronics and Allied Fields.

With Consumer Electronics

IN THIS ISSUE: Our Annual Statistical Profile of Top 100 Cable Operators

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

WESTERN SHOW'S BLUEPRINT: Cable industry's last convention of 1984 looks ahead to developments in 1985. (P. 1)

INDEPENDENTS MAY GET BREAK in new FCC TV ownership restrictions. Minority companies likely to be permitted to exceed penetration cap. (P. 2)

GROWTH IN PAY CABLE FALLS to 6.27% this year from 17.8% in 1983, according to our analysis of top 100 operators. (P. 3)

CBS IS CABLE PROGRAMMER AGAIN with \$57 million deal to buy part of SportsChannels, Bravo and Rainbow. (P. 6)

SHOWTIME WANTS M/A-COM for scrambling. M/A-Com prepares for sales of home unit to backyard dish owners. (P. 6)

COMSAT BAILS OUT OF DBS DEAL: With more than \$100 million spent, it abandons satellite TV plan, ends talks with Prudential. (P. 7)

BROADCASTERS INTENSIFY FIGHT against alcohol abuse with help from Secy. Dole. (P. 7)

RTNDA SET FOR BIGGEST CONVENTION EVER with more than 1,400 expected in San Antonio next week. (P. 8)

WESTERN SHOW 'BLUEPRINT FOR PROGRESS': There will be smaller crowds and fewer exhibitors at Western Cable Show Dec. 5-7, but mood of industry as it gathers in Anaheim, Cal. can be described as buoyant anticipation as it contemplates moving into deregulated markets. Convention organizers have tried to satisfy industry's appetite for information on this new era by devoting many panels to changes that deregulation and melding of cable and home video are bringing about.

Convention, themed "Blueprint for Progress," also will analyze industry's next major legislative battle -- copyright -- with luncheon speech Dec. 7 by MPAA Pres. Jack Valenti. On exhibit floor, much attention will center on multichannel TV sound (MTS), with several companies set to unveil new converters and headend equipment capable of stereo and second

Consumer Electronics

GE TO HALT small-screen color production in July, source 10" & 13" models from Far East. U.S. set and tube plants to lose 540 jobs. (P. 11)

FLAT TUBELESS TV coming of age via LCD, as size and quality rise, prices drop. New models from Casio; 12" wall-hung color seen in year. (P. 12)

COLOR NEW SUPPLY set record in 3rd quarter as all-time high imports more than made up for output growth slowdown of domestic plants. (P. 13)

SONY TAPE LOOKING for bigger share of video duplicator market, Pres. Hollands says. Output at Dothan plant to hit 40 million in 1985. (P. 15)

HOME BUS PROGRESS: EIA hopes to propose wireless remote, power line controller standards next year, more elaborate system later. (P. 16)

PIONEER EARNINGS tripled in year to Sept. 30 on strong video sales, as audio volume sagged. (P. 16)

MATSUSHITA TO MARKET VHS camcorder next year, hold back on 8mm Video version. GE will show one at Winter CES. (P. 16)

BLANK TAPE WOES won't let up, manufacturers agree, as prices continue to drop. Shakeout seen, with only 5-6 firms surviving. (P. 17)

audio programming (SAP). Council for Cable Information will have good news Dec. 5 -- that test of generic ad campaign in 4 markets is producing better than expected results in creating positive attitudes toward cable.

About 6,000 had preregistered for 3-day convention by late last week, and show organizers were predicting that on-site registration would push total to 8,500. Last year, 9,700 attended. Contracts had been signed with 220 exhibitors and another 5 were expected before show opens at Anaheim Convention Center. That's down from 269 last year, but some companies will have larger booths, so exhibit floor shouldn't look emptier, especially since part of it has been reserved for restaurant for first time.

After welcome by Spencer Kaitz, Cal. Cable TV Assn. pres., panel of experts at Dec. 5 general session will assess strategies: Colony Communications Chmn. Jack Clifford, Paramount Video Pres. Melvin Harris, Showtime/Movie Channel Chmn. Neil Austrian (in his first appearance at major convention), and NCTA Pres. James Mooney. NCTA Chmn. Edward Allen will be Dec. 6 luncheon speaker. Sen. Cranston (D-Cal.) will appear at CablePAC breakfast Dec. 6.

After point-by-point analysis of S-66 by NCTA Gen. Counsel Brenda Fox and Exec. Vp Bertram Carp at Dec. 6 morning general session, breakout panels that day and next will scrutinize franchise terms and renewals, First Amendment impact, leased access, franchise fees. VCR's, cable-ready TV sets and stereo will be addressed in several panels that generally will analyze how all this equipment and technology should work together in subscriber's living room.

No FCC commissioners are scheduled to attend (for 2nd year running) because Commission has agenda meeting Dec. 4 at which it will launch first rulemaking to define competition in local markets allowing deregulated basic service rates. But Mass Media Bureau Chief James McKinney will give what's billed as major policy address afternoon of Dec. 5. Copyright panel morning of Dec. 6, moderated by NCTA Vp-Govt. Affairs Edward Merlis, features House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.) and 4 Cal. congressmen: Reps. Berman (D), Dannemeyer (R), Lungren (R), Moorhead (R). C-SPAN, which recently passed 20 million subscriber mark, will be honored at Dec. 6 noon reception. Dec. 6 dinner banquet will feature "Best of Cable Follies."

Most interesting may have been saved for last: Dec. 7 general session will assess rising costs of programming, pitting programmers against operators in debate format. MTV Pres. David Horowitz and TBS Exec. Vp Robert Wussler will square off against Cablevision Gen. Partner Charles Dolan and Falcon Communications Pres. Marc Nathanson.

BREAK FOR INDEPENDENTS ON OWNERSHIP CAP? FCC is scheduled to revisit TV multiple ownership rules at Dec. 19 meeting and is sure to add penetration cap along with 12-station maximum under single owner. Being discussed is range of 22-1/2% to 27-1/2% coverage of U.S. TV homes by stations owned by single licensee -- with Chmn. Fowler said to favor higher figure, which we're told by many will never pass muster in Congress because it's considered too high.

Also being pushed by Fowler, and receiving favorable reaction on Hill, is higher penetration cap for independent stations. Proposed formula would work like this: Ownership of independent U would be charged 50% less penetration than an affiliated V in same market (that is, if market had 1 million TV households, ownership of U would only count 500,000 when applied to penetration cap); independent V would get 25% reduction.

With 22-1/2% cap, Metromedia would have no room to grow since its TV stations now cover 23% of U.S. TV households (ABC stations cover 20.7%, CBS 20.5%, NBC 19.8%). Metromedia, which owns independents in 6 of nation's top 10 markets, first proposed weighted penetration

for independents in reply comments, stating it "requires a broader base of owned stations in order to mount effective competition against the 3 national networks... Any rule which is adopted should not be based upon theoretical audience reach but should take into account demonstrable differences in the marketplace significance of different classes of stations."

We were told that independent proposal doesn't have majority support of commissioners at this time and that "commissioners don't want to paint themselves into a corner." TV networks obviously are opposed to favoritism for independents, one telling us "we are working very, very hard to stop it."

Weighted factor in favor of minorities does appear to have at least 3 votes on Commission. Under plan, whatever audience penetration cap is set, if licensee is at least 50.1% minority-owned, group could exceed cap -- some are saying by 2-1/2%, some (particularly on Hill) want higher variance. Also, in modification of rule adopted last summer and put on moratorium until April by both legislation and FCC for TV stations, there won't be sunshine provision for TV as provided for in first go-round (TVD July 30 p2). However, at urging of Comr. Dawson, sunset provision is likely to remain for radio (where single owner now is permitted to own 12 AMs and 12 FM).

Fowler has been actively working Hill this time and all commissioners are striving to come up with new rule that Congress will accept. Leaders in both sides of Congress vehemently opposed last summer's action permitting TV ownership increase to 12 stations (TVD Aug 6 p1). Sen. Wilson (R-Cal.) said he has visited with some of commissioners, warned them that cap of 27-1/2% for VHF "would be foolish" because Congress wouldn't accept it. Aide said senator also wants clamp put on networks, would favor relaxed penetration cap for independents. Said aide to House Telecom Subcommittee Chmn. Wirth (D-Colo.): "It makes sense to recognize that independents... reach different amounts of people [than affiliates], and to use a flat figure... is not being terribly objective."

GROWTH OF BASIC, PAY CABLE LEVELS OFF: Pay cable units of top 100 cable operators, which grew 32.8% last year over 1982, managed to increase by only 6.27% in 1984 to 26,265,270, according to our analysis of nation's largest MSOs. Similar growth curve can be seen in total basic subscribers. After ballooning 17.8% last year over 1982, top 100 owners' basic subscribers this year grew 7.27% to 29,366,875, our survey shows. That works out to .89 pay units per subscriber.

Also noteworthy is that miles of plant to be added in next 12 months barely remains constant with 1983 projections. Last year, those in top 100 that provided figures estimated 60,673 additional miles would be built in 1984. This year, mostly same companies project adding 59,731 in 1985. In 1982's construction boom, respondents projected adding 71,329 miles.

TCI continues to hold top spot, adding 350,000 basic subscribers to reach 2.8 million as of Oct., excluding partnerships. ATC still is in 2nd place but grew less than TCI, adding only 100,000 for 2.4 million total. Group W is 3rd and Cox 4th, same as last year, but Warner Amex and Storer, 4th and 5th respectively last year, have traded places. Times Mirror repeats in 7th place. Newhouse and Continental, 8th and 9th respectively last year, swapped places, and Viacom continues in 10th. Relatively minor change in rankings despite rampant clustering in last year reflects mostly even growth among largest operators.

Top 50 operators have 26,115,953 subscribers; 2nd 50 have 3,250,922. Top 50's pay unit count is 23,836,408.

Top 100 are operating 543,002 miles of plant, enough to stretch around the earth at the equator about 23 times and more than enough to reach moon and back. Plant passes 52,398,285 homes. Top 100 have 55,266,183 homes in franchised areas. Chart below supplies details:

FIRST 50

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Homes in Franchised Areas | Miles of Plant | Miles to be added in 12 months |
|---------------------------|--|--------------------------|------------------------|-----------------------------|---------------------------------|---------------------|--------------------------------------|
| 1. | Tele-Communications Inc. | 2,800,000 ^a | 1,949,000 ^b | 5,045,000 | N.A. | 58,800 | N.A. |
| 2. | American TV & Communications Corp. ^c ... | 2,400,000 | 2,200,000 | 4,400,000 | 4,863,983 | 39,582 | 3,000 ^d |
| 3. | Group W Cable Inc. | 2,021,000 | 1,585,000 | 3,650,000 | 4,300,000 ^d | 39,000 ^d | N.A. |
| 4. | Cox Cable Communications Inc. | 1,540,533 | 1,587,230 ^b | 2,690,000 | 2,984,048 ^c | 27,200 | 900 |
| 5. | Storer Cable Communications. | 1,459,000 | 1,468,000 | 2,715,000 | 3,373,000 | 35,000 | N.A. |
| 6. | Warner Amex Cable Communications Inc. ^f ... | 1,370,000 | 1,190,283 | 3,051,773 | 3,183,366 | 27,932 | 5,125 ^e |
| 7. | Times Mirror Cable TV | 993,789 | 863,651 | 1,918,131 | 2,311,000 ^g | 10,293 ^h | 3,112 ⁱ |
| 8. | Continental Cablevision Inc. | 925,000 | 1,051,000 | 1,735,000 | 1,900,000 | 8,600 | 1,500 |
| 9. | Newhouse Bcstg. | 854,978 | 909,522 | 1,375,511 | 1,433,467 ^c | 16,295 | 7,865 ^e |
| 10. | Viacom Communications | 760,545 | 635,789 ^b | 1,443,900 | 1,567,800 ^j | 12,208 | 450 ^j |
| 11. | United Cable TV Corp. | 726,000 | 668,000 | 1,360,000 | 1,136,000 ⁱ | N.A. | N.A. |
| 12. | Sammons Communications Inc. | 641,000 | 546,000 | 998,000 | 1,100,000 | 9,800 | N.A. |
| 13. | Rogers Cablesystems Inc. ^c | 515,800 | 698,000 | 1,054,000 | 1,288,900 ^j | 5,261 ^c | 500 ^j |
| 14. | Cablevision Systems Development Corp. | 490,000 | 1,266,000 | 1,026,000 | 3,015,000 | 9,939 | 2,000 |
| 15. | Comcast Corp. | 468,079 | 486,772 | 833,698 | 924,000 ^c | 8,929 | 300 ^c |
| 16. | TeleCable Corp. | 425,549 | 448,680 ^b | 707,820 | 690,000 ^c | 8,739 | N.A. |
| 17. | Heritage Communications Inc. | 425,000 | 301,600 | 768,133 | 818,927 | 9,254 | N.A. |
| 18. | Jones Intercable Inc. | 402,841 | 318,467 | 645,574 | 855,989 | 9,312 | N.A. |
| 19. | Capital Cities Communications Inc. | 360,000 | 263,000 | 549,000 | 557,000 | 6,800 | N.A. |
| 20. | United Artists Cablesystems Corp. | 356,107 | 342,865 | 645,245 | 763,028 | 6,851.1 | 270 |
| 21. | Tele-Media Corp. | 332,940 | 171,596 | 425,000 | 525,000 | 5,000 | 1,000 |
| 22. | General Electric Cablevision Inc. | 328,500 | 204,500 | 534,200 | 540,000 | 4,500 | 0 |
| 23. | Wometco Cable TV Inc. | 298,269 | 243,961 | 520,496 | 700,000 ^d | 7,853.6 | N.A. |
| 24. | Prime Cable Corp. | 291,373 | 318,393 | 578,537 | 650,500 | 6,170.3 | 200 |
| 25. | Century Communications Corp. | 280,000 | 215,000 | 462,000 | 480,000 | 5,280 | 110 |
| 26. | TCA Cable TV Inc. | 257,000 | 84,600 | 333,000 | 330,000 ^c | 4,620 | 200 ^c |
| 27. | Multimedia Cablevision Inc. | 252,700 | 266,183 | 468,205 | 482,277 | 5,200 | 220 |
| 28. | Centel Cable TV Co. | 252,085 | 208,912 | 399,615 | 497,335 | 5,275 | 725 |
| 29. | McCaw Communications Co. Inc. | 239,692 ^k | 129,504 ^k | 307,700 | 390,000 | 3,903 | N.A. |
| 30. | Daniels & Assoc. Inc. ^c | 239,264 | 248,058 | 453,175 | 1,096,000 ⁱ | 5,198 | N.A. |
| 31. | Maclean Hunter Cable TV Ltd. | 238,500 | 313,489 | 469,500 | 487,000 ^j | 4,100 ^j | 434 ^j |
| 32. | Cablevision Industries Inc. | 222,814 | 202,148 | 332,558 | 405,559 | 4,568.2 | 1,500 |
| 33. | American Cablesystems Corp. | 215,807 | 267,488 | 384,577 | 457,000 | 3,850 | 800 |
| 34. | Service Electric Cable TV ^c | 210,000 | 60,000 | 280,000 | 330,000 | 8,200 | 100 |
| 35. | Scripps-Howard | 205,776 | 281,442 | 401,630 | N.A. | N.A. | N.A. |
| 36. | Colony Communications Inc. | 201,322 | 187,080 | 413,431 | 470,800 | 3,307 | 360 |
| 37. | Communications Services Inc. ^c | 183,500 | 125,357 | 266,357 | 277,000 | 3,649 | 280 |
| 38. | Adelphia Communications Corp. ^c | 183,306 | 134,612 | 279,665 | 341,723 | 3,700 | 300 |
| 39. | Rollins Inc. | 183,100 | 149,500 | 300,800 | 351,900 | 3,841 | 600 |
| 40. | Tribune Cable Communications Inc. | 174,769 | 164,593 | 369,391 | 729,500 | 3,732 | 1,508 |
| 41. | Cablelertainment Inc. ^c | 163,134 | 73,513 | 225,449 | N.A. | 2,408 | N.A. |
| 42. | Western Communications Inc. | 150,400 | 80,300 | 203,400 | 210,000 | 1,850 | 50 |
| 43. | McDonald Group ^l | 139,585 | 87,028 | 146,000 | 153,700 | 2,500 | 600 |
| 44. | Harte-Hanks Communications Inc. | 135,224 | 126,686 | 288,955 | 341,650 | 3,093 | N.A. |
| 45. | Harron Communications Corp. | 132,644 | 84,984 | 209,000 | 250,000 ^j | 3,457 ^j | 500 ^j |
| 46. | Midcontinent Cable Co. | 128,180 | 71,211 | 208,341 | 206,417 ^g | N.A. | N.A. |
| 47. | Adams-Russell Co. Inc. ^c | 127,998 | 139,874 | 229,045 | 300,125 | 2,862 | 112 |
| 48. | Falcon Cable TV | 120,000 | 180,000 | 250,000 | 340,000 | 2,000 | 800 |
| 49. | NYT Cable TV | 117,000 | 120,000 | 223,866 | 250,000 ^c | 2,600 | 50 |
| 50. | Sutton Capital Group ^c | 112,850 | 117,537 | 206,821 | 225,000 | 2,500 | 300 |
| Total—Top 50. | | 26,115,953 | 23,836,408 | 46,782,499 | 48,883,994 | 475,012.2 | 35,771 |

SECOND 50

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Homes in Franchised Areas | Miles of Plant | Miles to be added in 12 months |
|------|-------------------------|--------------------------|--------------------|-----------------------------|---------------------------------|-------------------|--------------------------------------|
| 51. | Harris Cable Corp. | 111,200 | 61,443 | 204,300 | 325,000 | 1,745 | 200 |

| Rank | System Operator | Number of Subscribers | Pay-Cable Units | Homes Passed by Cable | Homes in Franchised Areas | Miles of Plant | Miles to be added in 12 months |
|----------------------------|--|--------------------------|---------------------|-----------------------------|---------------------------------|--------------------|--------------------------------------|
| 52. | Televents Inc. ^c | 108,797 | 71,227 | 149,317 | 150,000 ^j | 2,182 | 130 |
| 53. | Gill Cable Inc. | 104,000 | 148,000 | 202,000 | 240,000 | 1,500 | 50 |
| 54. | Scott Cable Communications Inc. | 95,486 | 74,469 | 156,000 | 159,000 | 1,530 | 70 |
| 55. | Buckeye Cablevision Inc. ^c | 95,000 | 35,704 ^b | 150,000 | 220,000 | 1,100 | 100 |
| 56. | Armstrong Utilities Inc. | 93,429 ^q | 64,984 ^q | 131,294 ^j | 150,000 ^j | 1,774 ^j | 100 ^j |
| 57. | Multi-Channel TV Cable Co. ^c | 93,339 | 44,820 | 120,000 | 120,000 | 1,400 ⁱ | 40 |
| 58. | Summit Communications Inc. | 91,909 | 74,233 ^b | 150,335 | 205,978 | 2,824.21 | 200 |
| 59. | Greater Media Inc. | 90,643 | 74,468 | 160,994 | 175,000 | 1,866 | 700 |
| 60. | Lenfest Group | 96,576 | 84,874 | 210,807 | 278,790 | 2,347 | 170 |
| 61. | McClatchy Newspapers/Cable Div. ^c | 82,588 | 88,950 | 178,733 | 250,000 | 1,200 | 0 |
| 62. | King Videocable Co. | 82,000 | 51,500 | 120,000 ^d | 130,000 ^d | 1,700 ^d | 100 |
| 63. | The Essex Group | 81,000 | 45,930 ^b | 130,557 | N.A. | 2,720 | N.A. |
| 64. | US Cable Corporation | 80,000 | 112,000 | 165,000 | 215,000 ^c | 2,500 ^c | 600 ^c |
| 65. | Perry Cable TV Corp. | 77,713 | 49,031 | 136,962 | N.A. | 1,488.74 | 100 |
| 66. | National Telecommunications ^c | 76,450 | 35,575 | 103,050 | 186,000 | 1,608 | 192 |
| 67. | Palmer Communications Corp. | 75,655 ⁿ | 43,049 ⁿ | 99,650 ^c | 111,820 ^c | 1,271 ^c | 40 ^c |
| 68. | WEHCO Video Inc. | 74,860 | 45,158 | 125,500 | 127,000 | 1,900 | 50 |
| 69. | Acton Corp. ^c | 70,281 | 62,230 | 210,490 | 425,000 | 2,676 | 100 |
| 70. | Cablevision of Baton Rouge ^c | 68,873 | 56,330 | 118,542 | 230,000 | 1,310 | 75 |
| 71. | Susquehanna Bcstg. Co. | 68,075 | 55,767 | 105,921 | 114,000 | 1,150 | 50 |
| 72. | Omega Communications Inc. | 67,704 ^o | 13,033 ^o | 90,000 ^j | 95,000 ^j | N.A. | N.A. |
| 73. | Tribune Publishing Co. | 67,502 | 75,928 | 122,730 | 170,000 | 1,547 | 120 |
| 74. | Wabash Cablevision Inc. | 67,305 | 66,530 | 141,709 | 174,500 | 1,745 | 100 |
| 75. | Booth American Co. | 66,004 | 41,609 | 112,700 | 126,000 | 1,854 | 300 |
| 76. | Pencor Services Inc. | 64,969 | 25,492 ^b | 74,700 | 82,185 | 1,875 | 75 |
| 77. | Cable Management Assoc. Inc. | 63,740 | 22,741 | 80,000 | N.A. | 1,377 | N.A. |
| 78. | Sonic Cable Television | 62,949 ^p | 33,888 ^p | 96,892 ^j | 99,000 ^j | 959 ^j | 30 ^j |
| 79. | Coaxial Communications Inc. | 56,000 | 53,000 | 101,000 | 101,000 | 900 | 75 |
| 80. | Twin County Cable TV | 55,000 | 12,000 | 100,000 | 125,000 | 1,700 | 300 |
| 81. | Selkirk Communications Inc. | 55,000 | 62,000 | 112,200 | 134,450 | 600 | 0 |
| 82. | Marsh Media Inc. | 53,800 | 35,000 | 93,000 | 95,000 | 1,340 | 30 |
| 83. | The Adam Corporation/Group ^c | 53,000 | 32,000 | 96,067 | 101,200 | 1,395 | 20 |
| 84. | Omni Cable TV Corporation | 52,509 ^q | 29,189 ^q | 89,200 ^j | 130,000 ^j | N.A. | N.A. |
| 85. | Daily Press Inc. | 52,016 | 54,178 | 91,500 | 91,500 | 1,500 | 35 |
| 86. | Helicon Corp. | 51,954 ^k | 28,605 | 76,253 | 87,900 | 1,331 | 21 |
| 87. | Dickinson Communications Ltd. ^r | 49,186 | 75,725 | 143,203 | 186,295 | 1,270.5 | 200 |
| 88. | Simmons Communications Inc. | 48,165 | 24,327 | 64,924 | 68,000 | 1,000 | 50 |
| 89. | Lawrence Flinn | 48,000 | 53,394 | 76,764 | 75,000 ^c | 1,251 | 100 ^d |
| 90. | Verto Cable TV | 47,086 | 12,011 | 83,389 | 83,372 | 518 | N.A. |
| 91. | Richard Treibick | 46,600 | 33,200 | 93,000 | 100,000 | 1,085 | 60 |
| 92. | Rockford/Park Cablevision Inc. | 46,256 | 24,727 | 83,848 | 85,000 | 780 | 30 |
| 93. | First Carolina Communications Inc. | 44,500 ^k | 42,750 | 84,400 | 89,650 | 1,340 | 225 |
| 94. | George I. Reynolds | 43,300 | 58,100 | 64,175 | N.A. | 854 | N.A. |
| 95. | Joseph Gans | 43,000 | 16,000 | 66,000 | 80,000 | 900 | 50 |
| 96. | Combined Cable Corp. | 41,000 | 30,000 | 70,000 | 70,000 | 1,200 | 0 |
| 97. | State Cable TV Corp. | 41,000 | 20,870 | N.A. | N.A. | N.A. | N.A. |
| 98. | Donrey Media Group Inc. | 40,865 | 22,304 | 61,500 | 64,000 | 628 | 14 |
| 99. | Chambers Cable Com. Inc. | 40,233 | 20,267 | 61,631 | N.A. | 628 | N.A. |
| 100. | New England Cablevision Inc. | 37,405 | 30,252 | 55,549 | 55,549 | 820 | 0 |
| Total—Second 50 | | 3,323,922 | 2,438,862 | 5,615,786 | 6,382,189 | 68,189.45 | 4,902 |
| GRAND TOTAL—Top 100 | | 29,366,875 | 26,265,270 | 52,398,285 | 55,266,183 | 543,001.65 | 60,673 |

^aExcluding partnerships. ^bPay subscribers. ^cAs of April 1, 1983. ^dEstimate. ^eAs of Dec. 1, 1983. ^fSubscriber statistics included herein are systems, the sales of which were still pending as of Oct. 1, 1984. ^gAs of May 1983. ^hAs of March 22, 1982. ⁱAs of Sept. 1, 1982. ^jAs of Sept. 1, 1983. ^kIncludes pending acquisitions. ^lAs of June 1, 1983. ^mAs of Jan. 1, 1984. ⁿAs of Aug. 1, 1984. ^oAs of Feb. 29, 1984. ^pAs of Feb. 1, 1984. ^qAs of Dec. 31, 1983. ^rIncludes Huntington Beach, CA system held in partnership with Rogers Cablesystems.

CBS BACK IN CABLE: Following lead of rival ABC, which earlier this year bought ESPN, CBS has agreed to pay \$57 million to Washington Post and Cablevision for share of SportsChannel regional sports channels, Bravo and American Movie Classics (AMC) and company that markets those channels. Network is returning to cable programming 2 years after losing more than \$30 million on CBS Cable (TVD Sept 14/82 p4). This time will be different, CBS believes, because sports programming -- unlike highbrow CBS Cable -- is among cable's most popular.

Agreement in principle calls for CBS to join Post and Cablevision's Rainbow Program Enterprises (RPE) as equal owners in regional sports channels in N.Y., Philadelphia, Chicago. Each will be 1/6 owner of SportsChannel New England; New England Prime Cable owns 1/2 of that channel serving Boston area. Altogether, 4 channels have about one million subscribers, counting STV and SMATV customers (491,000 in N.Y., 61,354 in New England, 369,084 in Philadelphia, 48,268 in Chicago).

CBS also agreed to buy from RPE 50% of Rainbow Service Co., which produces Bravo (265,000 subscribers) and month-old AMC. In addition, network gets 50% of RPE's interest in Rainbow Programming Services, which markets and distributes all channels involved in deal. RPE will continue to manage services.

CBS needs secondary outlet for sports programming as way to recover costs for ever-increasing rights fees, analysts said. Having 2nd distribution window beyond network would help CBS remain competitive with ABC in sports programming, analysts added. Network has remained active in cable field since demise of critically acclaimed CBS Cable through ownership (under FCC waiver) of 20,000-subscriber system in Black Hawk, Tex.

About \$37.5 million of CBS's \$57 million goes for its 1/3 stake in SportsChannels. Newspaper shareholders will realize gain of about 40¢ a share, totalling \$5.6 million, when transaction is closed in late Dec. or early Jan., Post spokesman said. Spokesman added that CBS investment raises value of SportsChannel venture to about \$115 million.

Election of new Senate Majority Leader opened way for Sen. Packwood (R-Ore.) to swap Commerce Committee chairmanship for top Finance Committee post. Sen. Danforth (R-Mo.) will succeed Packwood at Commerce. Still unsettled is whether Sen. Goldwater (R-Ariz.) will resign as chmn. of Communications Subcommittee when he takes over as chmn. of Armed Services Committee. Goldwater is considering keeping both jobs, but if he doesn't, Packwood has signaled interest in chairing Subcommittee. In line for post behind Packwood is Sen. Pressler (R-S.D.) but Sen. Stevens (R-Alaska), who lost bid for Majority Leadership, could be offered job first as consolation prize, we're told.

SCRAMBLING PLANS: Showtime/Movie Channel will begin scrambling satellite signals in mid-1985 using M/A-Com Videocipher 2 encryption equipment also being sold to HBO. Decision is big step toward establishing M/A-Com unit as de facto standard in cable.

Whether standard will lead to DBS sales is still big question. HBO and Showtime won't say whether they've decided to sell pay TV to approximately 650,000 dish owners. However, M/A-Com Chmn. Richard DiBona told N.Y. security analysts last week that company will produce consumer version of cable unit. Plant capacity is being readied in P.R. and subcontractors have been signed, DiBona said: "We don't want to be sitting here with a huge demand for the product" and not have any. DiBona expects home sales could have impact on company revenues in 2nd half of 1985.

DiBona said he interprets recently passed cable bill to obligate programmers who scramble to market services to dish owners. Early version of legislation read that way, but bill signed by President Reagan leaves decision to programmers (TVD Oct 15 p1). It's unclear whether M/A-Com preparations for production are based on new reading of law, information gleaned from pay-TV services or simply its own bet on probability of DBS sales. DiBona did call home unit effort calculated risk. He said he has talked with other services, hinted at further announcements at Western Cable Show.

M/A-Com will begin deliveries in 1985 first quarter, with S/MC at first concentrating on east coast affiliates. Contract is for about \$6 million.

MTV paid \$1 million for Turner Bestg.'s Cable Music Channel (CMC) last week and shut down competing service Nov. 30. Agreement also calls for MTV to buy \$500,000 in ad time on 3 TBS services. CMC went under because "we just didn't get the support from the cable industry we hoped for," said TBS spokesman Arthur Sando. MTV Pres. David Horowitz said 400,000 CMC subscribers will be offered MTV or MTV's new music video channel for older viewers, Video Hits 1, after it launches on Jan. 1. Purchase specifically covers CMC name and subscriber list. Some 27 CMC employees were laid off. TBS said CMC losses will be broken out in its 4th quarter statement. Meanwhile, another cable music video venture, Discovery Music Network, said it's shifting plans, now will try selling to UHF stations rather than cable.

New direction for NAB: Assn. will host press breakfast Dec. 10 -- at behest of NBC -- centering on "unique local service" of WCSH-TV Portland, Me. "and how its affiliation with NBC-TV strengthens" that service. In announcing news conference, NAB Pres. Edward Fritts praised WCSH-TV "as one of America's truly outstanding small/medium market stations." Bruce McGorrill, station exec. vp and member of NBC TV affiliates' board, will discuss network-affiliate relationship. This will be first time NAB has gone into such area.

COMSAT ENDS DBS PLANS: Comsat has abandoned its DBS plans, will lay off all but handful of Satellite TV Corp. employees and will take \$24 million after-tax write-down (66¢ per share) on losses incurred to date, company announced Nov. 30. Comsat also said it has ended talks with Prudential Insurance and UPI CEO Douglas Ruhe aimed at merging STC with United Satellite Communications.

Comsat called moves "redirection" of its DBS plans, said it will "continue to explore an appropriate Comsat role in this business area that is consistent with acceptable business and financial risks." Comsat Pres. Irving Goldstein didn't rule out selling pair of satellites being constructed for it by RCA, for which company already has paid \$75 million and must pay \$45 million more by 1986.

Goldstein said decision to withdraw was taken at special board meeting that morning in N.Y. Asked whether it might be appropriate for senior management of Comsat to resign following shareholders' \$100 million loss in SBS and new \$24 million loss in STC, he said that Comsat management was stronger than ever, that company was positioned to enjoy growth in international satellite services and to make profits in new domestic ventures.

Comsat said it will retain orbital slots allocated by FCC for DBS service, but experts in Washington doubted that Comsat can retain slots if it doesn't intend to operate DBS. Goldstein refused to rule out any new business for STC, including common carrier DBS or possible use of satellites for business communications. Goldstein said: "We have ideas, none of which are ready to be disclosed... DBS or DBS-related services... lease or sale [of satellites] to domestic or foreign parties -- we're not precluding any options."

Prudential official, asked whether USCI would survive, said: "I don't think we know yet." Prepared statement expressed disappointment: "We are unfortunately faced with a real possibility that our investment in this promising technology will not work out." Company, which has invested \$68 million in its 51% share of USCI to date, said deal with Comsat would have been "good investment," but that now "Prudential has substantial concern." USCI board will meet shortly.

By backing away from earlier view that LPTV stations don't meet statutory definition of local stations, therefore are distant signals for which expensive royalty payments must be made, Copyright Office in new decision has opened door for cable carriage of LPTV stations, a major victory for LPTV industry. Office had held that LPTV stations, because they don't strictly meet Communications Act definition of local stations and because FCC has denied must-carry for fledgling industry, provide distant signals for which many operators would have to pay 3.75% of gross revenues to carry. Copyright Office also said cable operator and LPTV station can negotiate retransmission agreement outside of cable industry's compulsory license if agreement covers entire broadcast day.

NAB STARTS ALCOHOL AD OFFENSIVE: NAB sees as industry's No. 1 threat attempts to ban beer and wine ads from TV-radio, and as consequence industry has given all-out campaign against alcohol and drug abuse its No. 1 priority. Today (Dec. 3), NAB launches 3 major offensives:

- (1) News conference at National Press Club featuring Transportation Secy. Elizabeth Dole and Andrew Ockershausen of WMAL(AM) Washington, chmn. of NAB Task Force on Drug & Alcohol Abuse.
- (2) To provide TV stations spots for airing during National Drunk & Drugged Driving Awareness Week Dec. 9-15, Assn. will offer 2 satellite feeds today of some 20 antidrunk driving spots. Feeds will be at 11:30 a.m. via Telstar 301 and 7 p.m. via Westar 4.
- (3) NAB has sent booklet "Drunk Driving: A National Responsibility... A Local Solution" to all radio stations, plus recorded public service spots for NAB radio members.

NAB survey of 1,027 TV and 1,054 radio stations shows that 91.8% already are airing antidrunk-driving spots, nearly 25% in prime time. Nearly 75% of stations responding have aired public affairs programs against alcohol abuse in last 6 months. In addition to spots, NAB also is sending stations sample editorials, speech on dangers of drunk driving, sample news releases for stations to personalize local activities and aids on generating community involvement through help of stations.

Taft Bestg. TV stations will air company-produced special in prime time Dec. 30 denouncing drinking-driving. It will feature quiz testing viewers' knowledge of alcohol's effects. Lucille Salhany, Taft programming vp, said company has allocated more than 100 hours to subject.

C-SPAN now reaches 20 million subscribers, increase of 5 million from this time last year, said Pres. Brian Lamb. Public affairs channel now is carried on 1,800 cable systems.

TELEVISION DIGEST-CHASE ECONOMETRICS BOOTH

Computerized cable data base, "Fact Track," is being demonstrated by joint venture of Television Digest Inc. and Chase Econometrics (subsidiary of Chase Manhattan Bank) at Booths 390-391 during Western Cable Show in Anaheim, Cal. In addition, Television Digest newsletters and data on new Television & Cable Factbook and Cable & Station Coverage Atlas are available to convention-goers. On hand from Television Digest: Mary Crowley, Chery Grund, Lynn Levine, Gary Madderom, Steve Tuttle. For Chase: Rich Wilt. Booth phone is 714-758-7222.

Personals

Rosalie Silberman, special asst. to FCC Comr. Dawson, is recess appointee by President Reagan to Equal Employment Opportunity Commission, succeeding Cathie Shattuck in term expiring in July; her original nomination, made in Aug., expired when Congress adjourned... Mary Azcuenaga, FTC asst. gen. counsel, is recess appointee as FTC commissioner through 1985, succeeding Michael Pertschuk... Lawson Cronlund and Eberhard Wildgrube advanced to direct new Siemens World Systems Software & Systems Engineering Group.

Elected to Advertising Hall of Fame: Thomas Adams, Marschalk Campbell-Ewald, retired; James Fish, ex-General Mills; Charles Sandage, U. of Ill... George Safiol, ex-American Biltrite, named senior vp, General Instrument.

C.J. Yost, ex-Telescan Systems, appointed northwestern regional sales mgr., Conrac Alston Div... John Hastings advanced to distribution products mktg. mgr., C-COR... Ed Breen promoted to mktg. programs dir., Jerrold... Bruno Weinschel, Weinschel Engineering, named IEEE pres.-elect, becomes pres. Jan. 1, 1986; Merlin Smith, IBM, elected exec. vp, succeeding Henry Bachman, Hazeltine Corp... Donald Ledford, ex-A.D. Ring & Assoc., forms consulting engineering firm, Ledford Telecommunications, Suite 702, 2033 M St. NW, Washington 20036, 202-296-7881.

NBC News correspondent Bernard Kalb named State Dept. spokesman -- asst. secy. for public affairs -- succeeding John Hughes, resigned... Ernest Goodman promoted to MCA TV dir.-legal and business affairs, new post... Ronald Qurashi, ex-Rainbow Programming Services, named affiliate relations dir., Weather Channel.

Bonita Wrather elected chmn., Wrather Corp., succeeding late husband; son Christopher Wrather advanced to pres.-CEO... Nelson Cohen shifts from Group W Radio Div. to asst. to gen. mgr., KYW-TV Philadelphia... Richard Canfield, ex-Datamac, appointed operations dir., CMX/Orox... Harlan Reams, ex-KCWS Glenwood Springs, Colo., named gen. mgr., WCTX Columbus, Ga.

Jerry Stilkind, legislative asst. to House Telecom Subcommittee member Rep. Collins (D-Ill.), resigns, plans unannounced... Allen Hammond, ex-Media Access Project, joins Customer Relations Dept., Satellite Business Systems... John O'Neill moves from parent RCA to dir.-finance and administration, WNBC-TV N.Y... Jerry Nelson, ex-CableData, appointed regional sales mgr., Gill Management... Ken Robins promoted to senior editor, UPI Radio Network... Ronald Grandmaison, ex-Atlantic Research, becomes broadcast engineering consultant, 10224 Wendover Dr., Vienna, Va. 22180, 703-281-1081.

Ann Tonjes, head of congressional relations, National Assn. of Public TV Stations, resigns, plans

unannounced... Dan Filie, ex-ABC, named current drama dir., NBC Entertainment... D.F. Craddock named sales & mktg. mgr.-Europe, International Generics Ltd., U.K. broadcast equipment firm... Richard Zackon, ex-Cabletelevision Ad Bureau, appointed fulltime consultant to CBN Cable Network... Andrew Feinstein, ex-Robert Landau Assoc., named Lifetime sales vp... Brian Lamb, C-SPAN pres., addresses Dec. 11 luncheon of Media Institute on media dominance, Mayflower Hotel, Washington.

RTNDA CONVENTION BIGGEST EVER: With advance registration topping 1,200 (vs. 1,084 last year in Las Vegas) and 110 exhibitors signed up, RTNDA is geared for largest convention ever in San Antonio Dec. 5-7. All told, RTNDA expects some 1,400 delegates and spouses, plus 800 manning exhibit booths.

Keynoter will be veteran CBS News correspondent Douglas Edwards, while ABC White House correspondent Sam Donaldson speaks at opening day lunch. NBC News Pres. Lawrence Grossman speaks at Dec. 6 lunch and convention closes at banquet next evening with presentation of Paul White Award to Wometco Enterprises Vp Ralph Renick, past RTNDA Pres. and news dir. of WTVJ Miami. Sessions include panel on New Bedford (Mass.) rape case, moderated by Edward Fouhy, chief of ABC Washington news bureau, and including Edward Turner, exec. vp of Cable News Network, which received national attention by telecasting trial. Harvard Law Prof. Arthur Miller will lead Dec. 7 session on ethics and libel.

News dirs. of CBS and NBC affiliates will meet with network executives Dec. 4, ABC Dec. 6. Other meetings in association with RTNDA are planned by Society of Professional Journalists, Independent Network News, Prism Productions, Telepictures, Audience Research & Development and Group W Newsfeed.

NCTA is closely watching new tax plan advanced by Treasury Secy. Regan because, if passed as is, it would eliminate advantages of using limited partnerships to finance construction and would sharply curtail use of accelerated cost recovery systems (ACRS) to depreciate plant. While existing limited partnerships probably would be grandfathered, proposed change in tax law "would interfere with the economics of both new construction and rebuilds," said NCTA Pres. James Mooney. According to one estimate cited by NCTA, 11% of all cable industry financing in 1984 will be through limited partnerships. Most worrisome is possible move to actual useful life depreciation standard, which could be as much as 50% longer than pre-1981 rule, Mooney and others said. Mooney said NCTA "has communicated its views" to Sen. Packwood (R-Ore.), new chmn. of Senate Finance Committee.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd week of Nov. and year to date:

| | NOV. 10-16 | 1983 WEEK | % CHANGE | NOV. 3-9 | 46 WEEKS 1984 | 46 WEEKS 1983 | % CHANGE |
|------------------|---------------|--------------|-------------|-------------|------------------|------------------|-------------|
| TOTAL TV..... | 499,651 | 493,029 | + 1.3 | 481,250 | 18,289,146 | 17,202,845 | + 6.3 |
| TOTAL COLOR... | 376,956* | 333,019 | +13.2 | 343,225* | 14,019,229* | 12,216,442 | +14.8 |
| DIRECT-VIEW.. | 372,067* | 328,514 | +13.3 | 338,683* | 13,858,149* | 12,095,752 | +14.6 |
| PROJECTION.. | 4,889* | 4,505 | + 8.5 | 4,542* | 161,080# | 120,690 | +33.5 |
| MONOCHROME.... | 122,695 | 160,010 | -23.3 | 138,025 | 4,269,917 | 4,986,403 | -14.4 |
| TV EXCL. PROJEC. | 494,762 | 488,524 | + 1.3 | 476,708 | 18,128,066 | 17,082,155 | + 6.1 |
| HOME VCR..... | 182,682* | 107,230 | +70.4 | 128,541* | 6,066,131# | 3,363,359 | +80.4 |
| COLOR CAMERAS... | 10,441* | 9,311 | +12.1 | 6,535 | 401,481* | 329,457 | +21.9 |

Color TV (direct-view) 5-week moving average: 1984--388,213**; 1983--369,592 (up 5.0%).

Home VCR 5-week moving average: 1984--192,233*; 1983--106,153 (up 81.1%).

* Record for period. ** Highest figure on record. # Exceeds full-year record.

GE DROPPING U.S. SMALL-SCREEN COLOR OUTPUT: GE's 10" and 13" color TV production is going way of b&w, to Far East. Company announced last week it will discontinue domestic output of small-screen color sets in favor of outside sourcing in July 1985, which will result in layoff of about 20% of color set and picture tube workforce.

GE said it was making drastic move because of "severe and intense" price competition. "You can't specifically blame it on any one element, but total profitability depends on the pricing environment, which is the biggest factor," we were told by Consumer Electronics Business Operations Vp-Gen. Mgr. Jacques Robinson. Imports of course contributed, but there were other factors, he said.

To reach decision, GE "looked at the cost position, the price position and the kind of margins to justify the capital investment, and it all didn't add up to something acceptable." He said small-screen color has become commodity item, just like b&w, and decision in 1981 to give up role as last remaining domestic b&w TV producer was for same reasons.

GE's restriction of color output to 17", 19" and 25" will result in loss of 570 jobs in U.S. GE said it will start cutbacks in Dec. by eliminating 160 hourly workers at Portsmouth, Va., TV plant and 75 at Syracuse tube plant to reduce production line rates in keeping with lower market projections. Next year it will trim 145 hourly and 15 salaried positions at Portsmouth, 140 hourly and 35 salaried in Syracuse. GE will discontinue production of small-screen tubes, resulting in closing of one of its 2 essentially separate facilities there. In addition, 660 jobs will be lost at component and subassembly plants in Ireland and Singapore. Worker furloughs GE announced earlier this fall (TVD Nov 5 p8) stemmed from "slowing down of the lines" as company's small screen sets hadn't been selling well, "and was one of the factors that led to our 2nd decision," Robinson said.

As for new supplier, "we do have close connections with several companies, and right now I'm looking anywhere that's going to be price competitive," Robinson said. He acknowledged

that Matsushita, which supplies GE with VCRs and projection TVs, as well as Gold Star, have something of inside track, "but we have relationships with many companies."

Small-screen phaseout doesn't mark start of GE's abandonment of video business, Robinson insisted. "I would say it's just the opposite. It puts us on a stronger footing. We have to separate marketing, sales, design and distribution elements from the manufacturing side. We have found an approach that allows us to continue one side while lowering the cost of the other." As to its impact on workers, Robinson said: "You can't be thrilled about moving jobs offshore, but we have to find ways to survive in a competitive environment."

* * * * *

Computer glitch prevented International Trade Administration from giving Korean color TV makers firm adjustments to their preliminary dumping margins as scheduled last week. It did offer tentative findings, under cloak of confidentiality. It's understood that as result of ITA's recently completed review of those findings issued in Sept., all 3 directly involved producers are in for something in way of margin reductions. Gold Star, which had 20.08% margin, and Daewoo, set at 25.09%, are expected to receive only moderate relief. Samsung, which was facing margin of 52.5%, is likely to find its new margin down much closer to those of other Korean producers.

LCD TV SETS COMING OF AGE: Tubeless flat-screen color TV is finally becoming a legitimate, competitive product -- 16 years after first demonstration of potential of liquid crystal TV. Winter CES in Las Vegas Jan. 5-8 should see pocket LCD TV sets reach new levels of performance at sensible price points, with promise of rapidly ascending screen sizes far beyond pocket novelty stage -- and first picture-on-wall unit is possible in about a year.

"Flat Screen Breakthrough?" was our headline in June 3, 1968 issue after we witnessed first showing, by RCA, of simulated segment of moving TV picture (2 lines) on LCD (occasion also was first demonstration of LCD timepiece). RCA pioneered LCD research, its LCD team later leaving to form Optel, now defunct.

This flat-screen technology could propel such companies as Casio, Seiko and Citizen -- now leading in color LCD development -- to prominence in new field of tubeless TV, although traditional Japanese TV manufacturers, including Sanyo and Matsushita, also are intensely involved. Among advantages of LCD for TV are extremely thin display, very low power consumption and recent breakthroughs that have made it possible to produce at prices virtually unheard-of even year or so ago.

Japan's Casio Computer, which defied economics of calculator industry by diversifying into unique products -- including extensive watch line, electronic musical instruments, office machines and more recently innovative TV and radio -- will stake out claim to leadership in new flat-screen LCD TV field at CES when it introduces 2.6" LCD pocket color at \$299 and shirt-pocket b&w set at under \$100. It will preview coming attractions with prototype of first 6" flat-screen LCD color set and plans to introduce 12" wall-hanging color late in 1985 or early in 1986.

LCD TV has come long way in very short time. Just 2 years ago, Casio introduced first LCD TV at Winter CES, a b&w unit with barely visible picture on 2.75" screen at \$250 (TVD Jan 17/83 p22); improved version with AM-FM later came out at \$300. In fall 1983, Seiko introduced b&w wristwatch TV at \$495, a resounding market flop. It was followed by Citizen, with 2.7" b&w at \$200 with AM radio -- similar unit without AM radio is now being offered by Radio Shack at same price.

LCD came into own with color, which vastly improved visibility of picture. Epson and Seiko introduced twin 2" color sets last May at about \$500, but indicated maximum size of such a display was 4" and increase in screen size would escalate costs exponentially (TVD May 28 p13). Just couple weeks later at Summer CES, Citizen showed 2.7" color model at \$350,

promised deliveries in spring 1985, and said it was developing color sets with 3.5", 4.9" and 7" screens (TVD July 11 p17). Same week, Sanyo engineers told technical conference they had developed much higher resolution model with 5" screen (TVD June 18 p15).

Casio announced size and price breakthrough at Japan Electronics Show last Oct. when it displayed 6" color set, and there were reports in Japan that its 12" follow-up, claimed to have picture of same quality as tube, would be priced at \$400 on domestic market (TVD Oct 8 p16, Oct 15 p14).

If quality of larger LCD color sets proves to be good, traditional TV manufacturers no longer will be able to ignore field and cede market to watch and calculator makers. Many technical problems now appear to be solved, and prices undoubtedly will plunge with consumer acceptance and mass production. Although flat tubes, as exemplified by Sony's extremely attractive 4" b&w Watchman at \$200, also have great potential, true tubeless TV market for first time seems to be on way to reality.

Note: At CES, Casio also will increase its involvement in radio, offering 2 credit-card-sized models at under \$30.

U.S. COLOR OUTPUT SLOWED IN 3RD QTR.: Concern with sales growth slowdown and inventory buildup by domestic color factories is indicated in our breakdown of color TV total market at new supply level, which shows 3rd-quarter output of U.S. producers was down sharply from year's first 2 quarters. Figures are derived from available EIA and Commerce data, and domestic production includes sets assembled at foreign-owned U.S. plants.

While indicated U.S. factory production was up, if only by 5.3% over last year in quarter, 2.76 million total was down 6.6% from record 2.96 million in opening 1984 quarter, and off 5.4% from 2.92 million in 2nd quarter. Though this is all-time high color TV sales year, 3rd-quarter domestic production total ranks only 5th on record list, trailing 2.85 million of first quarter 1981 and 2.763 million of 4th quarter 1980, as well as preceding 1984 quarters.

Same concerns apparently didn't bother color importers, who set all-time quarterly shipment record, topping mark of 1.5 million hit in final quarter last year. Sharp import rise resulted in record for total new color supply, beating out high of 4.27 million reached in 2nd quarter this year. B&w imports also surged, topping 2 million for first time in any quarter, and erasing from books record of 1.86 million set in 2nd quarter. Also record setters were 9-month color production and imports, and b&w imports.

Combination of domestic color production slowdown and import surge left imports with indicated 35.6% share of new color supply in 3rd quarter, up from 29.4% in same period last year, and marking 10th consecutive quarter of such increases. For 9 months, import share was 32.5%, up from 27.5%. Foreign-made color kits and essentially finished chassis imported for final assembly in U.S. factories are excluded from import total. Factoring them in with complete set imports would give imports 56.7% share of 3rd-quarter color supply, up from 47.3%, 52.1% share for 9 months, up from 47.2%.

Here's breakdown of how domestic factories and imports performed in first 9 months and 3rd quarter 1984:

1984 9-MONTH U.S. TOTAL TV SUPPLY

| | | U.S.- Produced* | % Change | Imports | % Change | Total Supply | % Change |
|----------|----------|--------------------|-------------|-----------|-------------|-----------------|-------------|
| Total TV | 1984.... | 8,638,000 | +21.1 | 9,260,000 | +44.8 | 17,899,000 | +32.3 |
| | 1983.... | 7,131,000 | | 6,393,000 | | 13,524,000 | |

(cont'd)

| | | U.S.- Produced* | % Change | Imports | % Change | Total Supply | % Change |
|----------|----------|--------------------|-------------|-----------|-------------|-----------------|-------------|
| Color TV | 1984.... | 8,638,000 | +21.1 | 4,165,000 | +54.3 | 12,803,000 | +30.2 |
| | 1983.... | 7,131,000 | | 2,699,000 | | 9,830,000 | |
| B&W TV | 1984.... | -- | -- | 5,095,000 | +37.9 | 5,095,000 | +37.9 |
| | 1983.... | -- | | 3,694,000 | | 3,694,000 | |

1984 THIRD-QUARTER U.S. TOTAL TV SUPPLY

| | | U.S.- Produced* | % Change | Imports | % Change | Total Supply | % Change |
|----------|----------|--------------------|-------------|-----------|-------------|-----------------|-------------|
| Total TV | 1984.... | 2,761,000 | + 5.3 | 3,547,000 | +40.1 | 6,308,000 | +22.4 |
| | 1983.... | 2,621,000 | | 2,531,000 | | 5,152,000 | |
| Color TV | 1984.... | 2,761,000 | + 5.3 | 1,523,000 | +39.2 | 4,284,000 | +15.3 |
| | 1983.... | 2,621,000 | | 1,094,000 | | 3,715,000 | |
| B&W TV | 1984.... | -- | -- | 2,024,000 | +32.9 | 2,024,000 | +32.9 |
| | 1983.... | -- | | 1,523,000 | | 1,523,000 | |

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

CES may be winning battle to get video software marketers back into exhibit fold. Next Summer CES in Chicago should signal start of return, according to Best Film & Video Pres. Roy Winnick, who's also member of CES advisory board. He told us he expects 2-3 majors to exhibit, thinks independents will follow. Show last June was considered swansong for remaining independents, but Winnick claims his argument that CES is best showcase to attract mass merchants has had positive impact. Aside from Karl Home Video, there's no hope for Jan. CES in Las Vegas -- "it was too late." Last June, CES stuck video companies in tent outside McCormick Place, and drew such strong objection that change will be made next year. Tentative plan now is to put them in McCormick Place West, where computer software companies have displayed last 2 years. If video companies do return in force and anticipated dropout of computer exhibitors doesn't occur, EIA Consumer Electronics Group Vp Dennis Corcoran said videocassette participants may have to settle for less favorable locations in downtown hotels.

Software notes: Disney's sales of special 7-title Christmas package are close to 450,000 mark, according to National Sales Dir. Richard Fried. Bookstores accounted for 15% of preorder total, but Fried thinks market, although bigger, "isn't necessarily broader" in terms of retail accounts... Sears will meet with 3 rackjobbers this week to discuss full-scale entry into recorded videocassette market... CBS Records Special Products Div. is considering use of recorded cassettes in premium and incentives program. It has been trying to assemble catalog, we're told.

RCA and Sharp have preliminary agreement to form CMOS VLSI design, development and production venture in U.S., with RCA to be 51% partner. RCA is eyeing link with Sharp "because we have some very common interests, and they have made a decision to concentrate very heavily in CMOS" technology, originally developed by RCA, according to Exec. Vp Roy Pollack. RCA is taking venture route into VLSI production because "in this case one plus one equals something around 3-1/2. With the amount of resources this takes, you can divide up the effort and get far more out" than either could individually, Pollack told us. Resources consideration is far from minor, he indicated. While declining specifics on venture cost, he didn't discount industry speculation that about \$100 million would be needed. Sharp is major large-scale IC producer and is among few without U.S. plant, which restricts sales opportunities here.

Philips Brazil has won 2-year \$50 million contract to supply about 2.5 million b&w TV picture tubes to China. About half have been shipped. Philips said that because of sharply declining local demand for b&w tubes it had been considering ending such production in Brazil but that Chinese order makes it practical to keep output going.

Samsung Semiconductor & Telecommunications received \$42 million loan from international group led by Japanese and Canadian banks. It's first such major credit to private Korean company that isn't backed by Korean govt. repayment guarantee. Samsung said loan would be used to buy semiconductor production machinery and equipment.

SONY TAPE EYES DUPLICATORS: Sony Tape Sales has eye on biting off substantial chunk of videocassette duplicator business, has already moved to reposition itself in that area, according to Pres. John Hollands.

"We haven't paid enough attention" to that market segment, Hollands told us during tour of Sony's integrated cassette plant in Dothan, Ala. To put itself more into duplicator picture, he said, STS has revamped pricing "to make ourselves competitive," established industrial sales organization, set up regular program of visits to duplicators and put together special engineering staff. It also has started consignment sales program.

STS now gets about 25% of its volume from commercial sales, and while it seeks significant increase, Hollands said, he hasn't set target for boosting that share: "I'm expecting an increase in consumer sales, too." Hollands said he estimates Sony now holds about 10% share of "duplicator business available to us," added "I see no reason why we can't have 35 to 40%."

Big STS customers right now are Creative Video Services (CVS), Technicolor and Video Corp. of America, which buy complete cassettes. Two other majors, CBS/Fox Video and Columbia/Bell & Howell, primarily load own cassettes from pancakes, pick up any cassettes they need from same suppliers. STS hasn't generally been offering tape in pancake form "so we can't sell them, but we're addressing that issue right now," Hollands said.

When he joined from BSR 18 months ago, STS had policy of selling only Beta, and getting that changed was among his first priorities, Hollands said. Today, he said, STS 1/2" cassette sales are about evenly divided between Beta and VHS. Current demand is straining Dothan capacity, and as Sony is leading Beta cassette marketer and format supporter, "if I had to I'd back off on VHS," but that isn't necessary because of parent's worldwide production. Dothan output is coordinated with plants in Japan where Sony makes both Beta and VHS, as well as with new VHS-only plant in France, so STS can import to fill any of its requirements.

Sony has invested \$120 million in tape production in U.S. since Dothan plant opened in 1977, nearly half of it on automated production equipment and expansion since 1979, according to Clinton Michaelis, pres. of tape manufacturing unit Sony Magnetic Products. SMP makes all tape and assembles videocassettes in Dothan, assembles audio cassettes at \$6 million twin-plant facility on both sides of Mexican border in Laredo.

Each month, SMP produces 3.5 million 1/2" videocassettes, plus 500,000 U-matics, 3 million audio cassettes and 10,000 hours of 1" videotape for professional use, Michaelis said. Plant started producing videocassettes, with output of 9 million, in 1979. Last year, it made 22 million, will produce 30

million this year, 40 million in 1985. When set up, Dothan plant had major export aims, but market growth here has forced cutback in that plan. In 1982, exports accounted for peak of about 60% of sales. That's down to about 22% this year, will drop to 10%, primarily U-matic cassettes for Europe, in 1985.

Extensive automation was needed at Dothan to cope with problem of steeply declining prices, according to Michaelis. He said price of 1/2" cassette this year is only about 40% of 1978, will hit 30% next year. Effort to improve efficiency through automation and product design is continuous. In fast-paced cassette business, equipment becomes obsolete after about 3 years and "we don't see an end to" constant improvement.

Michaelis said Dothan is ready to produce tape for any format but indicated it might not be on integrated basis. Installing equipment to coat metal particle or evaporated tape for 8mm Video "would take a rather substantial investment" and, depending on economics, Dothan could simply assemble cassettes using tape brought in from Japan.

Falling cassette pricing has put hitch in Sony's sales plans for its high-speed Sprinter duplication system, according to Hollands. Only user now is CVS, and Technicolor has had 2nd thoughts about installing one. Big advantages of Sprinter, which replaces 60 standard slaves, is speed, small size and saving from buying tape pancakes and cassette shells separately. With last substantially wiped out by availability of cheaper cassettes, duplicators are less interested in making major up-front investment in Sprinter equipment, Hollands said.

Meanwhile, STS is moving into new magnetic media area, computer discs. Hollands said company already has started offering discs in new 3.5" format, will add standard 5.25" discs in Jan.

Mergers & acquisitions: Telex won't be getting back into hi-fi business after all. Company said it dropped out of acquisition talks with bankrupt Altec. Telex had preliminary agreement to buy Altec for \$12 million and assume some of its liabilities... MacAndrews & Forbes increased its beneficial ownership of Video Corp. of America to 52% through purchase of 604,000 shares (about 16% interest) from current holders at or near \$20 per share price agreed to in its takeover offer for all VCA shares. Included was purchase of 291,000 shares from Reich group, which was challenging adequacy of M&F's acquisition bid in Del. court. Suit has now been dismissed. M&F said shares and share options it now holds represent 66% of VCA's outstanding common stock... Billboard Publications is being acquired by investment group from Littleford family for about \$40 million. Controlling interest will be held by Boston Ventures, group that includes Billboard Publisher Gerald Hobbs. When transaction is completed, Hobbs will become BP pres., succeeding William Littleford, who will continue as a dir.

HOME BUS PROGRESS: EIA hopes to develop tentative standards for use of electrical power lines to control home equipment by mid-1985, and for household wireless remote controls by late 1985, but system for complete home information distribution will take longer to develop. So said Judson Hofman, chmn. of EIA's Consumer Electronics Bus Committee (CEBC), at Link Resources Corp. conference in N.Y. last week.

Hofman, who is vp of Matsushita Technology Center's Video Div., reported on CEBC's work toward standard systems for internal home control and communications to interconnect everything in home that requires wire or cable -- security systems, phones, high quality digital audio, antenna cables, temperature and humidity controls and remote light and appliance switching -- eliminating separate wiring. Goal is single digital communication system extending throughout home and consolidating all home wiring.

Committee's work is divided among 3 systems: (1) Power line systems, already employed in some home intercoms and security systems such as BSR's X-10 and GE's Homeminder. (2) Home bus, using either twisted pair wires, coaxial cable or fiber optics. (3) Wireless remote controls for use within single room, and also to provide access to power line systems or home bus.

Hofman said it was generally expected that power line systems would be used in existing homes, while new homes eventually would have more elaborate bus built in at time of construction. Power line systems are capable of transmitting control commands but can't accommodate continuous high-speed stream of information, such as audio, visual or data. Power line also poses problems of security and interference with neighbors' systems.

Aim in both systems is simple, reliable, secure method of controlling home and communicating with and within it, as well as compatibility with existing devices and plug-in capability for future ones. Although home computers would be connected to bus, Hofman expressed doubt that they would control or operate it because this would tie up computer and pose reliability problem.

In-room wireless system, probably using single unified infrared remote control, is "receiving most attention right now" -- some manufacturers already have introduced unified remote systems to control TVs, VCRs and audio systems, but they're incompatible with other manufacturers' systems. Hofman said industry "doesn't plan to make a lot of money" on home bus system but rather to make home hospitable to peripherals in which there is profit.

Microwave oven sales by U.S. factories and importers rose 36.8% in Oct. to 1,006,000, marking first time monthly sales of any major appliance have topped million, AHAM reports. Through 10 months, MW shipments were up 57.5% to 7.19 million.

PIONEER PROFITS JUMP: Pioneer reported consolidated net more than tripled to \$32.8 million in year to Sept. 30 on sales rise of just 3.7% to \$1.3 billion. Company said earnings gain came from increased sales of video equipment, including videodisc products, and improved profitability of its overseas subsidiaries. It said audio equipment sales were down from fiscal 1983.

Conic, financially troubled Hong Kong electronics producer controlled by Chinese govt. interests, said sales in first 8 months this year were up 40% to \$134.3 million, with 70% coming from color TV and radio-cassette combinations -- Conic is exporting color to U.S. Despite revenue gain, company posted \$50.3 million loss, including \$5.1 million in writedowns and interest. China, through investment venture Sin King, owns 34.8% of Conic, plans to boost that to 67.4% through purchase valued at \$37.7 million. New capital will be used for corporate restructuring and to help pay part of Conic's \$131.7 million debt.

Arvin boosted quarterly dividend 7¢ to 28¢, approved 3-for-2 stock split. After split is effective, per-share dividend will be 20¢.

GE announced 5¢ hike in quarterly dividend, raising payout to 55¢. It's first such boost for GE since Nov. 1983.

General Instrument reversed earlier prediction, said it now expects earnings for 2nd fiscal half to Feb. 28 to be lower than \$20.8 million posted in first half. Company attributed revised outlook to slowdown in demand for semiconductors and continued delay in new CATV construction.

MATSUSHITA'S CAMCORDER: Though it's already producing 8mm Video camcorder for Kodak, and has prototypes of more advanced models, first camcorder Matsushita will offer under its own brand name will use full-sized VHS cassette that's likely to be shown early next year, according to senior corporate official. GE, we've learned, plans to have one in its exhibit at upcoming Winter CES, so it's good bet Matsushita's U.S. subsidiaries Panasonic and Quasar also will have models on display.

Matsushita does have plans for 8mm Video, but feels it isn't yet compact enough to compete with upcoming VHS camcorders. Also, official said, 8mm Video lacks software support, adding: "We have our own 8mm Video models in the laboratory, and when other major makers launch, Matsushita is ready to do likewise, but I can't say now whether that will be 1985 or 1986."

Matsushita's VHS camcorder will have 2-hour recording capability, he said, adding "that's 6 times [JVC's] VHS-C, but it won't be 6 times the price." Matsushita also is ready with videocassette player, "but it would have to be substantially less expensive than recorders to be viable" as mass market product. It's now specialty business, and one Matsushita isn't interested in, we were told.

BLANK TAPE WOES: There's no end in sight to profitless prosperity for blank videocassette manufacturers, and ITA Update Seminar in N.Y. heard forecast of shakeout with only 5 or 6 survivors. Sales to retail and duplication markets in U.S. will keep increasing, but at prices already near rock bottom and threatening to go lower still, speakers emphasized.

Ampex Magnetic Tape Mktg. Dir. Edwin Pessara, ex-TDK, told attendees that \$4 for 2-hour blank is "area in which very large integrated manufacturers can make marginal profits." If wholesale price drops further, "the shakeout will occur faster than I indicate." Pessara and other executives at ITA said that price decline and dropouts were almost inevitable and that lesser producers and raw material suppliers would divert plant output to other magnetic media such as floppy discs where margins are better.

Continued downward spiral won't affect prices of recorded cassettes. Duplicators usually pass on tape itself at cost, and studios pocket difference rather than pass along equivalent of \$1-\$2 savings per cassette at retail. Excess capacity is helping hold down prices, and pressure has increased as manufacture grows in Hong Kong and Korea. Pessara indicated that could ease somewhat as demand rises 28.8% to 648 million next year from 503 million, while capacity increases 16.9% to 776 million from 664 million.

Half-inch tape now accounts for more than 400 million lb. of polyester worldwide, total that will increase to 730 million by end of 1985, said ICI's Robert Reen. U.S. share should be in 20-25% range. Reen claimed home video accounts for bulk of \$650 million investment by polyester producers since 1980, expects raw material price increase in 1985 or shift in emphasis away from home video -- which would put additional pressure on tape community. Value of polyester in typical T120 is 30-40¢, oxides 15¢.

Oxide manufacturers also are beneficiaries of VCR boom, with particle delivery anticipated to double present rate to 80 million lb. by 1987. However, said DuPont's William Oskin, revenues aren't up "because of very competitive pricing," and picture won't improve with arrival of costly metal evaporated tapes for 8mm recorders.

Pessara described present market as classic 'good news, bad news' situation, claimed lack of profitability was main reason Ampex decided "not to aggressively participate in home video -- we do not see how we can make money." Tape revenues will rise only 17% to \$3.1 billion worldwide from 1983 to 1984, while shipments jump 44%, he said, with 16.6% rise in revenue and 29% in volume due in 1985.

Situation in U.S. is no different. According to Pessara, demand in first half of 1984 was 80% of full year 1983, but prices eroded 25%. He said prime culprits were Hong Kong and Korean exporters, whose deliveries were up 317% to 5 million units

during first half. Their capacity has been underestimated, he said -- but there also were plenty of comments about 3M's pricing policies. Only major integrated manufacturers will be able to survive in consumer end of market, Pessara said, and coming shakeout will leave "5 or 6 people in this business."

MSX AT LEAST YEAR OFF: Japan's MSX home computer format may be introduced in U.S. market in time for Christmas -- Christmas 1985, that is -- according to Kazuhiko Nishi, vp of Microsoft, original developer of MSX operating system. Nishi also told Link Resources Corp. conference in N.Y. last week that specifications for 2nd generation MSX, probably using 16-bit CPU, will be developed by next spring.

Microsoft will have MSX exhibit at Winter CES in Las Vegas, as planned, Nishi said, showing products of Matsushita, Sony, Philips and others, but no decision has been reached as to format's launch date in U.S. -- "we're thinking seriously of Christmas 1985."

New 16-bit version, expected to reach market in 1986, "will vastly improve human interface through the Microsoft window," he said. He pointed out that original MSX specs depended on using commercially available LSI chips, but now group is working directly with VLSI developers, who have completed 2nd generation chips designed specifically for MSX system. "Today's specs are not sufficient to [make MSX] a competitive product," he conceded.

A major shortcoming of home computers is lack of true videotex capability. "No good videotex supporting chip is available, so we are developing our own," Nishi said. New MSX generation will combine videotex encoder and decoder with computer, he said, adding that for public to accept videotex, terminal must be able to create pictures and "the minimum requirement is that every terminal must be a picture creation terminal."

MSX group now has more than 22 companies, with 5 more scheduled to join in U.K., France and Germany in next 6 months, Nishi said. Previous failures in home computers have stemmed from cost-cutting, particularly failure to include disc drives, and "the biggest mistake is that companies don't guarantee software compatibility." He said that by next spring, MSX, which is available in Japan and Europe, will have more than 500,000 installations worldwide (excluding U.S.), with 350,000 in place in Jan. Korean manufacturers are joining in, he added, and 3 of them already have shipped more than 100,000 computers to Europe.

For home computer to be successful, Nishi said, it must combine the "2 greatest 20th century inventions" -- telephone and TV... It must have a network for communication and must merge with TV. That's the only way to make the computer a household item."

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With Consumer Electronics

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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 |
|------------------------|---------------|--------------|------------------|
| Pioneer Electronic* | | | |
| 1984-year to Sept. 30 | 1,301,900,000 | 32,800,000 | .51 ^a |
| 1983-year to Sept. 30 | 1,255,100,000 | 9,100,000 | .14 ^a |
| Turner Bcstg. | | | |
| 1984-9 mo. to Sept. 30 | 210,645,000 | 8,088,000 | .40 ^a |
| 1983-9 mo. to Sept. 30 | 166,608,000 | 12,122,000 | .59 ^a |
| 1984-qtr. to Sept. 30 | 77,669,000 | 5,298,000 | .26 ^a |
| 1983-qtr. to Sept. 30 | 61,647,000 | 5,871,000 | .28 ^a |

Notes: *At yen's current rate. ^aPer ADR. ^cIncludes special credit.

Ricci, Amaray; Dan Roberts, JVC; Michael Upton, ICI Americas; Don Winkust, Hercules.

Saul Melnick named to MGM/UA Home Video sales & mktg. vp for U.S. & Canada; Tom Johnston appointed planning & administration vp; Ardis Rubenstein named creative services dir. Other appointments: Al Sullivan, programming administration dir.; Anita Mazzarella, technical operations mgr.; Stefanie Shulman, mktg. services dir.; Michelle Jacobs, ex-RCA Videodiscs, joins as editorial services mgr... Maurie Perl resigns as Vestron Video PR dir., will continue as consultant... John Badostein named mgr. of Commtron's new Hayward, Cal. branch.

Consumer Electronics Personals

Andrew Simon, ex-consumer products and timepiece national accounts mgr., named national sales mgr. of Casio's new Audio/Video Div... Jerry Orenstein, former Coleco mkt. research & media planning dir., appointed Sharp Consumer Electronics Div. mktg. communications mgr., replacing Daniel Infanti, recently named corporate communications & mktg. mgr... Frank Lesher advanced at Sony to gen. counsel & asst. secy.

Frank Leonardi, one-time Panasonic, resigns as Apple retail sales dir. to join Commodore Business Machines as mktg. vp, succeeding James Dionne, who moves to corporate mktg. post; Sol Davidson resigns as CBM gen. mgr... Earl Patterson named gen. mgr., Coleco Japan, new buying and liaison office.

James Dugar advanced at Fuji Photo Computer Media Div. to OEM sales mgr., new post; Louis Filatreau, ex-HesWear, joins as west region sales mgr., succeeding Dugar... Franz Witte, ex-Weyerhaeuser, joins Ampex Magnetic Tape Div. as mkt. research & planning mgr... William McDonald appointed pres., Electronicstore Services, R.R. Donnelley & Sons' new in-store touch-screen video shopping guide marketing unit... New ITA dirs.: Alex Akakura, TDK; F.E. Hull, Data Packaging; George

Margaret Cleave, ex-Brash Industries, appointed Embassy Home Entertainment mktg. dir... Diana Kreitling joins CBS/Fox Video as human resources dir... Richard Thorward, ex-RCA Records & Video Productions, forms Entertainment Resources Assoc., Glen Rock, N.J... Robert Hendrickson advanced to international sales vp, Walt Disney Telecommunications & Non-Theatrical Co... Peter Cowdrey, ex-Embassy Home Entertainment, joins Thorn EMI Screen Entertainment in U.K. as a sales exec.

Flat panel plasma display venture formed last year has been closed by partners Burroughs and Telex. Plasma Graphics, 80% owned by Burroughs, was producing sample quantities of display panel (25 characters by 80 lines) for sale to computer OEMS, indicated they would cost about \$400 in quantity. Price was about double that of comparable LCD displays, up to 8 times that of CRT. Companies said shutdown will eliminate about 180 jobs at plant in Warren, N.J.

Showtime will scramble signal using M/A-Com's Videocipher 2 encryption system. Both Showtime and HBO refuse to say whether they'll sell service to home satellite system owners, but M/A-Com chmn. has provided some hints. (See details in Broadcast-Cable section of this issue.)

TELEVISION DIGEST®

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With Consumer Electronics

DECEMBER 10, 1984

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CABLE GEARS FOR NEW COMBAT: Deregulation behind it, next battlefield is copyright, Western conventioners told. Attendance in Anaheim is down, atmosphere more serious. (P. 1)

NEWS DIRS. MAD AT EDDIE FRITTS, cry foul at NAB radio conference expected to draw away from 1985 news convention. CIA complaint to FCC, Westmoreland trial are concerns. (P. 2)

CABLE INDUSTRY ADVISED TO MOVE SLOWLY on copyright reform. Western Show speakers warn industry to find allies, define goals. (P. 4)

ONE DIES, MORE ARE BORN: FCC okays next round of DBS players. Hughes plan: To develop DBS condo. (P. 4)

DEFINING CABLE COMPETITION: If 4 TV stations can be received off-air, cable has competition, FCC proposes. (P. 5)

SUPERSTATIONS PLAY BALL: Will share revenue with owners. (P. 6)

STEREO GENERAL INSTRUMENT: Jerrold shows stereo box. (P. 6)

SMATV WINS IN APPEALS COURT: FCC preemption gets court blessing. (P. 7)

CABLE CATCHES ITS BREATH: Weary from 3-year deregulation battle with Congress, leaders of cable industry warned at Western Cable Show in Anaheim, Cal., last week that battles with program providers loom next year. Attendance at 16th annual show cosponsored by Cal. Cable TV Assn. (CCTA) and Ariz. Cable TV Assn. was just under 8,000, more than 500 below projection and well off 9,800 last year. Still, Western Show was largest industry gathering since President Reagan signed new cable deregulation law, and subject was much discussed (see related story).

There was sparse traffic on exhibit floor, which this year took up only about half of Anaheim Convention Center. But while many exhibitors complained they didn't write enough business to cover costs of show, others -- especially programmers and a few manufacturers -- said they did healthy business at their hospitality suites.

Consumer Electronics

NOV. COLOR & VCR SALES to dealers rebounded from Oct. sag, but not high enough to put industry on target for year. Inventories ease. (P. 9)

IMPOSITION OF LOW 5% DUTY on color tubes entered as part of TV kits imported for U.S. assembly upheld in Customs ruling. (P. 10)

JAPAN'S VCR EXPORTS to U.S. hit record 1.37 million in Oct., and color shipments rose, but at slowed rate, Finance Ministry figures show. (P. 11)

MITSUBISHI CREATES DIV. to market diverse high-technology products in U.S. (P. 11)

CELLULAR PHONE MARKET WOES building for U.S. producers. Motorola ending output in Puerto Rico. Western Union may sell E.F. Johnson. (P. 12)

JAPAN-EC TALKS ON VCR exports quotas for 1985 hit snag as Japanese balk at rollback demand. (P. 12)

CEZAR, ACORN OUT, NINTENDO moving in, as computer market door continues to revolve. (P. 13)

SAMSUNG OFFICIALLY OPENS N.J. color plant. Lines now turning out 1,100 sets daily. (P. 13)

EQUIPMENT SHORTAGE for broadcasters delaying stereo TV, but few more could start in '84. (P. 14)

"It would be nice after our 3-year effort if we could wrap ourselves in the warmth of S-66 and relax," NCTA Chmn. Edward Allen said in Dec. 6 luncheon speech bracketed by standing ovations, "but we have a lot of challenges ahead of us." Allen issued call to arms for industry to fight for copyright reform, for new relationships with telephone companies and for end of "adversarial relationships" that are developing between cable operators and programmers over escalating carriage fees.

In highly charged speech he described as his "catharsis," FCC Mass Media Bureau Chief James McKinney gave his first public assessment of Cable Copyright Act Dec. 6 and found much he didn't like, warning audience of about 450 that industry might have lost as much as it won. McKinney said his "primary concern with the future of cable TV... is whether or not the freedoms you have enjoyed in the past will continue to prevail in the future... In some areas you have won, but do not be misled. In some areas you have lost." McKinney defended FCC treatment of industry: "Our actions have clearly fostered a dramatic increase in the availability of programming."

Legislative process is filled with compromises, McKinney said, "and you have, indeed, entered into a number of compromises in order to secure the cable bill. I fear that the areas where you have yielded are those areas which concern your journalistic freedoms." He said he was referring mainly to commercial leased access.

"I come on a mission of peace," MPAA Pres. Jack Valenti said in Dec. 7 luncheon speech that was well received. Saying he wanted to head off war between cable and Hollywood over copyright, Valenti said: "We want to work with you, not against you" even as he belittled amount of royalty payments industry makes. "Don't start another congressional war" over copyright, Valenti warned: "You don't require this kind of bloodletting." Responding to olive branch from Valenti, NCTA Pres. James Mooney said: "We like peace, too, but peace isn't so sweet as to be purchased at the cost of taking it on the chin day in and day out. Certain actions of the Copyright Royalty Tribunal and the Copyright Office have simply gone too far. Something's got to give."

Perhaps because of deregulation and increasing maturity of industry, Western Show was very business-like, with marked absence of hype. Surveying a luncheon audience, an NCTA official remarked: "This looks like the Chamber of Commerce." Official hastened to add that this down-to-business attitude is to be expected for industry that has lost hundreds of millions of dollars and is now beginning to realize its profit potential. In Anaheim last week, cable industry for first time took on look of highly successful industry that has found its niche in telecommunications community.

RTNDA'S GLEE IN SAN ANTONIO CONVENTION: RTNDA was delighted with turnout at convention in San Antonio last week, but there's major cloud hanging over Sept. 11-14, 1985 convention in Nashville. During forum for radio news dirs., RTNDA officials and delegates criticized NAB for scheduling 1985 joint radio conference with NRBA in direct conflict with RTNDA convention. News group fears radio conference will cut into attendance in Nashville, fact verified when couple of dozen news dirs. held up their hands when asked if NAB-NRBA meeting in Dallas would cause them to miss RTNDA convention next year.

"We need to teach the NAB a lesson" by making sure Pres. Edward Fritts is blamed for conflict and by giving radio much more involvement in 1985, according to newly elected RTNDA Dir. David Lampel, WBLS(AM)/WLIB(FM), N.Y. New RTNDA Pres. Lou Adler, WOR(AM) N.Y., said expected growth of RTNDA next year will be "stunted" by radio conference in Dallas. RTNDA Exec. Vp Ernest Schultz also blamed Fritts for conflict, noted that RTNDA's 1985 convention was scheduled 3 years ago and that it's too late for change in site or date because all convention cities are booked well in advance and there's no place else to go. "We're just up against it" for 1985, he said. Delegate from Oklahoma City said there's room there and invited RTNDA to switch.

NBC Pres. Lawrence Grossman said that "emerging hostility" of public to broadcast news "should be a matter of great concern to all of us... some of it... can be blamed on reporting styles characterized by real arrogance and cynicism." Grossman said that "nothing... holds more danger to uninhibited, robust and wide-open debate about public issues than the unprecedented" complaint to FCC by CIA charging that ABC violated fairness doctrine. It "should send chills up and down the spine of anyone concerned with the First Amendment," he said.

In speech prepared for closing banquet Fri. night, WTVJ Miami Vp-News Dir. Ralph Renick (who received RTNDA's Paul White Award) was critical of news consultants. He said news rooms should scrap "TV show biz."

ABC White House correspondent Sam Donaldson told RTNDA attendees "The state of this union is bad and getting worse," referring to reporters' lack of access to Reagan. He said news media are kept far away from Reagan except in "antiseptic situations" and that Administration has "pretty effectively kidnapped our cameras and our microphones." Keynoter Douglas Edwards said he didn't believe that libel case against CBS brought by former Vietnam commander Gen. William Westmoreland will have "profound" impact on broadcast news. "It is not a suit in which new legal issues are being explored. So when the dust settles -- when the final judgment is reached -- we will not have learned anything really about what we may or may not report."

RTNDA delegate resolutions: (1) Condemning CIA for its fairness complaint against ABC. (2) Calling for "full radio and TV coverage" of Senate. (3) Seeking broadcaster access to federal courts. (4) Opposing attempts to weaken Freedom of Information Act. (5) Commending FCC for its inquiry into fairness doctrine and calling for Congress to repeal equal time law. (6) Calling for legislation to prohibit federal officials and policemen from impersonating reporters. (7) Condemning commercials "that appear to be newscasts."

Paid registration last week was 1,500, up from 1,200 year ago in Las Vegas, plus more than 750 manning exhibit booths. RTNDA added 276 members this year, bringing total to record 2,300, will operate in 1985 with budget of more than \$1 million for first time. Several RTNDA exhibitors told us traffic was somewhat off from last year in Las Vegas. "For the most part, the sessions won out over the exhibits," according to Newsfeed exec.

ABC prime-time performance and network program turnover posed most concern to board of governors of ABC Affiliates Assn. in Hawaii, according to Richard Connelly, PR vp. He also reported that network won't implement 3rd phase of expanding number of commercials. He said network committed to only one -- for Super Bowl Jan. 20 -- during first quarter of 1985. As expected, ABC took some heat from affiliates because of poor ratings, Connelly said. Network also committed to expanding satellite distribution of signal to West Coast and Southeast next year, leaving only Northeast without commitment, he said. Board elected Joseph Jerkins, vp-gen. mgr., KVUE-TV Austin, as chmn., taking office in May at annual meeting of affiliates in N.Y. He'll succeed Clayton Brace, vp-gen. mgr., KGTV San Diego.

Long-delayed cable expansion in N.Y.C. to boroughs outside Manhattan is pushed back another year, and service won't begin before 1986. City officials attribute latest problems to: (1) Lawsuit brought by Al Simon, unsuccessful bidder for Queens. (2) Difficulties raising more than \$1 billion for construction. (3) New cable law. (4) Changes in technology. (5) Bureaucratic delays.

Application for TV license swap between Hubbard Bestg. and Fla. W. Coast Public Bestg. will be filed soon with FCC. WTOG St. Petersburg-Tampa would get Ch. 3 from WEDU (ETV) Tampa-St. Petersburg in exchange for Ch. 44. David Olmsted, WTOG gen. mgr., said swap will help resolve "advertiser bias" against WTOG in that market and said Hubbard would pay public TV station "in the realm" of \$25 million. Another swap of commercial-public TV is before FCC in petition for rulemaking. That proceeding seeks approval of exchange of channels between public TV WCAE Gary, Ind. (Ch. 50) and commercial WDAI (Ch. 56) Gary, both currently off air. Commercial station wants Ch. 50 to allow it to place its antenna on Sears Tower in Chicago.

Cable can profit from boom in VCR sales, according to most panelists on topic at Western Cable Show Fri. But panelist Stephen Scheffer, HBO exec. vp film/programming, wasn't so optimistic, said VCR-cable relationship at best "is a standoff." Weston Nishimura, Videospace/Independent Video Source pres. and Video Software Dealers Assn. pres., who operates large videocassette rental business, said VCRs and cable are compatible, not competitors.

CAUTION URGED ON COPYRIGHT: Cable industry should move cautiously in seeking changes to copyright law, defining goals clearly and picking allies carefully, key lawmakers and industry officials warned last week at Western Cable Show. Narrow agenda was urged by House Copyright Subcommittee Chmn. Kastenmeier (D-Wis.). John Malone, Tele-Communications Inc. pres. and NCTA Copyright Committee chmn., said divisions within industry over appropriate targets for reform have to be resolved, with must-carry rules and compulsory license fees as main questions.

Leonard Tow, pres. of Century Communications Corp., said deal might be possible with broadcasters in which cable industry would end opposition to must-carry codification in exchange for reduced copyright rates or lower compulsory license fees under which program exclusivity is granted. Winning broadcasters as allies might strengthen both their hands against assured opposition from Motion Picture Assn. of America, whose members received about 70% of copyright fees, Tow said (see story elsewhere in this issue).

Kastenmeier said reform effort limited to dealing with inequities in existing rules would have best chance in Congress. He expressed sympathy for cable position but on must-carry he said: "I yield to broadcasters." Chmn. added that must-carry rules aren't in his Subcommittee's jurisdiction, must be settled by Commerce Committees.

Cable deregulation law is ambiguous and can't be relied on to answer all questions, industry attorneys said at another panel. "Don't rely on it as a legal tool," warned Steven Fadem, Warner Amex Cable vp-senior counsel, who suggested instead that operators develop close relationships with cities. "Be politically sensitive" and watch for courts to provide answers, he said.

Fadem and Washington attorney George Shapiro urged operators to use law as last resort in negotiating franchise renewals, warned of loopholes cities could use in trapping operators. But industry attorney Charles Walsh, ex-NCTA gen. counsel, argued that despite new law's uncertainties "industry comes out on top," suggested many concerns about law are unfounded. Washington attorney Nick Miller, who represented dissident cities during cable bill negotiations, disagreed, said that while law improves franchise procedures for cable operators, it doesn't guarantee franchise renewal.

Speakers conflicted in interpretations of new law's applicability to operators with franchises up for renewal in next 30-36 months. They predicted extensive litigation because of law's ambiguities, cited leased access provisions as another example. Thomas Rogers, House Telecom Subcommittee counsel involved in drafting law, said provisions will allow operators to determine rates, terms and conditions of use but not editorial content. Other Subcommittee counsel, Howard Symons, said: "Fewer people will go to court as a result of this bill than in its absence."

HUGHES GALAXY DBS AUTHORIZED BY FCC: Hughes Communications Galaxy got its ticket to enter DBS last week at time when industry's future looks uncertain. FCC granted CPs to 4 new prospective DBS operators -- Hughes, Satellite Syndicated Systems, National Christian Network and Advanced Communications Corp. -- conditioned on their ability to show due diligence in building satellites. Companies will have one year to provide that showing; in meantime, FCC will consider further DBS applications.

Hughes, which has filed due-diligence showing and projects a 1989 launch, is leader of pack in terms of resources. "I can't guarantee there will be a marketplace for DBS," but in field strewn with "dead and dying bodies... I think we have the best chance of any of succeeding," Hughes Communications Galaxy Pres. Steven Dorfman told us last week. He said he sees Hughes service as solely video, that DBS birds will be offered to programmers in essentially same manner as Galaxy 1, recognized as major cable bird. So-called "Galaxy Club" of programmers has shown "a lot of interest" in opportunity to market satellite-delivered services directly to home -- "interest with caution because of the major investment [necessary to enter] a new and relatively costly marketplace."

Comr. Quello termed new DBS applications "rather courageous proposals" in view of Comsat's inability to obtain funds to proceed with DBS. Mass Media Bureau Chief James McKinney said: "Certainly the Wall St. market is not good for DBS these days" but added that he doubted Hughes would have trouble financing system since it "builds satellites for a living"; he regarded others as questionable.

McKinney said that if time comes for launch and all applicants have dropped out, Commission will have to reconsider decision to authorize DBS. For now, FCC is holding firm at limiting DBS authorizations in broadcast band to high-power systems that could broadcast to dishes of about 1-m. It thus decided to return applications of National Exchange and Satellite Development Trust, giving companies 45 days to raise power levels. Another application, from Space Communications Service, was rejected as incomplete.

Hughes wants to offer service from 2 satellites at 101° west, each delivering sixteen 100-w channels to 1/2 contiguous U.S. (CONUS). Hughes-built HS 394 spinners would provide enough power to allow reception on 0.6-1.2-m dishes. Each of 3 other systems will offer 6 channels to 1/2 CONUS from each of 2 satellites.

Sen. Danforth (R-Mo.), who is expected to become Commerce Committee chmn. in Jan., has begun making changes in panel staff. Alex Netchvolodoff, now Danforth administrative asst., will become staff dir. of committee, succeeding Gerald Kovach, who joins MCI as senior vp-regulatory and public policy in Washington.

FCC DEFINES CABLE COMPETITION: Reception of 4 broadcast signals, including 3 major networks, was proposed by Mass Media Bureau during Commission meeting last week as definition of competition sufficient to preclude local regulation of basic cable service rates, as set forth in recently signed cable law. Act requires that in 2 years communities regulate basic cable service rates only when there's insufficient competition to cable, as FCC defines competition.

Where there isn't competition, proposed standard provides that communities set rates by taking average of rates of similarly sized systems that have same offerings, then adding or subtracting 10% as "zone of reasonableness." Bureau said it got 4-station idea from "old version" of cable bill S-66 and meant it only as "starting point." FCC has until end of April to have regulations in place. Law also requires that by end of Sept. FCC finalize regulations to implement Equal Employment Opportunity section of act.

Comrs. Dawson and Patrick want video services such as SMATV, DBS and MDS to be considered as competition. Dawson said Congress specifically mentioned alternative telecommunications, "not broadcast," in competition mix. But Comr. Quello said he doesn't think MDS will compete with cable: "Without cable you don't have TV" in areas such as his native Laurium, Mich., 630 miles north of Detroit, where people would "choose cable over telephones or bathtubs." Chmn. Fowler called competition issue "really the core of the proceeding."

FCC also seeks comments where its definitions differ from those in law: (1) Act defines cable system as video program provider; FCC rule says it must distribute TV signals. (2) Act doesn't exempt systems with fewer than 50 subscribers; FCC does. (3) Act excludes from definition 600 facilities that only retransmit broadcast signals; FCC includes them. (4) Act includes SMATV-like facilities that use public rights of way; FCC doesn't. On cross-ownership, Comr. Rivera asked for consideration of whether MDS owners should be prohibited, using Dawson's example of having MDS in competitive mix. Fowler said it was unclear whether MDS prohibition would be part of rulemaking.

Commission decided not to: (1) Require that cable systems file informational tariffs for services such as home banking or shopping. (2) Retain its obscenity rules rather than accept wording in act. Mass Media Bureau Chief James McKinney said act "appears to be more broad," prohibits programming that is "lewd, lascivious, filthy" but added that issue probably will be settled in courts. Comment also is to be sought on procedure for dealing with grievances on cable channels' leased access.

New law and rulemaking allowed Commission to close following dockets: Newspaper ownership of cable (Doc. 18891); rate inquiry (20767); franchise fees and requirements (21002); rulemakings 2695,

2723; leased access (RM 3999); cable-telco cross-ownership (RM 4241); tests of performance (Doc. 19659); burglar alarm industry access (RM 4164).

In other cable action, FCC opened rulemaking on eliminating or simplifying cable ownership reporting system. Ownership data were first collected in 1976 but not since then because of lack of staff to enter information in computers. Costs of collecting data no longer are justified, FCC said.

Fowler criticized cable industry for agreeing to cable act because "in accepting a bill to further its own self-interests, which is not uncommon in Washington, it materially eroded its First Amendment rights in the process." At later briefing, McKinney said cable operators lost on 2 points: (1) Giving up some of "journalistic freedom" to decide what to put on cable channels and (2) obscenity question.

NBC will pull plug on NBC Teletext by end of Jan., network will announce today (Dec. 10). Company said affordable NABTS decoder for consumer use hasn't been developed as quickly as anticipated, and it doesn't expect one in foreseeable future. If cheap unit does come along, NBC, which started teletext service in spring 1983, could move back into business, official said. NBC decision is indication parent RCA's consumer electronics arm has no current plan for decoder-equipped color sets. CBS, other network feeding teletext, is continuing Extravision service, spokesman said. Barbara Watson, NBC teletext gen. mgr., said service has fewer than 200 in-home viewers.

Robert Lee, former FCC chmn., elected Best. Pioneers Library pres., succeeding Ward Quaal, who served 3 years; Catharine Heinz, Library dir., vp-secy.; Harold Niven, NAB, vp; Jack Harvey, Blackburn & Co., treas. Elected trustees of Library Corp.: Quaal and Virginia Wetter, WASA(AM) Havre de Grace, Md. New members of Library board: Ralph Renick, Wometco; Stanley Hubbard, Hubbard Stations; Sylvester (Pat) Weaver, one-time NBC pres.; Roger Neuhoff, Eastern Bestg. Co.; Erwin Krasnow, attorney.

Frank Biondi will join Coca-Cola Jan. 2 as exec. vp of Entertainment Business Sector (EBS), unit that includes Columbia Pictures and Coke's participation in Tri-Star Pictures. Biondi, HBO ex-chmn.-CEO, will report to EBS Pres. Francis Vincent, who also is chmn.-CEO of Columbia. Biondi won't have operational responsibility, will work on strategic planning. EBS actually is small unit based in N.Y. that oversees Columbia and Tri-Star; Vincent and Biondi will be sole executives.

Disney and Times Mirror Cable signed affiliation pact calling for Disney Channel to be offered on 61 systems serving about 997,000 subscribers.

CABLE'S BASEBALL COMPROMISE: Accord was reached last week between cable industry's 3 superstations and Commissioner of Baseball Peter Ueberroth that will see all baseball teams share part of superstations' revenue, we were told at Western Cable Show. Ueberroth has blamed WTBS Atlanta, WGN Chicago and WOR-TV N.Y., which carry Atlanta Braves, Chicago Cubs and N.Y. Mets, respectively, for decline in attendance at games this past season.

Braves owner Ted Turner told us that talks on subject at annual winter meeting of baseball owners in L.A. were amicable, that he voted for revenue-sharing plan, which was adopted by 25-1 vote with Cubs casting lone dissent. TBS official told us that "accommodation" clears way for pending sale of some teams, including Houston Astros to Gaylord Bestg., which is expected to broadcast many games on its Houston station.

C-SPAN board, meeting at Western Cable Show, approved major increase in budget for public affairs network, upping expenditures for fiscal year beginning April 1, 1985 to \$6.7 million from current \$5.5 million.

Deregulation and increased marketing efforts will result in average cable revenues per subscriber of \$1 a day by 1993 for most large systems, cable expert Paul Bortz said at Western Show. He said that revenue per home passed, now at \$9-\$10, would be \$20 by 1993.

Merger of GE Cablevision into unit of United Artists Cablesystems has been completed, companies said. GE receives \$132 million in cash plus 37% of stock of UA cable unit. In other cable system sales: (1) Gulfstream Cablevision has acquired Group W Cable systems serving 4,500 in New Port Richey and Safety Harbor, Fla. for about \$6 million. Acquisition gives Gulfstream 16,000 subscribers in contiguous Fla. communities. (2) Cardiff Communications has paid \$3.7 million for Cable West systems serving 4,500 in Monument, Palmer Lake and Woodmoor, Colo., plus Kemmerer, Diamondville, Big Piney, Pinedale, LaBarge and Marbleton, Wyo.

New direction for NAB: Assn. will host press breakfast Dec. 10 -- at behest of NBC -- centering on "unique local service" of WCSH-TV Portland, Me. "and how its affiliation with NBC-TV strengthens" that service. NAB Pres. Edward Fritts praised WCSH-TV "as one of America's truly outstanding small/medium market stations." Bruce McGorrell, station exec. vp and member of NBC TV affiliates' board, will discuss network-affiliate relationship. This will be first time NAB has gone into such area.

HBO won 11 Awards for Cablecasting Excellence (ACE) at NCTA's 6th annual ceremonies in Beverly Hills last week; Showtime won 4, Arts & Entertainment, WTBS-Atlanta and Lifetime 3 each, ESPN 2.

GI MAKES STEREO SPLASH: Multichannel TV Sound (MTS) was hot topic at Western Cable Show. General Instrument was first out of box, unveiling new products allowing cable operators to transmit stereo and 2nd audio programming (SAP). GI also presented paper concluding that ITT chip in new digital TV sets won't defeat RF sync suppression scrambling methods used by Jerrold and other equipment makers.

Cable industry has been wary of digital TV sets equipped with ITT chips because chips theoretically can be manipulated to descramble pay channels. But GI said that, after working with ITT, NCTA Engineering Subcommittee and TV set makers (notably Toshiba, which will begin marketing such sets this month in U.S.), it has concluded that digital TV sets using ITT chip respond to sync suppression scrambling like conventional TV sets and don't descramble signal. GI recommends, however, that digital set makers remove service connector on back of set because that port can be used to reprogram chip to defeat sync suppression.

D.C. City Council in unanimous vote Dec. 4 gave preliminary approval to 15-year cable TV franchise to District Cablevision, firm for which C&P Telephone would build and own hardware. Final approval is expected in 2 weeks. Before construction can begin, mayor must sign off, there must be congressional review period and C&P must receive permission from FCC, by June 15, to build in area where it also provides telephone service.

RCA Astro-Electronics has agreed with Sony to market communications satellites jointly in Japan. Venture is 3rd consortium to announce interest in providing satellites there. Others: Hughes with Mitsui and C. Itoh, Ford with Mitsubishi and subsidiary Mitsubishi Electric (Melco). Pact in essence appoints Sony as agent to market RCA-built Ku-band satellites.

Metromedia sold \$1.9 billion package of securities -- raising \$1.3 billion for company -- in 2 hours last week. Bonds were handled by Drexel Burnham Lambert, were sold entirely to institutional investors. Proceeds will be used to pay \$1.2 billion in bank loans incurred when Metromedia went private through leveraged buyout last spring.

ABC Video Enterprises (AVE) has agreed to provide Japan's NHK with consulting services "in broad areas of the electronic media" as part of pact that may be expanded to "mutual cooperation," companies reported.

New exec. dir. of CTAM is Victor Parra, ex-exec. dir. of National TimeSharing Council in Washington. Parra, who has no cable experience, will replace Dean Waite.

FTC staff report Dec. 6 recommended allowing lawyers to advertise on radio and TV.

COURT UPHOLDS SMATV PREEMPTION: Entry regulations by state and local govts. would chill development of SMATV industry, and FCC acted properly in exerting federal preemption, U.S. Appeals Court, D.C. said in ruling that continues SMATV's ability to cream-skim urban cable markets. Commission's preemption order was appealed by N.Y. State Cable Commission (NYSCC), which argued that SMATV is so similar to traditional cable it should fall under same state and local rules. Commission has forboren from regulating SMATV.

Several communications companies supported FCC in appeal (83-2160), including Satellite TV Corp., Direct Satellite Communications, Time Inc. (which supplies HBO to SMATV operators), National Satellite Cable Assn. (NSCA), Society for Private & Commercial Earth Stations (SPACE), N.J. and Minn. utility boards. Case was rare instance of state and local regulators defending cable industry's market. National League of Cities and City of N.Y. joined NYSCC in arguing that unregulated SMATV could financially cripple many big-city cable operators.

NYSCC asserted that unregulated SMATV systems in N.Y.C. could siphon as much as \$793 million from 4 franchised cable operators over next 15 years, that franchisees would be forced to raise basic rates to \$11 from \$7 monthly to recover losses from cream-skimming of large apartment buildings. But Court, in 24-page opinion written by Judge Edward Tamm, dismissed those contentions.

Case arose when Earth Satellite Communications (ESCOM) began building SMATV system to serve 250-unit apartment building in East Orange, N.J. Suburban Cablevision, which holds East Orange franchise, successfully sued ESCOM in N.J. Supreme Court, which ruled that ESCOM -- like Suburban -- must have certificate of approval from N.J. Board of Public Utilities. ESCOM filed petition for expedited special relief with FCC, arguing that Commission should grant SMATV same preemption extended in 1977 to multipoint distribution services (MDS) in Orth-O-Vision case. Commission unanimously agreed, ruling that state and local regulation of SMATV is allowable only in area of zoning and matters strictly related to public health and safety.

Just after CBS joined Washington Post and Cablevision Systems as partner in 4 regional pay networks, same 3 joined Daniels & Assoc. to form 5th regional sports network, Box Seat, in L.A. area. L.A. Forum announced that new network would carry games of Lakers basketball, Kings hockey and Lasers indoor soccer.

Cable audio company Studioline was announced at Western Show last week. Chmn. is Edward Allen, Western Communications pres. and this year's NCTA chmn.

China Central TV ran one-hour compilation of CBS programs on Dec. 4 -- first of series to be telecast under one-year agreement.

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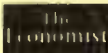
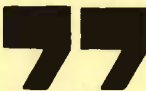
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Personals

Lou Adler, WOR(AM) N.Y., elected pres. of Radio TV News Dirs. Assn., succeeding Edward Godfrey, WAVE-TV Louisville; John Spain, WBRZ Baton Rouge, named pres.-elect, defeating David Lampel, WBLS(AM)/WLIF(FM) N.Y., 147-89; Lampel and Thomas Becher, WLKY-TV Louisville, elected at-large dirs... Margita White, onetime FCC commissioner and communications consultant, appointed coordinator of TV Operators Caucus... Ralph Baruch, Viacom International, will receive IRTS Gold Medal March 8 at Waldorf-Astoria Hotel, N.Y... Janelle Slipp promoted to western regional affiliate representative, CBN Cable Network.

William Diefenderfer, onetime Senate Commerce Committee chief counsel and ex-Washington law firm McNair, Glenn, Konduros, Corley, Singletary, Porter & Dibble, named staff dir., Senate Finance Committee... David Aylward, House Telecom Subcommittee chief counsel, and wife Cary Caton, administrative asst. to Rep. Wirth (D-Colo.), Telecom Subcommittee chmn., will leave "some time this winter" for "personal reasons"... Thomas Nathan, ex-N.Y.C. Office of Telecommunications, named asst. gen. counsel, Comcast... Charlie Keys, onetime Paramount TV, returns to ITC Entertainment as Western Div. vp... Zvi Doron transfers from Group W Satellite Communications to international projects vp, Westinghouse Bestg. & Cable... Edward Burakowski, NCTA association affairs vp, resigns to become mktg. dir., Studioline eastern region.

Multimedia Chmn. Wilson Wearn recommended to board that Pres. Walter Bartlett succeed him as CEO, post he's relinquishing in Jan... William McAndrew advanced to NBC News information mgr... Stephen Kurzfeld, independent producer, named comedy series development dir., ABC Entertainment... NCTA Assoc. Gen. Counsel Robert Roper resigns to become partner in Washington office of N.Y. law firm LeBoeuf, Lamb, Leiby & MacRae Jan. 1... Linda Rubin, Warner Amex PR dir., resigns to take comparable position at Westinghouse Bestg. & Cable... Maurice Bendrihem promoted to Showtime/Movie Channel financial planning & business administration vp; Bruce Baker to vp-controller... Lynn Woodard, ex-Lifetime, named Disney Channel western region vp.

Christopher Cameris, ex-Bank of America, appointed head of Intelsat public and media relations, new post... Steven Friedheim, ex-WNOL-TV New Orleans, appointed vp-gen. mgr., KEKR-TV Kansas City... Paul Krimsier promoted to vp-asst. gen. mgr., KGMC-TV Oklahoma City... Mike Salem advanced to operations mgr., KGTV San Diego... Barbara Dixon, ex-Fratelli Group PR firm, appointed vp-press/public communications, Motion Picture Assn. of America, succeeding Ken Clark, retiring... Beth Konrad, ex-WDIV Detroit, named community development vp, WTVS Detroit...

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FCC Comr. Henry Rivera participates in low-power TV meeting Jan. 15 at Moscone Center, San Francisco... John Barrett, ex-Metromedia, appointed Midwest Div. sales mgr., Tribune Entertainment... Thomas Kenney, ex-KHOU-TV Houston, named vp-gen. mgr. WROC-TV Rochester... Steven Lowe advanced to TV Operations and Production Dept. head, KSL-TV Salt Lake City; David Manookin promoted to dir.-program scheduling and on-air operations... Brent Williams advanced to corporate support dir., WUFT Gainesville, Fla., new post.

Obituaries

Robert Fleming, 72, onetime chief of ABC News Washington Bureau and deputy press secy. to President Johnson, died of pneumonia Dec. 3 in Washington. He was for 35 years reporter for newspapers, radio and TV and was one of 4 network correspondents who participated in first of 1960 radio-TV debates between Nixon and Kennedy. He joined White House staff in 1966, retired in 1982. Survivors include wife, 2 sons.

Vincent Welch, 67, of Washington law firm Welch & Morgan 1946-1977, died of cancer Dec. 3 in S. Casco, Me. He was chmn. and majority stockholder of KGSC-TV San Jose, Cal., which he sold in Nov. 1979. Surviving are wife, brother.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th week of Nov. and year to date:

| | NOV. 17-23 | 1983 WEEK | % CHANGE | NOV. 10-16 | 11 MONTHS 1984 | 11 MONTHS 1983 | % CHANGE |
|------------------|---------------|--------------|-------------|---------------|-------------------|-------------------|-------------|
| TOTAL TV..... | 509,653 | 520,040 | - 2.0 | 499,651 | 18,798,799 | 17,722,885 | + 6.1 |
| TOTAL COLOR... | 403,711 | 352,996 | +14.4 | 376,956* | 14,422,940# | 12,569,438 | +14.7 |
| DIRECT-VIEW. | 397,902* | 348,337 | +14.2 | 372,067* | 14,256,051# | 12,444,089 | +14.6 |
| PROJECTION.. | 5,809* | 4,659 | +24.7 | 4,889* | 166,889# | 125,349 | +33.1 |
| MONOCHROME.... | 105,942 | 167,044 | -36.6 | 122,695 | 4,375,859 | 5,153,447 | -15.1 |
| TV EXCL. PROJEC. | 503,844 | 515,381 | - 2.2 | 494,762 | 18,631,910 | 17,597,536 | + 5.9 |
| HOME VCR..... | 256,287* | 126,165 | +103.1 | 182,682* | 6,322,418# | 3,489,524 | +81.2 |
| COLOR CAMERAS... | 11,651 | 13,915* | -16.3 | 10,441* | 413,132* | 343,372 | +20.3 |

Color TV (direct-view) 5-week moving average: 1984--393,789**; 1983--366,481 (up 7.5%).

Home VCR 5-week moving average: 1984--207,004**; 1983--111,396 (up 85.8%).

* Record for period. ** Highest figure on record. # Exceeds full-year record.

NOV. SALES UP, BUT NOT BY QUITE ENOUGH: Nov. growth rates for sales to dealers of both color TVs and VCRs bounced back sharply from Oct. slowdown, with each setting new all-time highs for any statistical 4-week month in history, according to EIA figures. But even with that, rally left industry still somewhat short of pace needed to hit full-year ambition of 16 million color sets and 7.5 million VCRs.

Nov. sales of direct-view color sets ran at 16.3 million annual rate, 3rd highest of year, and up markedly from 15.7 million in preceding month (TVD Nov 12 p8). Unit increase of 11.8% was best in 2nd half this year, but it won't be good enough in Dec. if industry is to hit goal for year. Dec. sales will have to be up by more than 13% and move at 16.8 million rate for that to happen.

Month's VCR sales were up only slightly better than average percentage for year and moved at below-average 7.3 million annual rate. And both sets of figures are far removed from 96% increase and 7.9 million annual rate that sales will have to hit in Dec. for 7.5 million year.

On strength of Nov. sales pickup, inventories followed usual seasonal trend and by end of month had backed off from record highs at end of Oct. In color, pipeline stockpile of 3.6 million was up nearly 40% from same month last year but down almost 4% from Oct. Biggest decline, better than 6% from Oct., came at distributor level, where inventories stood at 1.4 million, up 20.1% from Nov. 1983. Factory inventory was down just 2% from start of month to 2.2 million, which was 56% more than at end of Nov. last year.

Similar, but not as dramatic, selloff came in VCRs, where total stockpile at end of Nov. stood at 1.12 million. That was down less than 1% from Oct., and while better than double inventory of Nov. 1983, it represents almost exactly what industry will sell in year's remaining 5 weeks if Dec. sales increase holds at Nov. level. Oct.-Nov. inventory decline all came in 3% slip at distributor level to about 516,000, which is up 155% from same time last year. Factory inventories of 605,000 were ahead almost 84% from last year, and up slightly more than 1% from Oct.

Other bright spots in Nov. sales picture were new all-time records set in month's final week of 5-week moving average for both color TVs and VCRs (see State of Industry box) and 2nd highest week (47th) and month ever for sales of projection TVs. Color camera sales, however, fell just short of Nov. record set last year.

| Product | Nov. 1984 | Nov. 1983 | % change | Nov. 1982 |
|------------------|------------|-----------|----------|-----------|
| Total TV..... | 2,099,983 | 2,003,022 | + 4.8 | 1,556,456 |
| Total color... | 1,561,299* | 1,394,668 | +11.9 | 1,067,977 |
| Direct-view. | 1,540,977* | 1,378,380 | +11.8 | 1,053,360 |
| Projection.. | 20,322* | 16,288 | +24.8 | 14,617 |
| Monochrome.... | 538,684 | 608,354 | -11.5 | 488,479 |
| TV excl. projec. | 2,079,661 | 1,986,734 | + 4.7 | 1,541,839 |
| Home VCR..... | 804,763* | 434,070 | +85.4 | 232,595 |
| Color cameras... | 39,797 | 40,694* | - 2.2 | 23,665 |

*Record for any Nov.

CUSTOMS GIVES OKAY TO 5% DUTY ON COLOR TUBE-KIT IMPORTS: Picture tubes included with knocked-down color TV kits imported for assembly here are no different from tubes installed in complete set imports, and so aren't dutiable separately, Customs has ruled, rejecting petition from labor-industry group COMPACT. COMPACT had asked Customs to find that, for tariff purposes, tubes should be broken out of kits and treated separately and so made subject to 15% duty, instead of 5% rate assessed on imports of complete TVs, kits and most other TV parts (TVD Feb 6 p13).

Kit loophole that allows low-duty entry of color tubes was uncovered 2 years ago by Matsushita, which makes chassis at plant in Tijuana, Mexico, matches them with tubes imported from Japan and ships them to plant in Franklin Park, Ill., where it assembles sets for Panasonic and Quasar. Before starting practice, Matsushita asked for and received from Customs a favorable advisory opinion, and it was that opinion COMPACT was seeking to have overturned.

Imports of such tube-inclusive kits rose 33.5% in first 9 months this year to 479,100, and while Mexico accounted for nearly 80%, they also were imported from Japan and Singapore. While exact value of tubes imported with kits isn't indicated in Commerce's figures, we estimate it at about \$32.7 million. Duty at 5% would be \$1.6 million, or \$3.3 million less than on same tubes imported separately, or saving of about \$6.89 per tube.

Foreign-owned color TV assembly plants have traditionally accounted for about 30% of U.S. production, and that's rising as new ones open and others expand. They represent only noncaptive market for U.S. tube producers GE, North American Philips, RCA and Zenith, and loss of any sizable portion of that business could be enough to cause one or 2 to shut down. Sole exception to situation is Sony, only foreign manufacturer with U.S. color tube plant.

Among major foreign-owned U.S. color producers, Japan's Hitachi, Matsushita, Mitsubishi and Toshiba, Korea's Gold Star and Samsung, and Taiwan's Tatung all make tubes at home, as does Japan's NEC, which will open first color plant here next year. Their tube plants would welcome the increased volume represented by sales to U.S., but 15% duty rate makes such shipments impractical for all but special tubes. It's also possible such nontube makers with plants here, including Japan's JVC, Sanyo and Sharp and Taiwan's Sampo, could get lower overall tube pricing at home by increasing volume of purchases from their domestic suppliers, making it attractive for them too to start exporting complete kits to U.S.

Combination of Customs open season for 5% duty on kits, plus tube price increase that's expected to come following hike imposed on bulbs by glass makers (TVD Nov 5 p8), could make tube-inclusive kit shipments much more attractive proposition, and tube makers acknowledge

their serious concern over what would happen if OEM market here starts drying up. COMPACT spokesman told us group is considering alternatives, including court appeal of Customs ruling or bid to Congress for Tariff Schedule change to impose higher duties on tubes not installed in sets.

* * * * *

In Korean color TV dumping case, International Trade Administration won't make public tentative revised margins it's now discussing with Daewoo, Gold Star and Samsung, because they're still subject to change. Agency has Dec. 15 deadline for issuing final determination.

JAPAN'S VCR EXPORTS SET NEW RECORD IN OCT.: For 2nd straight month and for 8th time in first 10 months, Japanese VCR exporters in Oct. set new all-time monthly record for shipments to U.S., but had growth slowdown in exports of complete color, Finance Ministry figures show.

Oct. VCR shipments to U.S. were just under 1.37 million, up 128.2% from last year, and topping monthly high of 1.24 million set in Sept., indicating Japanese either aren't feeling effect of, or are choosing to ignore, reduced rate of increase in sales to dealers in U.S. as reported by EIA. Through first 10 months, exports to U.S. were up 126% to 9.39 million. In June-Oct., Japanese exported 5.81 million VCRs to U.S., total that exceeds full 1983 exports by nearly 400,000.

Japan's total TV exports to U.S. rose 43.5% in month to 199,900 on strength of 61.4% gain in color to 174,300, as b&w dropped 18.3% to 25,500. For 10 months, total exports were up 18.7%. Color stood at 1.68 million, up 82.5%, and while Oct. was 3rd down month in row for b&w, indicating sag in market here for Japan's small-screen models, full-period export total of 488,900 was up 105.8%. In color, complete set exports of 98,000 were at 5-month low, though up 25.6% from Oct. 1983. For 10 months, they were ahead 96.3% to 1.02 million, making this first million-set color year for Japanese since 1978. Exports of color chassis and kits jumped 154.3% in Oct. to 76,300, to put full-period total at 655,100, up 64.3%.

MITSUBISHI'S HIGH-TECH DIV.: Mitsubishi Electric Sales America (MESA) has formed Mitsubishi Electric Development & Mktg. America (MEDAMA, which means "eye" in Japanese), to introduce high technology products in U.S. First 3 are security systems, water purification equipment and screw-in fluorescent light bulbs, all unveiled in N.Y. last week.

At first, MEDAMA will handle "widely diversified range of advanced products" already developed in Japan. But it plans "establishment of design and manufacturing capabilities" in U.S. that would involve joint ventures with investors and other companies, MESA said.

As part of security line, MEDAMA will take over from MESA marketing of P-50U video printer that produces 3-15/16" x 3-15/16" b&w pictures from image on video monitor -- unit that was being sold by MESA. Although security applications are seen as prime current use for \$399 printer, Mitsubishi said it expects consumer demand to develop. Also in security line is time lapse VCR.



Germany's Uher is returning to U.S. hi-fi market 5 years after its last pullout. Company has set up marketing office in N. Hollywood, Cal., will offer recorders, mixers and accessories for consumers and professionals.

Empire Strikes Back is striking back hard for CBX/Fox Video. Latest estimates are that 375,000-400,000 copies have been delivered to distributors, about twice number expected several months ago, and that sellthrough of \$80 title is much greater than anticipated. At \$50 wholesale, title already has raked in \$18-\$20 million, about equal to maximum Paramount can generate with 1.3 million copies of its 25 titles-for-\$25-each promotion. Empire's dollar volume also is at least double what Warner Home Video generated with 450,000 copies of Purple Rain at \$30 retail list. Meanwhile, Paramount said it has shipped 1 million copies worldwide of Raiders Of The Lost Ark over past year, including 850,000 in U.S., more than 100,000 in U.K. Wholesale value is \$25 million, retail \$40 million, diluted somewhat by sale of 100,000 tapes at \$15 and \$25, respectively, during current U.S. promotion.

Supreme Court refused to consider Thorn EMI challenge to legality of Cal. application of unitary taxation to foreign-owned companies. It declined to review Appeals Court ruling that case should have been filed by its Cal.-based subsidiary Capitol Industries-EMI, not U.K. parent. Supreme Court has upheld right of states with unitary tax laws to base levy on U.S. companies operating in them on worldwide earnings of parent. But Court hasn't yet ruled on whether same applies when taxing local subsidiaries of foreign corporations.

CELLULAR PHONE WOES: As if to back up its claim that unfairly low-priced imports from Japan are injuring domestic industry (TVD Nov 12 p15), Motorola last week said it will halt production of mobile cellular telephones at its Puerto Rico plant by month's end, lay off unspecified number of the 165 employees there. Meanwhile, Western Union says it may leave business by selling off E.F. Johnson, cellular phone and mobile equipment manufacturer it acquired 2 years ago for \$132 million in shares. Motorola is continuing phone production at its plant in Schaumburg, Ill.

Motorola and Johnson are co-complainants in dumping case. At recent International Trade Commission hearing, Motorola said that if dumping continues it may have to shut down domestic production. ITC is conducting probe into whether there's likelihood dumping has damaged U.S. industry, is to issue ruling Dec. 20. If finding is positive, ITA will investigate unfair pricing allegation.

WU, having financial problems on several fronts, says Johnson is losing about \$7 million monthly and may seek buyer for unit if losses can't be halted. As interim step, it has asked unions to accept 20% pay cut. Johnson was among marketers more seriously injured when CB market bubble burst in 1976 and was still recovering from that when WU took over.

Over last 2 years, Johnson has been hard hit by import competition in cellular field and filed successful antidumping case against Japanese pole-mounted cell site transceiver exporter Kokusai. ITC recently ruled 4-1 that transceiver dumping injured domestic industry, clearing way for Customs to start collecting penalty duties on imports since March 7. Last month, ITA said it found Kokusai's dumping margin was 59.9% of value (TVD Nov 5 p14).

But it was hollow victory for Johnson. Kokusai already has filled contract from its sole customer, AT&T, and AT&T has since started producing transceivers on its own, so it isn't giving any more orders to outside suppliers.

Games Network is still stalled in effort to launch west coast CATV-fed computer game service. Mik-Mar Investment Group, expected to come to rescue with \$4 million infusion, turned out to be fictitious company, according to GN Pres. Larry Dunlap. He said supposed Mik-Mar head Paul Marcelli gave check that bounced, later took off with GN company car. GN has closed office and Dunlap now has company calls referred to his home.

Sony's move into 8mm Video marketing next year may be through back door. Though company is generally expected to introduce own-brand 8mm Video camcorder in 1985, that may follow one by subsidiary Aiwa, reportedly ready to start selling Sony-made version at \$900-\$1,000 in 2nd quarter. Also supposedly on tap from Aiwa is 8mm home deck that can be used as digital audio recorder.

JAPAN-EC VCR SNAG: Japanese and European trade negotiators meeting in Tokyo last week stalemated on issue of setting 1985 quota for Japan's VCR exports.

Shipments of complete sets were pegged originally at 3.95 million for 1984, in expectation European market would absorb 6.35 million. Japanese assembly plants in EC were slated to turn out 1.1 million, with European producers (primarily Philips and Grundig) making 1.3 million. Japanese started cutting back on shipments in Sept. when it became evident market there was slowing, probably will end year with exports of about 3.6 million.

Japan appears willing to hold to that lower level next year, but EC officials are arguing that's not good enough. They say European 1985 market is likely to hold at this year's estimated 4.5 million, and want Japanese to agree to leave domestic producers with elbow room of more than 1.3 million. That's because 1985 will mark first full year of VHS production and sales by Philips and Grundig, and both expect significant market share improvement as result.

But that would mean at least 20% export cutback by Japanese, and with their stranglehold on U.S. market in jeopardy, that's more sacrifice than they're prepared to make. Koreans will start selling VHS VCRs here this spring. Gold Star and Samsung are eyeing exports of at least 800,000 each, including own brand and private label, and Daewoo, expected to make switch from Beta it sells at home to VHS for exports, should contribute 300,000 or so.

Industry forecasters currently are estimating U.S. 1985 VCR market at about 10 million, including new breed of camcorders. That represents only about 2.5 million overall rise, and Japanese factories will have tough time unloading much of their increased excess capacity here if Koreans are going to supply nearly 2 million.

N.Y. area war between discounters has gone to court. Local retailer Crazy Eddie has filed \$30 million suit in federal court charging Circuit City's TV ads for its Lafayette outlets are false, confusing and derogatory. CC, which picked up ailing Lafayette chain 2 years ago, has launched major promotion drive to reestablish Lafayette's presence in N.Y. metro market, challenging CE's strong position. Specifically target is Lafayette TV ad featuring frantic pitchman, similar to one in CE's ads, who in effect says shoppers get poor after-sale treatment from CE.

Commodore agreed to pay some \$25 million in cash and shares to acquire Amiga, its advanced home computer and its engineering staff (TVD Aug 20 p16), according to information in Commodore filing with SEC. Commodore says it already has paid \$5.3 million of \$12.8 million promised in cash, and turned over 356,700 of 550,000 pledged shares.

COMPUTERS IN AND OUT: One scheduled home computer U.S. market launch has been scrubbed, and U.K.'s Acorn has pulled out, but with hope eternally springing, another is on its way.

Out of running again is Aquarius computer, which had been scheduled to get its 2nd introduction this year under distribution agreement between broadcast equipment marketer Cezar Industries and Aquarius producer Radofin of Hong Kong (TVD April 9 p20). That deal has fallen apart. Reasons weren't announced, but it's understood to have involved financing. Radofin earlier canceled similar arrangement with distributor Venture 100 for same reason. Aquarius was introduced, then dropped, by Mattel last year shortly before toy maker left electronics business.

Coming in for first time is Japanese coin-op videogame and hand-held LCD game maker Nintendo. Company plans to introduce computer-game combo at Winter CES, will announce details this week. Nintendo has been marketing system in Japan for 2 years. It sells there at around \$60.

Last major new home computer entrant, U.K.'s Acorn, had rougher than expected time cracking education hardware market, and is in process of closing up shop here, taking writeoff of about \$7 million. Company said its sales in U.S. ran only about 250 monthly, or about 25% of target. Apparently undaunted, U.K.'s Sinclair and Applied Computer (Apricot) are continuing to plan for their scheduled 1985 launches here.

Hallmark last week moved to become newest big name in software through acquisition of 80% of children's program developer Information Technology Design Assoc. Price wasn't disclosed. Purchase ties in with Hallmark's purchase of interest in educational publisher Binney & Smith and plan to acquire 30% stake of electronic publisher SFN Cos.

Coleco, meanwhile, has made executive shift that some industry observers see as one more indication company is preparing to discontinue Adam system and pull out of home computers. Al Kahn, former mktg. exec. vp, was given new post as exec. vp-toys, and his former responsibility for marketing computers and videogames assigned to Computer Products Group Vp Charles Winterble, who joined earlier this year from Commodore. This is being viewed by some as move to separate Coleco's profitable toy and money-losing electronics operations, making it simpler to shut down or sell off electronics business.

Meanwhile, videogame consoles are continuing to be dumped. Intellivision II consoles, in new boxes that don't have name of former distributor Mattel on them, are being unloaded in N.Y. for \$30. However, Mattel name is molded into bottom of console cabinet, along with indication cabinets were made in 1982. Games are being marketed by Intellivision Inc.,

formed as subsidiary of liquidator Odd Lot Trading after Mattel dropped out.

SAMSUNG TV PLANT ROLLS: Color TV assembly plant that Korea's Samsung started running in Roxbury Township, N.J. at summer's end got official dedication last week, and inside look at lines indicates it's running without hitch and somewhat ahead of schedule.

Plant occupies 260,000 sq. ft., employs 150, with 100 in production, will represent \$25 million investment when completed. It's designed for 2 color assembly lines with total annual capacity of 800,000 sets. Still in startup phase, each line was putting out 550 sets daily last week, or 286,000 annual rate. All units produced while we were there were 19" mechanically tuned leaders, but some electronic tuned sets also have been turned out, and samples of both were in life-test room getting 5,000-hour workouts. Output is slated to jump to 520,000 rate by month's end, approach capacity this summer.

Operation is about as basic as any we've seen. There isn't a soldering gun in sight, and all connections are made with plug-in wiring. Except for tube, all parts -- including cabinets -- appeared to be imported from Korea. Line and most of automated equipment came from Japan. Parts are fed to stations by overhead conveyers and carts, and robot places tubes in cabinet fronts. Finished sets are turned on and move down line for an hour before cabinet backs are added. RCA currently is sole tube supplier, but we saw some from North American Philips under test.

One reason for ease of startup may be experience of Mfg. Vp Donald Harvey. He signed on from Sampo, where he was responsible for launch of that Taiwan manufacturer's plant in Atlanta.

At opening ceremonies, Korean Pres. Jae-un Chung said that microwave oven line, with 400,000 annual capacity, will start this summer, and that assembly of VHS VCRs will be added in 1986. Employment at plant, he said, will be increased to 400.

Plant isn't Samsung's only U.S. color TV source. It's having about 20,000 monthly assembled under contract by Harvey Industries, which runs former Curtis Mathes facility in Athens, Tex. But that supplemental output may not be necessary when company's own plant is running at capacity.

Plant isn't all that's new in way of expansion for Samsung. Next month it moves from current hq in Secaucus, N.J. to 200,000 sq. ft. office-warehouse complex in Saddlebrook, N.J.

Monitor receivers for industry and educational applications are being offered by RCA Service Co. in 19" and 25" sizes. Both are 127-channel sets, with wireless remote option on 25".

SEPT. TV IMPORTS: Sharp sag in Sept. imports of complete color sets from Korea, and both sets and chassis from Singapore, was enough to hold shipments below level of same month last year, though imports were up significantly for 3rd quarter and full 9 months, Commerce figures show (TVD Nov 29 p12).

Sept. shipments put both Japan and Taiwan over million mark in complete color on cumulative basis, joining Korea, which passed that milestone in July. Overall 9-month complete color imports of 4.16 million were only 34,000 short of full-year record of just under 4.2 million set in 1983.

Following are TV import totals by country for Sept. and 9 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV

| | Month | %chge. | 9 months | %chge. |
|------------------|---------|--------|-----------|--------|
| Japan | | | | |
| total... | 208,700 | +40.3 | 2,205,500 | +81.2 |
| color... | 153,900 | +38.4 | 1,625,900 | +76.1 |
| b&w..... | 54,800 | +45.9 | 579,600 | +97.1 |
| Taiwan | | | | |
| total... | 293,100 | + 4.7 | 2,855,800 | +28.2 |
| color... | 135,200 | +34.7 | 1,240,500 | +72.9 |
| b&w..... | 157,900 | -12.0 | 1,615,300 | + 7.0 |
| Korea | | | | |
| total... | 570,200 | + 4.5 | 4,570,200 | +56.6 |
| color... | 203,400 | -24.4 | 1,733,900 | +52.6 |
| b&w..... | 366,800 | +32.6 | 2,836,300 | +59.2 |
| Singapore | | | | |
| total... | 53,200 | -50.9 | 527,900 | +10.6 |
| color... | 53,200 | -48.8 | 523,800 | +14.9 |
| b&w..... | -- | -- | 4,100 | -98.1 |
| Malaysia | | | | |
| total... | 28,800 | -30.0 | 176,500 | +12.5 |
| color... | 28,800 | - 8.9 | 165,300 | +47.9 |
| b&w..... | -- | -- | 11,200 | -75.2 |
| Hong Kong | | | | |
| total... | 18,800* | -- | 110,300 | +193.4 |
| color... | 14,300* | -- | 100,500 | +428.9 |
| b&w..... | 4,500* | -- | 9,700 | -47.7 |
| Canada | | | | |
| color... | 14,600 | +60.3 | 69,500 | + 2.9 |

Complete Color

| | | | | |
|-----------|---------|-------|-----------|-------|
| Japan.... | 117,900 | +45.3 | 1,080,100 | +71.2 |
| Taiwan... | 102,000 | + 1.6 | 1,074,800 | +58.3 |
| Korea.... | 163,600 | -34.6 | 1,483,700 | +43.3 |
| Singapore | 15,700 | - 8.4 | 173,100 | +24.4 |

Color Chassis & Kits

| | | | | |
|-----------|---------|--------|-----------|--------|
| Japan.... | 36,000 | +19.8 | 545,800 | +86.9 |
| Taiwan... | 33,200* | -- | 165,800 | +331.7 |
| Korea.... | 39,800 | +110.6 | 250,300 | +147.8 |
| Singapore | 37,500 | -56.7 | 350,700 | +10.7 |
| Mexico... | 96,300 | -33.7 | 1,195,000 | n/c |

*Indicates no commercial quantities were imported in same month last year.

PARTS DELAY STEREO TV: Logjam in multichannel TV sound (MTS) broadcasting won't break soon, although several more outlets could be added before year's end to the 10 now transmitting.

Major holdup still is availability of stereo generators. Only one manufacturer, Modulation Sciences Inc. (MSI), is producing. Best. Engineering Inc. said it is taking orders but says it won't be producing until late March or early April. BEI said it's ready to go into production when it gets required parts, but declined to estimate when that would be. It said order backlog is "sizeable" and that stations' interest is extremely high.

One of holdups, according to BEI, is circuit boards from dbx. Dbx Engineering Vp Les Tyler told us last month that output of boards is sold out through year's end (TVD Nov 12 p13). Same boards are used for in-plant testing by set manufacturers. MSI has developed own circuit, doesn't use dbx boards.

MSI recently delivered production model units to 2 stations already on air with prototypes, says it will start shipping 5 generators a week starting this week. Engineering Vp Eric Small says several more stations could be transmitting stereo by year's end. Most likely next starters are WFSB Hartford, KRBK-TV Sacramento, KPLR-TV St. Louis.

Outlets currently on air with MTS are WTTW Chicago (PBS), WTIC-TV Hartford (independent), WTLV Jacksonville (ABC), KTLA L.A. (independent, broadcasting in both stereo and bilingual), WNBC-TV N.Y. (NBC), KIRO-TV Seattle (CBS), KOMO-TV Seattle (ABC), WNJT Trenton N.J. (PBS, nonprogram-related material only, no stereo), WDBB-TV Tuscaloosa, Ala. (independent), WTXN Waterbury, Conn. (independent).

Relief for Ethiopia is aim of multicompany music video marketing effort being headed by Vestron. Single, called *Do They Know It's You?* taped by several British rock groups in U.K., where it's already on market, will be sold here by Vestron for \$10 retail, and 50% of revenue generated goes to Ethiopian Relief Fund. CBS Records will put out audio cassette and disc versions. To hold costs down, VCA Duplicating, Bell & Howell/Columbia Pictures, CBS/Fox and Technicolor Videocassette will replicate without charge, using videocassettes offered at reduced cost by 3M, Sony, Maxell, Mitsui (Matsushita brand), Polaroid, Sony, 3M. Shorewood Packaging also is working free on project. Distributors get just 50¢ a tape to cover their "passthrough" expenses, helping hold dealer cost to \$4-\$5. Vestron estimates sale of at least "some multiple of 10,000" copies.

Motorola plans to build \$48 million semiconductor plant in Taiwan. Company said eventual investment in facility could approach \$100 million. Pending anticipated approval of project by govt. there, Motorola says plant should be operating by July, and all output will be exported.

TECHNICOLOR'S VIDEO MARKET: Film and video demands of MCA and Warner Communications account for approximately 54% of sales of Technicolor's Professional Services Group, according to preliminary prospectus for \$50 million of notes being issued by parent MacAndrews & Forbes to finance scheduled acquisition of Video Corp. of America.

M&F's Professional Services Group (PSG), which includes Technicolor Videocassette, had sales of \$184 million in 1983, was up 19.5% to \$109.2 million in first half this year. That indicates MCA and Warner spent nearly \$60 million -- about \$29.5 million each -- with Technicolor in Jan.-June this year. Of total, about \$42 million went for film processing, \$18 million for cassette duplication. Segments probably won't vary much in 2nd half, bringing 2-studio total in home video to about \$36 million. Embassy Home Entertainment, Technicolor's 3rd cassette customer, should bring in another \$4 million.

Technicolor's duplication business depends on film processing customers, and company has recently begun handling assignment for studios that had gone elsewhere in past. Company's other route for future profits might be investment in movie production. Prospectus notes \$6 million letter of credit extended by Technicolor in Aug. to new venture called Embassy Film Assoc., said limited partnership already has drawn down \$4.7 million.

Purchase of VCA, with its own duplication arm and half-interest in duplication venture with Sony, S/T Videocassette, is easiest way for M&F to increase Technicolor's share of duplication market, currently estimated at 18-20%. Current VCR customers, who presumably will now move into M&F fold, include MGM/UA, Vestron, Disney, Karl Home Video and Sony. Home video, including Vidamerica catalog sold through Vestron, accounted for \$17.7 million of VCA's fiscal 1984 sales of \$34 million, up from \$7.4 million of \$22.7 million total in 1983 and \$4.8 million of \$17.1 million in 1982.

Not included in duplicating revenues are blank tapes offered at cost to customers; their value came to \$18.5 million, \$10.4 million and \$8.9 million, respectively. At average price of \$5 per 2-hour tape, that works out to 3.6 million cassettes for year ended June 30, slightly below Technicolor market share. VCA Duplicating added another \$5 per tape for its services, bringing total to \$10, above what is now industry average of \$8-\$9.

VCA meanwhile is investing \$2.5 million in Naperville, Ill. duplication plant, has spent \$393,000 to purchase Houston duplicator Tricom. One legal problem is facing company but it was doubted it would affect M&F deal. Company was named 3rd-party defendant by Video Assoc., which said VCA knowingly aided Karl in alleged unfair and deceptive trade practices relating to duplication and distribution of Jane Fonda Workout. Karl will indemnify VCA for cost of defense and damages, which VA has pegged at \$1 million.

SPECTRAVIDEO COMES BACK: Computer marketer Spectravideo is back in business, though now primarily as commercial rather than consumer equipment supplier. It has resumed operations under control of prime supplier, Hong Kong's Bondwell, which is in process of increasing ownership to about 80% from 16% and is operating out of new hq in Fremont, Cal.

SV cleared way for restart by settling rights dispute with former suitor Fanon/Courier. Though settlement terms weren't disclosed, Bondwell supplied funds for SV's purchase of computer sales unit set up by Fanon last fall in anticipation of its own acquisition of SV, along with rights to sell Bondwell-made personal computers in U.S. Though SV later said deal had fallen through and accepted Bondwell's takeover offer, Fanon has continued to press acquisition issue (TVD Oct 8 p17).

First computers from SV, already being shipped, are pair of Bondwell brand portables with built-in 9" monitors, dual 5.25" disc drives at \$995 for 64K version, \$1,395 for 128K step-up with double-sided drives. Also, company has resumed sales of SV brand computer and videogame joysticks.

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Activision, industry's biggest independent videogame marketer, will be showing new computer orientation, introducing first nonaction adventure games at Winter CES. Also new is Designer's Pencil, on-screen graphic and music composition program controlled by joystick.

While first programs will be for Apple, Commodore and IBM computers, company is preparing launches for Atari, and is prepared to issue in MSX format if Japanese standard starts showing up here, according to Mktg. Vp Ralph Guiffre.

At advance program showing in N.Y., Guiffre told us reports from retailers indicate strong pickup in consumer interest in Atari 800 XL computer -- now selling at all-time low of just \$109 in many stores. "The question is whether Atari's disc drives are selling too," Guiffre said.

Meanwhile, Atari France is seeking to become independent company. Pres. Guy Millant said he is negotiating to acquire operation, along with exclusive French distribution rights to Atari computers and games.



Cost of TV watching will go up by 40% to 47% in U.K. next year if govt. grants BBC request for higher annual consumer licensing fee. BBC is asking fee be set at \$82-\$85 per year for 1985-88, up from current \$58. Boost would raise BBC's annual revenue from licenses to as much as \$1.2 billion, against \$825 million it now gets. Broadcaster said it could live with smaller reduction if govt. could track down some 1.5 million license evaders. BBC says it needs the higher fees to cover increased costs and to help finance planned construction of new \$125 million hq.

Consumer Electronics Personals

Lloyd Taylor, former Commodore technology vp, joins RCA Electronic Products and Labs as systems integration staff vp responsible for coordination of new electronics products, including digital TV, among RCA Consumer Electronics, New Products & Solid State Divs. and RCA Labs... Robert Garcia promoted at Toshiba from southwest region gen. mgr. to regional sales vp... William Schaeffer advanced at Bush Industries from vp to exec. vp, sales & mktg.; Harold Andersen, ex-Blackstone, joins as corp. operations exec. vp... Richard Zipp named North American Philips environmental affairs dir.

Clive Smith, ex-Yankee Group research dir., joins Commodore as corp. planning & development vp... Charles Winterble, Coleco Computer Products Group Vp, adds electronic product mktg. duties, assuming former responsibilities of Al Kahn, former exec. vp mktg., now exec. vp for toys... Paul Anderson, ex-RCA Videodisc, resigns as mktg. dir., RDI Video Systems... Jean Richardson resigns as Apple mktg. communications dir., effective Jan. 1, to launch own agency; Thomas Suiter advanced at Apple's ad dept. from creative dir. to creative services mgr., succeeding James Ferris, resigned... Frank Moros, ex-Perkin-Elmer, appointed Panasonic Industrial Computer Components Div. OEM data display product mgr... John Loveless, former Synapse Software mktg. vp, rejoins as pres... Edward Esber, Ashton-Tate pres.-COO, adds duties as CEO, succeeding David Cole, resigned to join Ziff Corp. as pres.

Jack Bernstein, ex-Pickwick, named mktg. & distribution senior vp, Media Home Entertainment; Alan Ostroff promoted from national sales dir. to sales vp; Peter Pidutti ex-midwest regional sales mgr., named field sales mgr.; Allen Seidman, ex-Samuel Goldwyn, joins as operations vp... Ralston Coffin, ex-pres.-CEO of Agro International, appointed pres., CBS/Fox Video International Div.; Debra Gonsler named CBS/Fox Video production dir... Harold Komisar, previously ex-Win Video, joins RKO Home Video as east region sales mgr.

RIAA is giving little guys chance for video sales awards by setting up special lower volume classification for nontheatrical videocassettes such as music videos and how-to shows. Starting Jan. 1, such alternative titles will qualify for gold award with sale of 20,000 tapes or \$800,000 at retail, hit platinum at 40,000 or \$1.6 million, compared with respective unit sale standards of 50,000 and 100,000 for movies.

CompuServe will launch Electronic Mall computer home shopping service in early 1985. Company ran 4-month test on its 150,000 subscriber consumer data base, offered products from 65 merchants, including Record World, Sears, Waldenbooks. CS said 2.1% of subscribers who called up service made purchases, against 1.5% order rate from catalogs.

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 |
|------------------------|---------------|---------------|-------------------|
| Hitachi* | | | |
| 1984-6 mo. to Sept. 30 | 9,998,300,000 | 409,600,000 | 1.41 ^b |
| 1983-6 mo. to Sept. 30 | 8,476,200,000 | 321,900,000 | 1.13 ^b |
| Mattel | | | |
| 1984-39 wk. to Oct. 27 | 731,729,000 | 86,642,000 | 2.86 ^c |
| 1983-39 wk. to Oct. 29 | 497,012,000 | (222,769,000) | -- ^d |
| 1984-13 wk. to Oct. 27 | 319,269,000 | 39,506,000 | .90 ^c |
| 1983-13 wk. to Oct. 29 | 218,315,000 | (42,296,000) | -- ^d |
| Tektronix | | | |
| 1984-24 wk. to Nov. 10 | 639,582,000 | 39,774,000 | 2.06 |
| 1983-24 wk. to Nov. 12 | 551,019,000 | 26,204,000 | 1.37 |
| 1984-qtr. to Nov. 10 | 333,417,000 | 22,021,000 | 1.14 |
| 1983-12 wk. to Nov. 12 | 285,000,000 | 12,724,000 | .66 |
| Toshiba* | | | |
| 1984-6 mo. to Sept. 30 | 6,500,000,000 | 169,400,000 | -- |
| 1983-6 mo. to Sept. 30 | 5,100,000,000 | 106,100,000 | -- |

Notes: *At yen's current rate. ^bPer ADR. ^cIncludes special credit. ^dRestated.

In-store viewing of rented cassettes is public performance, and violates copyright, Pa. Appeals Court has ruled, upholding studios' earlier lower court victory against Maxwell's Video Showcase, Erie, Pa. operator of 2 store-fronts with TV watching rooms. MVS had claimed protection under first-sale doctrine, said it owned tapes, and that rooms which hold 1-6 viewers are as private as customer home. But Appeals Court said there was big difference and that fees collected by MVS "are analytically indistinguishable from admission fees paid by patrons to gain admission to any theater."

China is shopping for 2nd large-scale color TV tube plant. Contract is valued at about \$204 million. China expects color market will hit 2.6 million this year, 5 times that of 1983, and is looking for doubled volume in 1985. Front runner in race for new plant contract is same Hitachi-Toshiba combine that put up \$61 million tube plant in China in 1978. Also, Sanyo will expand Chinese connection by constructing semiconductor manufacturing subsidiary there. Operation is to start production early next year, turn out 10 million signal transistors for consumer electronics in first year, triple that in 1986.

Diamond tips for phono needles are no longer being sold in U.S. at less than fair value, according to International Trade Administration. Agency said review of imports in year to March 31 turned up no evidence of dumping by Diamond Stylus Ltd., sole current exporter. It was first such no-dumping finding since case was finalized in 1972. ITA will consider request for revocation of dumping ruling if review for current year also shows no imports at unfairly low prices.

TELEVISION DIGEST®

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With Consumer Electronics

DECEMBER 17, 1984

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC TO APPROVE MARKET REACH CAP this week with UHF discounts and minority preferences on TV station ownership. Congress expected to go along with compromise. (P. 1)

MTS MUST-CARRY FAVORED by FCC majority. Chmn. Fowler pulls agenda item that would phase in mandatory carriage in some markets in 4 years. (P. 2)

WHCT-TV HARTFORD SALE HALTED by federal court at Shurberg's request day after FCC approved distress sale. (P. 3)

INTV AND NATPE SET for back-to-back conventions next month in Cal., both expecting record attendance. Lear keynotes INTV session, Valenti NATPE. (P. 4)

TV AND ETHICS: WHO'S RESPONSIBLE debated at Boston conference. Rivera again hits dearth of children's TV programming. (P. 5)

NO TV DUES INCREASE BY NAB: For first time in several years, level will be unchanged for next fiscal year. Membership growth expected to support record income of just over \$11 million. (P. 5)

BROADCASTERS CRY FOUL over baseball highlights package to be produced and sold by Major League Baseball Productions on exclusive basis. (P. 6)

25% AUDIENCE CAP PLANNED FOR TV OWNERSHIP: FCC is expected to go along at this week's meeting and approve compromise on TV station ownership limits as outlined to Hill leaders last week by Chmn. Fowler. But all Commission sources stress that no deal -- as reported in daily newspapers Dec. 13 -- has been cut. Said Comr. Quello: "No one knows exactly what will come out until there's a Commission vote." Added another FCC official: "There's been no final deal cut."

Essentially, FCC is expected to stick with its maximum of 12 TV stations for single owner and coverage of no more than 25% of nation's TV households. In addition, independent UHF station ownership would count for only 50% of penetration cap (for example, ownership of independent UHF in L.A. would count for only 2.6% of penetration even though L.A. market constitutes 5.2% of U.S. TV homes). For group owners that are more than 50% owned by

Consumer Electronics

TOSHIBA TO BUILD color TV and data display tubes in U.S. through venture with Westinghouse. Plant to turn out FST types. (P. 8)

VCRs SELLING AT FAST HOLIDAY PACE, but TV is up and down, say retailers. Spot scarcities of select products seen this season. (P. 9)

COLOR TV DUMPING case against Japan effectively reinstated by court ruling upholding ITC decision not to revoke injury finding. (P. 10)

JAPAN AGREES TO CUT quota on complete VCR exports to EEC to 2.25 million for 1985, down 43%. Makers told to ship only 90%. (P. 11)

PHILIPS RETARGETS LASERVISION away from mass consumer market, to put stress on interactive and special interest applications. (P. 12)

HITACHI U.K. LAUNCHES youth movement, seeks to replace older workers with 16-year-olds. Youth plan gets lukewarm reception. (P. 12)

POLAROID'S EXPANDING INVOLVEMENT in electronic imaging stressed at briefing in N.Y. (P. 13)

TANDON SEEKING ITC ban on disc drives from Mitsubishi, Sony and Teac, says its patents are being infringed by unfair imports from Japan. (P. 14)

minorities, penetration discount would be 75% on UHF ownership. Minority owners also could hold higher maximum of 14 TV stations under plan being considered by commissioners. AM and FM station ownership will remain at 12-station limits set earlier this year, without regard to market penetration. Sunset provision that would have ended all station ownership restrictions after 6 years isn't part of new proposal.

Fowler explained proposal to Hill leaders last week and, we're told by Commission sources, while "he didn't have a mandate from the other commissioners, he certainly had a consensus of their feelings." Fowler had favored penetration cap of 27-1/2%, while key opponent Sen. Wilson (R-Cal.) wanted 22-1/2%. House leaders, led by Telecom Subcommittee Chmn. Wirth (D-Colo.), proposed 25% cap. "So, we've got a compromise," we were told. "Wilson realized that's the way the FCC is going, so he's climbing on the train."

Proposal is being applauded on Hill, where House Energy & Commerce Committee Chmn. Dingell (D-Mich.) and others said legislation would be unlikely if FCC goes ahead as expected. Getting most credit for forcing compromise with FCC were Rep. Leland (D-Tex.) and Wilson, although Wirth played large role, meeting regularly with Fowler to express Hill concerns.

Leland and Wilson said they have reservations about plan, particularly minority cap. They want minority discount in addition to and not included in 25% cap, they said. They expressed their concerns to Fowler in meetings on Hill, and Leland still was confident late last week that "add-on" idea would be included in proposal that FCC accepts Dec. 19. Wilson isn't expecting it to be included.

Leland wrote Fowler Dec. 11 repeating his reservations: "As I see it, incentives for minority discounts should be outside... UHF discounts... Whatever percentage cap is adopted should include UHF and VHF ownership." Leland also said minority owners should be able to exceed AM and FM caps. Aide said Leland plans again to introduce minority broadcaster tax credit bill Jan. 3 to allow stations sold to minorities to get tax certification treatment. Under plan, seller could avoid paying capital gains tax for 2 years and minority owner would get maximum \$500,000 tax credit.

Despite reservations, Leland and Wilson agreed that FCC plan -- as outlined to Hill by Fowler -- is "reasonable" and said they can be expected to endorse it. Plan closely resembles bill that Leland introduced with Dingell and Wirth as cosponsors. Dingell aide said chmn. considers FCC proposal "a satisfactory resolution to a difficult issue. It treats all legitimate interests fairly." Wirth won't comment until FCC meets, but we understand that he's pleased.

Commissioners' legal assistants were to work out details before FCC meets Dec. 19. However, most inside and outside agency expect that to be pro forma -- although many at Commission are unhappy with early publicity (generated from Hill). Reportedly, Fowler went into Hill talks with strategy that "everyone should get something; no one should be a total loser or a total winner." Spokesman for independents said nonaffiliated stations would have preferred a better break, but "given all the circumstances and the pressures at work, this appears to be a reasonable compromise."

TV networks, too, were reasonably happy with expected outcome at FCC. Said one: "Practically speaking, it's the best we could get. I think the deal is done [at FCC]." Another network wouldn't go beyond "we are not displeased." Jack Valenti, pres. of MPAA and prime force in getting Congress to vote moratorium on FCC expansion of ownership limit from 7 to 12 TV stations, couldn't be reached for comment.

FCC MAJORITY FAVORS MTS MUST-CARRY: Vote on whether to grant must-carry status for multichannel TV sound (MTS), which had been planned for FCC's Dec. 19 meeting, was pulled by Chmn. Fowler just before agenda was released last week because he found himself in minority in wanting to deny mandatory cable carriage, sources said. We're told Comrs. Rivera,

Quello and Dawson to varying degrees favor some type of MTS must-carry, probably would have gone along with Mass Media Bureau recommendation to phase in mandatory carriage in some markets after 4-year "grace period."

Bureau recommendation is tied to market penetration of TV sets capable of receiving MTS, which principally is thought of as stereo sound but also can be used for 2nd language. Bureau's recommendation, we're told, is that in 4 years MTS would become must-carry in markets where sets capable of handling MTS had reached 20% penetration. Transition period would allow time for cable systems to install new equipment to handle MTS, plus time for MTS sets to become popular.

NCTA strongly opposes any MTS must-carry, but its ranks are divided. Several influential members who also are major TV group owners, notably Cox and Storer, have "gone to the other side," as NCTA official said, and have filed comments in support of must-carry during rulemaking. (Cox's support for must-carry is "very qualified," we're told.) But not all TV-cable owners favor must-carry: Times Mirror filed comments backing NCTA.

"It's the subject of intense controversy," NCTA Pres. James Mooney said. "Our rock-hard position is against must-carry," he said, because many systems aren't technically capable of passing MTS and would have to go to some expense to upgrade, especially if they rely on baseband converters.

According to our recent survey (TVD Nov 12 p12), 9 stations are broadcasting in stereo. Several more could be on air with MTS by year end, but others planning move are being delayed by shortage of equipment, mainly stereo generators and dbx circuit boards. According to our survey, 182 TV stations plan to adopt MTS soon.

NAB and MST jointly advocated "middle-ground" proposal that advocated must-carry only for stereo and 2nd language audio and only when broadcast by station that has mandatory carriage rights. Proposal would impose must-carry on cable systems technically capable of passing stereo and 2nd language audio unless cost exceeds \$2,000 per must-carry channel, in which case system would be exempted. Others with TV interests have advocated flexible approaches; ABC affiliates said in comments must-carry of MTS should begin only when a must-carry station begins broadcasting in it. "We have no problem with a very flexible approach," NAB official said.

NAB and NCTA have hired former FCC members to lobby Commission. Former Chmn. Richard Wiley is working for NAB, while former Comr. Anne Jones is lobbying for NCTA.

Watching controversy very closely are TV set makers, who say they'll gauge their production of MTS sets according to how issue is resolved.

Acting with unusual speed, U.S. Appeals Court, D.C. Dec. 11 ordered Faith Center not to close on sale of WHCT-TV Hartford to Astroline Communications. Action came at request of Shurberg Bestg. just day after FCC Mass Media Bureau approved distress sale. Shurberg had applied in 1983 for same Ch. 18 licensed to Faith Center, but Commission, in renewing WHCT-TV license conditioned on sale of station, refused to accept Shurberg application.

Cable Services, small MSO based in Jamestown, N.D., is tentative winner of LPTV for Windsor, N.D., plans to use station as way to beam its local origination and cablecast local news to residents in uncabled county areas. Cable Services was picked during FCC's 14th LPTV lottery Dec. 14.

CBS Best. Group is consolidating Theatrical Films and Worldwide Enterprises into new CBS Productions Div. to be headed by Pres. Alan Levin, former Entertainment Div. exec. vp, who will remain in L.A. Operation will produce films for all markets, including theatrical, international, cable and home video, also have responsibility for WE overseas sales and marketing of CBS TV programming. WE Senior Vp John Eger will report to Levin.

Peter Fannon was elected National Assn. of Public TV Stations (NAPTS) pres. Dec. 12 after serving as acting pres. for public TV station lobby last 7 months. He was bypassed for weeks, we're told, in hunt for someone regarded as having more "clout" in Washington. Post was vacated by Bruce Christensen, who became PBS pres. in May.

INTV AND NATPE COME CLOSE: While they aren't exactly kissing cousins, INTV and NATPE will be in close proximity in Cal. first 2 weeks in Jan. -- much to consternation of NATPE and programmers who will exhibit at both. INTV runs Jan. 5-8 in L.A., NATPE Jan. 10-14 in San Francisco, meaning there will be mass exodus to northern Cal. Jan. 9.

NATPE is moving dates up month from Feb. 10-14 last year and was rebuffed by INTV in efforts to arrange joint or concurrent 1985 conventions, with INTV holding to its early -- and separate -- Jan. dates at Century Plaza Hotel. Programmers are unhappy but closeness of conventions apparently hasn't hurt INTV as many had predicted. Preregistration stood at 785 Dec. 11, up from 675 at same time in 1983, and INTV is predicting attendance of more than 1,100. There will be 62 INTV exhibitors (all but 3 screening programs), up 4 from last year. For first time in L.A., independent station executives will be entertained at opening night banquet featuring Solid Gold Dancers and Lisa Hartman of Knotts Landing. There will be no formal convention sessions 3 of 4 afternoons so station executives can attend hospitality suites, screen programming.

Norman Lear of Embassy Productions will keynote INTV, and agenda is liberally sprinkled with Washington officials. Opening Sat. session features panel of Reps. Leland (D-Tex.), Swift (D-Wash.), Tauke (R-Ia.), Oxley (R-O.). There also will be session with congressional aides, including Ward White of Senate Commerce Committee, Thomas Rogers of House Telecom Subcommittee and Tauke aide William (Ed) Senn. At least 2 FCC commissioners (Quello and Dawson) are expected, along with legal assts. Thomas Herwitz (Fowler), Robert Pettit (Dawson) and Diane Silberstein (Patrick). INTV for first time will have panel on new technology, featuring William Connolly, Sony Best. Products; Nick Hudak, Panasonic; Mark Sanders, Ampex Audio-Video Systems.

NATPE, which has grown rapidly recently, expects record attendance at Moscone Center. Preregistration of 2,500 is 20% ahead of 1983, and NATPE is projecting paid attendance of 4,200, up from 3,500, and some 7,000 total (including spouses, panelists, reporters, etc.), up from 6,300. To date, 212 programmers have reserved space in Moscone Center, with another dozen major companies hosting suites in Fairmont Hotel outside NATPE umbrella (down from 17 last year). Paramount was major defection from Fairmont, agreeing to go to Moscone. About 300 first-run syndicated programs will be peddled during NATPE.

MPAA Pres. Jack Valenti will keynote NATPE convention, which also will feature FCC Comrs. Quello, Dawson, Rivera, Patrick. (Dawson's participation at both is iffy since she and husband Rhett are adopting baby due to be born Dec. 21). Also scheduled: Joint seminar with NAB on children's programs; panel of newspaper TV critics; separate meetings of network affiliates and

independent stations; Iris Awards ceremony starring Bob Hope and Toni Tennille; program trends and alliances and session titled "Would There Be First-Run Without Barter?"

Hall of Fame for programs and performers that started out at local stations is being established by NATPE. First winners -- Mike Douglas, Phil Donahue, Dick Clark and PM Magazine (KPIX San Francisco) -- will be honored at inaugural NATPE program production conference March 17 in New Orleans.

Media General is selling WJKS-TV Jacksonville to Gateway Communications for \$25 million, Howard Stark broker. Media General purchased station 2 years ago for \$18 million, said sale is part of long-term plan to restructure TV holdings. Company also owns WXFL Tampa and WCBD-TV Charleston, S.C. Pres. James Evans said Media General would expand station ownership.

House Democrats have abandoned effort to curb after-hours speeches by Republicans directed at C-SPAN audiences. Caucus considered proposal to limit speeches to one hour daily for Democrats and Republicans, with time controlled by each party's leaders, but couldn't reach compromise, instead sent proposal back to study group.

OWNER-BY-OWNER TV REACH STUDY

The rules for television station ownership are changing. Will you be ready for the outcome? The exclusive TELEVISION STATION COVERAGE CENSUS from Television Digest will allow executives to evaluate strategies and calculate alternatives for acquiring or selling stations under any new multiple-ownership limit that may come out of Washington.

The TELEVISION STATION COVERAGE CENSUS data is complete and easy to use. It includes: Owner-by-owner tabulation of the percentage and number of U.S. TV households reached... Net weekly station circulation by number and share of total U.S. TV households... Average daily circulation by number and share of total U.S. TV households... Data comparing key statistics for network affiliates, independent stations, VHF stations and UHF stations... Data organized owner-by-owner and market-by-market... And from the news library of Television Digest, a compilation of significant reports on proposed changes in multiple-ownership rules.

The TELEVISION STATION COVERAGE CENSUS will be available early in 1985. For pre-publication orders, the price is \$195. After publication, the price will be \$250. For more information, call Lynn Levine at 202-872-9200.

TV AND ETHICS--WHO'S RESPONSIBLE: "The manufacturers of TV entertainment, news and public affairs proceed with very little consideration for the ethics involved," according to Norman Lear of Embassy Communications. Keynoting Dec. 7-8 seminar in Boston on "TV and Ethics: Who's Responsible," he said winning "Tuesday night at 8 o'clock" is only thing networks understand, admitted he had been guilty of wanting same thing.

Rev. William Coffman, minister of Riverside Church in Manhattan, claimed that revenues and ratings had so distorted news reporting that news is being covered without consideration of real journalism. "Deep down... it's shallow," he said of network news.

FCC Comr. Rivera said that ethics in broadcasting is shared -- with industry having primary responsibility and govt. having oversight duties, "but the ultimate responsibility ought to lie with the general public." Unregulated marketplace "produces little more than Saturday morning cartoons for our young," he said. Applying his thesis on ethics, Rivera said industry "should have corrected the children's television problem on its own. And it is a problem. Some industry spokesmen have made feeble attempts to defend the current state of affairs. But no one has argued, nor indeed could they argue, that our country has a first-rate children's TV system... I'm prepared to indict the industry for having breached its social compact with the children in its audience to enrich, to entertain and to educate." At same time, he was critical of govt. and public for doing nothing.

NAB Pres. Edward Fritts said industry's biggest problem is combating efforts to regulate program content and TV ads. He said notion that there's no wholesome children's TV programming is "myth." Conference was sponsored by ATAS and Emerson College.

Fueled by nearly 100% jump in ads on ABC TV during Summer Olympics, network TV billings increased 44.3% during 3rd quarter to \$2.124 billion, according to TvB. Of total, ABC had \$1.006 billion (vs. \$543 million same quarter 1983), CBS \$599.7 million, NBC \$517.8 million. For 9 months of 1984, networks billed combined \$6.088 billion (up 21.4% from \$4.8 billion) -- ABC \$2.46 billion, CBS \$1.95 billion, NBC \$1.67 billion. TvB said total TV ads (including national and local spot) were up 28.7% for quarter, 21.4% for 9 months, with spot up 13.1% and 13.5%, respectively.

N.J. mandatory cable access law is being challenged by some SMATV companies. Plaintiffs charge in U.S. Dist. Court, Trenton, that state law guaranteeing apartment dwellers access to franchised cable service is unconstitutional. Suit follows 4 complaints before N.J. Board of Public Utilities by N.Y. Times Cable and Audubon that SMATV operators have been denied access to various condominiums.

NO TV DUES INCREASE BY NAB: For first time in several years, NAB won't raise TV dues for fiscal year starting April 1. In recent years, annual TV dues increases have averaged 5-7%. Assn. will look toward membership growth to support record income of just over \$11 million, up from expected \$10.1 million for current fiscal year, we're told. Both years will have surpluses. Several changes in proposed budget were made by Exec. Committee last week, and final approval will come from board at Jan. 15-18 meetings in Palm Springs, Cal.

Unhappy with fact expenses for 1984 convention were much higher than expected (although NAB made \$2.3 million profit), NAB has put in new controls on expenditures. Each department will be responsible and must account for expenses incurred for 1985. Convention's opening session will be designed to instill pride in broadcasters for public service contributions.

Also, there won't be across-board pay increases for senior NAB staffers next year; any raises will be based on merit. "Some will get raise, some won't," we were told. NAB TV Vice Chmn. William Turner has pretty much taken over Exec. Committee oversight of budget, presented last week by Pres. Edward Fritts and Secy.-Treas. Michael Harwood, and has been appointed chmn. of new NAB Benefits Committee. In that area, NAB has upped its contribution from 25¢ to 50¢ for each \$1 put into savings plan by employee. There also have been improvements in insurance and hospitalization plans.

On membership, NAB plans "blitz" in N.Y. state Jan. 31, following successful telethons for new members last Nov. in Tex. and Va. (TVD Nov 26 p1). Jay Asher, WJDA(AM) Quincy, Mass., was appointed to radio board, succeeding Richard Rakovan, who has left Outlet Bestg.

Exclusivity provisions in syndicated TV programming licenses don't violate antitrust laws, Judge Samuel Conti of U.S. Dist. Court for Northern Cal. ruled in case filed in 1980 by Ralph Wilson Industries, owner of KICU-TV San Jose, against 11 companies. Dispute centered on ability of vendors to sell exclusive broadcast rights to highest bidder within geographic viewing market. Dismissed from suit were: KBHK-TV San Francisco, KRON-TV San Francisco, MGM, Miami Valley Bestg., Paramount, PITS Films, Tandem, 20th Century-Fox, United Artists, Viacom, Warner.

Golden Jubilee Commission on Telecommunications plans, according to Exec. Dir. Max Paglin: Feb., conference on common carriers and mass media; April, private radio conference; future conferences on cable, satellites, data, spectrum, copyright, FCC, Congress, White House, courts, etc. Also in works: Oral history projects, the first on cable, with HBO partially funding; editing papers of leading figures; legislative history of Communications Act; common carrier bibliography.

BASEBALL HIGHLIGHTS FLAP: Hottest exhibit at RTNDA convention in San Antonio was that of Major League Baseball Productions (MLBP) -- which plans daily feed of game highlights starting in April -- and it has raised hackles of news dirs. and gen. mgrs. "I understand they are selling something that belongs to us," according to Levitt Pope, pres. of WPIX N.Y., which has rights to N.Y. Yankees. "We haven't given anybody permission to use our stuff."

However, Baseball Commissioner's office took different view. David Alworth, mgr. of broadcast operations, said major league baseball owns copyright to baseball telecasts and "we are selling our copyrighted works." He said MLBP 30-min. highlights feed will have no adverse impact on individual station highlights (WPIX showing excerpts from Chicago Cubs game, for instance).

MLBP will provide 3 feeds daily (early morning, before early evening news, ahead of late night news) and subscribing stations -- on exclusive per-market basis -- will be free to air any portion they wish. Deal is straight barter, with MLBP reserving three 30-sec. spots per week (to be aired on weekdays only) that must be in evening or late news. Alworth said no advertisers had been signed yet.

NBC bought program for its owned stations and reserved rights for its affiliates through close of RTNDA convention Dec. 14. As of Dec. 14, program had been acquired by NBC affiliates in about 60 markets, including 9 of top 10. NBC TV Network Pres. Pier Maps was at RTNDA for dinner with affiliates hosted by Major League Baseball to pitch program to stations. Program will be produced and edited by MLBP, which plans to add about 30 people, mostly for production, according to Alworth.

Program hadn't been announced before signing of NBC owned stations, or before RTNDA convention, and some news dirs. in San Antonio with baseball rights said their ball teams didn't know about it in advance. Teams won't be compensated separately for program -- nor will stations that have purchased rights from major league teams receive compensation from MLBP. Commented news dir. in San Antonio: "It flies in the face of solid journalistic practice because the newsmaker [baseball] is providing the editing... It's control of the news." Alworth told us baseball warts will be included -- such as fights, etc. -- and that games (with about 3 min. of each to be sent to stations) will be edited only for length.

Some news dirs. saw antitrust problem because highlights show is being offered to only one station per market. Said one: "It's control of the news market-by-market and deprives other stations of that news... There was no discussion in advance with stations [with rights] or teams involved... There's a clear antitrust problem. I don't think we've heard the end of it yet." He predicted lawsuit will be filed.

Howard Johnson has picked L.A.-based Telstar to install satellite dishes and to deliver programming to its U.S. hotels.

Network sports financial gravy train has stopped, CBS/Best. Group Exec. Vp Neal Pilson told 6th International Sports Summit in N.Y. Pilson said he was giving sports entrepreneurs "fair notice" not to create "overdependence" on network TV financing. Market changes affecting sports programming, Pilson said, are: (1) Audience is decreasing. (2) Advertisers are signaling that they may resist financing "dramatic increases." (3) No more time is available for sports. (4) Investors are getting nervous about sports. (5) Network must not become less efficient than "cumbersome combination" of local, regional and cable packages for advertisers.

United Cable TV has resigned as mgr. of CommuniCom system serving Hollywood & Wilshire area of L.A. and has given up on buying 47,000-subscriber system from unit of Nielson Enterprises. United has managed system since Aug. 1983, said it will bow out Jan. 7. United and Nielson agreed in Sept. that Nielson would sell L.A.-area system to limited partnership formed by United. Deal was contingent on United's securing financing by Dec. 15. United said it can't raise needed funds, isn't discussing extending expiration date of deal, will write off about \$1.3 million in costs incurred in pursuing acquisition.

Dispute over ownership of Ft. Wayne cable system has been settled, with Cox Cable agreeing to relinquish its 80% to local investors Citizens Cable Communications. Under terms of franchise, Citizen. had option to buy out Cox in 5 years, but when it exercised option Cox opposed move and fought sale in court. Case was being argued in U.S. Dist. Court, Ft. Wayne when Cox last week agreed to sell 35-channel, 30,000-subscriber system. Cox spokesman David Anderson said that under terms of court settlement, Cox can't disclose details.

CBS is offering \$100 million in 8-year notes paying 11-3/8% and £40 million in 10-year notes paying 10-7/8% in European market. Network said notes are "intended for purchase by non-U.S. investors" through underwriters Morgan Stanley International, Swiss Bank Corp. and S.G. Warburg & Co. Proceeds will be used to help finance CBS's \$362.5-million purchase of Ziff-Davis consumer magazines and reentry into cable programming. CBS also said it would sell money-losing Musical Instruments Div.

Rock station WAVA(FM) Arlington, Va. canceled TV ad campaign following complaints that it was sexist, is running TV spots promising never to use risque commercials again. Spots featured bosom of female model wearing tee shirt imprinted with word "hits." In 10-sec. spot, model asked "who's got the biggest hits in town?" Male voice then said "all-hit 105 WAVA -- the biggest hits in town."

Cable Networks has agreement with ATC to represent 19 ATC cable systems for ad sales. Cable Networks, leading cable ad rep firm that is 3M unit, will represent 1.16 million ATC subscribers.

Personals

Peter Lund promoted to CBS Sports pres., post vacant since Neal Pilson advanced to Best. Group exec. vp-sports and radio earlier this year; James McKenna advanced to east coast operations vp, Operations & Engineering Div... Carol Myers, onetime WJLA-TV Washington, named program mgr., KCOP L.A... Named ATC vps: Donald Carroll, who continues as ATC Oceanic Div. pres.; Dean Ericson, new business development; Panayes Gatsos, consumer research & planning; Thomas Rackerby, ATC San Diego Div. pres... Jack Higgins advanced to gen. sales mgr., Katz TV Continental; David Donelson named national sales mgr., Bronze Group... Shirley Fatchett advanced to employee relations dir., Lee Enterprises.

Lauren (Pete) Belvin resigns as FCC deputy gen. counsel to join Legal Dept. of United Telecommunications, Kansas City; earlier this fall, her husband became partner in law firm there... Mark Smith, of Landmark Communications, a former NAB TV chmn., resigns to work with venture capital firms to buy TV stations... Sen. Howard Baker (R-Tenn.), retiring Senate Majority Leader, elected a dir., MCA... Jay Rosenstein promoted to vp & asst. to exec. vp, CBS/Best. Group... FCC Chmn. Mark Fowler given Sol Taishoff Award by Washington Area Bestrs. Assn.

Steven Kram promoted to asst. gen. attorney, ABC; Peggy King advanced to creative affairs dir., ABC Motion Pictures... Moira Dunlevy promoted to research vp, King World... Dale Parker, ex-NBC TV, named vp-gen. mgr., WFSL-TV Lansing... Changes at KEKR-TV Kansas City: Gayle Garrett, ex-WNOL-TV New Orleans, named vp-gen. sales mgr.; Rebecca Rucker advanced to program/promotion dir.; Ed Perl, ex-WNOL-TV, appointed sales mgr.; Lisa Revare promoted to production mgr... Elected O. Radio & TV Bestrs. Assn. officers: Pres., George Joachim, WMRN-FM-AM Marion; vp, Neil Pugh, WHIO-TV Dayton; secy., Thomas Stewart, WBNS-FM-AM, Columbus.

Paul Drew, consultant to Radio Marti and onetime RKO Radio, named Radio Marti dir... Douglas Roth promoted to TV research dir.-syndication and network programming, Columbia Pictures TV... Douglas Darfield promoted to Seltel research dir... Michael Corken, ex-WDSU-TV New Orleans, appointed gen. mgr., WTHR Indianapolis, succeeding William Dunaway, resigned... Agnes Scott promoted to special projects vp, WTVS Detroit, new post... Thomas Hardy, ex-CPB, appointed program officer, NTIA Public Telecommunications Facilities Program... John Colvin, legislative dir. for Sen. Packwood (R-Ore.), named chief counsel, Senate Finance Committee.

David Webster, BBC head in U.S., resigns in Jan. to study, under Carnegie Endowment, how satellite-transmitted programs affect national

identities... Margaret Noonan, onetime CBS News producer, appointed special asst. to President Reagan for speechwriting.

Keith Fuller, AP pres.-gen. mgr., elected a dir., Gannett, effective Jan. 5, day after he retires... Ed Jones, program mgr., WDVM-TV Washington, resigns to become minister and teach theology... Anna Hall, ex-HBO, named miniseries dir., CBS Entertainment... George Essayan promoted to asst. gen. attorney, ABC... Joe Ahern, WLS-TV Chicago station mgr., adds gen. sales mgr. duties; Scott Thomas advanced to national sales mgr... Robert Wiegand promoted to exec. vp-gen. mgr., WPEC W. Palm Beach... Oak Communications Chmn. Everitt Carter retires, succeeded as interim CEO by E.I. McNeely, Oak dir... Robert Silva advanced to Detroit office sales mgr., Blair TV; John Rafferty, ex-CBS, named a sales mgr., N.Y.

Changes at USA Network: Dan Lawlor advanced to regional ad sales vp; Steve Van Ophuijsen, ex-CBN Cable Network, named ad sales mgr., Detroit; James Watson, ex-CBN, appointed dir.-new business development... Samuel Simon promoted to pres., Telecommunications Research & Action Center. Elected TRAC dirs.: Peggy Charren, ACT; Helen Hernandez, Embassy TV; Richard Hirsch, U.S. Catholic Conference; Robert Loeb, Telecommunications Cooperative Network; Jean Rice, Rice Assoc. TRAC will present Everett Parker Public Interest Telecommunications Award to N.Y. attorney Earle Moore March 28 at Waldorf-Astoria, N.Y... Allen Rasmussen, ex-Rogers Radio Communication Services, appointed midwest sales mgr., Walker Telecommunications... Joanna Horsfall, ex-Peabody, Lambert & Meyers, joins Washington law office of Wald, Harkrader & Ross as telecommunications consultant.

Elected PBS vps: Daniel Agan, ads and promotion; Dee Brock, Adult Learning Service; Barry Chase, news & public affairs programming; Amy Fleishman, controller; Lance Ozier, program administration & information; Michael Soper, development... Murray Oken, ex-Trident TV Assoc., appointed southeast sales mgr., National Telefilm Assoc.

Gary Hendler, Tri-Star Pictures pres.-COO, resigns to become independent movie producer for firm... Laurey Barnett, ex-TeleRep, appointed United TV programming dir., new post... William Fagan advanced to Petry TV pres.; Michael Membrado promoted to pres., Petry National TV; William Wiehe advanced to vp, sales dir.

Sports Time regional cable sports channel may produce losses of about \$7.3 million (40¢ a share) for co-owner Multimedia this year, Chmn. Wilson Wearn told N.Y. security analysts last week. He said that through 3rd quarter, Multimedia had charged off 22¢ a share (about \$3.7 million) because of losses by Sports Time, joint venture with Anheuser-Busch.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first week of Dec. and year to date:

| | NOV. 24-30 | 1983 WEEK | % CHANGE | NOV. 17-23 | 48 WEEKS 1984 | 48 WEEKS 1983 | % CHANGE |
|------------------|---------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL TV..... | 554,903 | 433,583 | +28.0 | 509,653 | 19,353,702 | 18,156,468 | + 6.6 |
| TOTAL COLOR... | 402,983* | 341,778 | +17.9 | 403,711* | 14,825,923# | 12,911,216 | +14.8 |
| DIRECT-VIEW.. | 396,776* | 338,025 | +17.4 | 397,902* | 14,652,827# | 12,782,114 | +14.6 |
| PROJECTION.. | 6,207** | 3,753 | +65.4 | 5,809* | 173,096# | 129,102 | +34.1 |
| MONOCHROME.... | 151,920 | 91,805 | +65.5 | 105,942 | 4,527,779 | 5,245,252 | -13.7 |
| TV EXCL. PROJEC. | 548,696 | 429,830 | +27.7 | 503,844 | 19,180,606 | 18,027,366 | + 6.4 |
| HOME VCR..... | 248,969* | 128,977 | +93.0 | 256,287* | 6,571,387# | 3,618,501 | +81.6 |
| COLOR CAMERAS... | 11,899 | 14,147* | -15.9 | 11,651 | 425,031# | 357,519 | +18.9 |

Color TV (direct-view) 5-week moving average: 1984--387,551*; 1983--343,281 (up 12.9%).

Home VCR 5-week moving average: 1984--210,746**; 1983--112,609 (up 87.1%).

* Record for period. ** Highest figure on record. # Exceeds full-year record.

TOSHIBA & WESTINGHOUSE SET TUBE VENTURE: Toshiba will be 5th company, 2nd Japanese, to be producing both color TV sets and color tubes in U.S. when joint venture it's agreed to form on 50-50 basis with Westinghouse gets operations going in 1986. GE, North American Philips, RCA, Zenith and Japan's Sony now have set and tube plants in U.S., while Mitsubishi assembles sets in U.S., makes tubes in Canada.

Although venture, which will turn out data display as well as TV color CRTs, will be start of such production in U.S. for Toshiba, it will mark return, after 10-year hiatus, for Westinghouse. Company was one of original U.S. color tube makers, ended production in 1976, 8 years after it stopped manufacturing TV sets. It's Westinghouse's former color tube plant in Horseheads, N.Y., where it still makes monochrome display tubes, that will be re-equipped by venture, being called Toshiba Westinghouse Electronics.

Each partner will put up \$20 million of \$80 million expected cost of first construction phase. Rest will be supplied by \$10 million in federal and \$7 million in state urban development funds and commercial loans. Facility will occupy 250,000 sq. ft., employ about 600 at start, have capacity of 500,000 TV and 500,000 display tubes annually at outset. Expansion, at cost of \$19.5 million, will raise work force to 800, boost TV tube capacity to million, other CRTs to 600,000.

Color tubes will be FST (flat-faced square-corner) type Toshiba introduced last year, and it's understood Toshiba will take responsibility for virtually all of plant's output, while data display production will be shared more evenly. Toshiba has first OEM customers here already lined up in form of plant and those of Sharp and Sanyo, both of which use Toshiba's FSTs in Japan, import some to U.S. Sanyo's plant here also turns out Fisher and most Sears color sets.

In phone interview, Toshiba spokesman in Tokyo said company had considered bidding against Mitsubishi for RCA's Canadian plant, decided it would be best to have U.S. base. In joining with Westinghouse, he told us, Toshiba gets experienced partner "with engineering and other resources we need." Westinghouse has complete background in tube materials as well as

design and production, and because it's not now in market, there's no antitrust consideration, as there would have been if Toshiba had sought to buy into existing tube operation.

Talks have started already with industry's 2 tube glass suppliers, Corning and Owens-Ill., "and while nothing has been finalized as yet, we're hopeful both will be helpful to us," Toshiba representative spokesman said. TWE will purchase as much equipment as it can from U.S. suppliers, "but we will have some brand new equipment designed by ourselves," he said. Plant marks Toshiba's 4th major manufacturing investment in U.S. and is believed to be prelude to start here of office automation equipment production. In addition to color TV and microwave oven facility in Lebanon, Tenn., it makes ICs in Sunnyvale, Cal. and motors in Houston.

TWE will be first brand-new color tube plant in U.S. since 1966, when Admiral went into production. While Sony started making tubes in San Diego TV plant in 1977, its production equipment came from Westinghouse's Horseheads facility. Since Admiral's start, Admiral itself, along with Philco-Ford, National Video and Westinghouse, shut down their tube plants, while GTE sold out to North American Philips. During same period, Canada lost tube plants of GE, Sylvania, Philips, Westinghouse and RCA, last reactivated early this year by Mitsubishi. In most recent development, GE said it was halting production of 10" and 13" sets and tubes in favor of offshore procurement, and as result would be closing part of its Syracuse, N.Y. tube plant (TVD Dec 3 p11).

VCRs HAVING HOT HOLIDAYS; TV COOLER: Although VCR stockpiles have risen at factory and distributor level, there's seemingly no backlog at retail, and they're moving out of stores as fast as they come in, according to our spot survey of dealers and buying group executives. Color sets are different story, with dealers describing holiday business as "soft" and "up and down."

Supplies aren't much of problem this year. Retailers mentioned spot scarcities of individual models, but in many cases said they had only heard of, not experienced, shortages. Louis Del Padre, pres. of Del Padre's in Springfield, Mass., said he's actually felt pinch in "low low end" and hi-fi VCRs, projection TVs and color sets priced \$700-\$800. On projection TVs, "there are certain models we need very badly and can't get," he said.

Del Padre claimed MGA, Magnavox and Fisher VCRs are on allocation, added that Fisher is "so damn sold out it's not even funny." Others around country said there's plenty of product available for retailers, though 2 executives reported problems with stereo models and JVC's VHS Video Movie camcorder.

There was little consensus among merchants on reason for weak color sales. One said he thought it might be because his store's newspaper circular went out later this year than last, added that with color this season "you have a good week and you have a bad week." Luskin's senior buyer Joseph Rosario said consumers are putting money into VCRs and microwave ovens. Nevertheless, Martin Wolf, pres. of Key Northwest buying group in Vancouver, Wash., insisted that although color may not be as strong as VCR, VCR sales are driving consumers to purchase step-up TVs, pushing TV sales 10-20% ahead of last year. Trade-ups are major factor sustaining color, represent 10-20% of total TV purchases, will be even more of factor in 1985, he said.

Possibility of dangerous supply buildup in VCR hinges on "greed" of manufacturers and dealers, retailer told us, noting Japanese aren't going to get themselves into trouble. Prices have held steady for past 4 weeks, except for some major drops in middle of VCR line, dealer reported. As for profits, they've been supported only on volume, he said, calling situation "a disaster." "If we were in a business that really measured profits by percentage of sales" things would not look good at all, he added. Rosario said he's seen 2-3 price drops on VCRs in last month, with different manufacturers taking turns at being first one to cut. In N.Y. area, check

of newspaper ads by promotional retailers shows leader prices have dropped about 5% since start of Dec.

Dealers are of different minds on past year's color pricing crisis (TVD Nov 19 p9). RCA is most visible force in industry when it makes move, one dealer said, but that shouldn't be confused with impact. Don't slight Koreans, he warned, because they've been "devastating in terms of pricing." Wolf said Vancouver-area has seen impact from foreign sets. Prices on some foreign models, including Samsung, fell so low that companies dropped out or got very quiet in market.

Del Padre is willing to lay blame right at RCA's door: Company "killed this goddamn business." RCA has fought for years to be No. 1 at expense of dealers, who "sold out of RCAs and made no money," he said. Mike Stapleton, Platt Music corporate dir. of merchandise, feels RCA is "making up some of [its] profitability on the tremendous business they're getting on stereo TVs and 25-in. table models. [Business in 25-in. has] just been flying for them; they just can't supply enough."

All executives said they'll be open to buy at WCES -- some said they plan to be aggressive in Las Vegas. Del Padre noted his only concern is getting a hotel room. He hasn't been able to get through on toll-free reservations number for 8 straight days, and 2 letters have gone unanswered.

Outlook for next year is clouded by economic slide retail executives expect in 2nd quarter. They also said Korean entry into market makes it difficult to predict coming year's results for VCR, with many complaining about lack of accurate information on exactly what will happen and when. Wolf said that at very least, VCRs will get another kick with introduction of lower priced product, driving more people into stores and bringing new groups of consumers into market. But cheaper models won't necessarily lower overall price level, he said, because once customer is in store salesman can "get him into the traditional Japanese products."

Gloomier view comes from Rosario, who says combination of Korean pricing and general economic slowdown will bring about shakeout in VCRs -- suppliers "are going to have to get down and dirty." Price cuts won't be as deep in 1985 as they were this year, but they'll go deeper on VCR than color, another dealer predicted.

COURT REVIVES JAPAN TV DUMPING CASE: Any thought that history of Japanese color TV dumping case, which has roots stretching back to 1968, was coming to reasonably quick end were swept away by U.S. Appeals Court for Federal Circuit last week. It ruled that International Trade Commission was correct in refusing to revoke its 1971 injury finding and in overturning Court of International Trade order reversing ITC.

Without specifically commenting on whether ITC was factually correct in holding that revocation might result in resumption of unfairly low-priced imports and so injure domestic producers, Appeals Court said it found no basis for Japanese allegations that ITC decision was "unsupported by substantial evidence" or otherwise unlawful.

Prime issue in determination was failure of Japanese exporters to appear at ITC hearing to discuss what actually would happen after revocation. In supporting opinion, Judge Philip Nichols said "they were the only ones who knew what they would do" if dumping case were ended, and their absence in itself was enough to justify denial. In contrast, he lauded testimony of Corning Vp Richard Moss, who had told ITC that Japanese might resume set dumping here to work off excess color tube production. "There may not be a word of truth in any of his testimony, but we are required to suppose otherwise," Nichols said.

Representative of one Japanese company called decision unfair, said ITC staff had interviewed executives in Japan, and statements from others were included in filed briefs.

Hearing, he pointed out, had strict time limits, and Japanese were asked to supply material in writing, rather than bring parade of witnesses. No decision has been made on whether to seek Supreme Court review, we're told.

ITC turned down Japanese revocation bid by 3-1 vote in June 1981. Order reversing that came from CIT Judge James Watson in July 1983, who said agency didn't have "substantial evidence to support the conclusion" that injury threat was still posed. Successful appeal was made by Justice Dept. and Zenith. Case will be last of kind; because of this case, Trade Act passed earlier this year requires that in future similar cases ITC start by assuming original injury finding continues valid and vote to revoke only after determining threat of harm no longer exists.

So Japanese dumping case is still very much alive. Although in Aug. and Sept. 1983 International Trade Administration issued notice of intention to revoke finding against most companies on ground it found no evidence of undervalued sales for 2 years to March 31, 1981, there's been no official word on progress since then, and its no-dumping finding on shipments for year to March 31, 1980 is being challenged in CIT by Compact and Zenith.

Meanwhile, Compact has sent Customs notice of intention to seek court appeal of its administrative ruling that color TV tubes imported as part of set kits for assembly in U.S. are dutiable at same 5% rate as finished TVs and most other TV parts. Compact is seeking to have Customs require tubes be entered separately, making them subject to 15% duty (TVD Dec 10 p10).

JAPAN BOWS TO EC VCR QUOTA CUTBACK DEMAND: Responding to combination of pressure from European trade negotiators, concern with growing overall protectionist sentiment in EC and market problem posed by excess inventory, Japanese have agreed to sharp cutback in their voluntary quota on VCR exports to Europe for 1985, which is scheduled to be 3rd and final year of such restraint, under terms of accord worked out in Feb. 1983.

Japanese last week said they would impose 2.25 million ceiling on year's shipments, down steep 43% from 3.95 million limit originally set for 1984, but off only about 29% from 3.15 million expected actually to be exported this year. In reaction to declining demand, Japan's Ministry of International Trade & Industry told manufacturers in fall to hold shipments for year to no more than 90% of allowable level.

New quota level takes into consideration estimated 350,000 unsold VCRs sitting in Japanese marketers' European inventories, raising anticipated actual sales of imported units to 2.6 million. As part of deal, Japan gets free rein to export VCR kits for assembly in Japanese and Japanese-European venture plants. While kit exports weren't formally limited, Japanese functioned under guidance ceiling of 1.1 million last year. Those factories could turn out up to 1.7 million in 1985, but probably won't hit capacity.

Quotas are seemingly pegged to 1985 VCR sales estimate of up to 5.5 million for Europe this year, 20% increase, and leave domestic producers, primarily Philips and Grundig, with 1.4 million sales window. That would be about double their estimated 1984 volume. But 1984 quotas were keyed to anticipated European demand for 6.35 million, and when it became apparent market would miss mark by about 30%, there was renewal of Europe-Japan consumer electronics trade friction. To head off recurrence, EC officials say they'll meet with Japanese counterparts on quarterly basis to discuss market condition. Quota level, they indicate, might be lowered, but not raised, if demand doesn't turn out as anticipated.

Ad notes: Samsung assigns \$4 million account to David Deutsch Assoc., replacing Paul Kaufman Assoc... Lotus Development names D'Arcy MacManus Masius for \$6.5 million European software account.

EIA Mobile Communications Show & Conference will be moved from New Orleans to Washington next year, when it will be held Sept. 26-28. EIA Senior Vp Jack Wayman will head new management team for show.

PHILIPS RETARGETS LV: N.V. Philips, which exactly 6 years ago this week triggered consumer Laservision videodisc player consumer buying riots in Atlanta when units it supplied to Magnavox first went on sale, has officially given up mass-market dream. From now on it will concentrate on selective upscale consumer and semiprofessional interactive markets.

In statement issued last week, Dutch manufacturer said it has adopted new strategy regarding LV, giving priority to developing interactive applications, particularly those related to linking players with computers. Philips said "extra effort and capacity" will be devoted to meet growing demand for systems from business, banking, retailing, publishing and other nonconsumer markets where "interest is developing so rapidly."

Consumer won't be abandoned, Philips spokesman told us, but hardware, and more importantly software, development and sales efforts "will be aimed at specific target groups." Consumer discs will continue to be pressed, "but not in such a broad spectrum as before." LV, he claims, is popular with opera and ballet aficionados, and there's growing market for other special interest programs: "We will be laying stress on market groups in the boundary between industrial and consumer."

Sales to general consumers "have not lived up to our early expectations," so Philips has put off plan to introduce LV in France. Philips had been trying to get France's Thomson-Brandt to adopt format, but that's apparently off, at least for now.

Movies no longer are considered backbone of catalog. While Philips has been offering movies, we're told it hasn't any investment in rights. It presses discs for studios, then buys them for resale. Shift in direction already has started in U.K., where LV Mktg. Mgr. Jerry Harrison said company has started direct-mail promotions to members of opera and ballet clubs notifying them of new titles and location of retail outlets. Now being explored are ways to reach targeted consumers for hobby and instructional discs. Harrison said approach has aided sales of hardware as well as discs, declined to supply figures.

Meanwhile, Philips announced it has \$14.3 million contract to supply 10,000 PAL-standard LV players and 1.5 million custom-pressed discs for Shenzhen, China. Philips said that it will be working with Chinese to help develop material, added that it's in advanced stages of negotiations on similar contracts with other Chinese cities and towns. Discs are expected to contain educational, instructional and possibly cultural programming, Philips said.

Trust funds to be used for fellowships to retrain engineers who have been bypassed by new technologies are being set up in U.K. and U.S. by Matsushita. U.K. trust, being administered by Fellowship of Engineering is being funded at \$625,000. Matsushita says U.S. fund will get \$10 million.

HITACHI 'AGING' IN U.K.: That ol' rocking chair's got Hitachi's U.K. color TV assembly plant in South Wales, and company is trying to balance out situation with unique youth movement.

Company has sent letters to its 800 employees inviting all those over age 35 to step aside in favor of younger workers, in return for one-time tax-free payment of \$2,160. Departing workers also get right to recommended replacement, provided prospective employee is 16-year-old school dropout.

Hitachi's problem stems from way it took control of factory. Plant originally belonged to GEC, 7 years ago became production base for GEC-Hitachi joint color manufacturing venture launched after govt. refused to provide Hitachi with usual incentives to set up wholly owned facility in U.K. Hitachi bought out partner last April, modernized equipment, made layoffs on basis of seniority.

That contrasts with policy followed in 1981 when Toshiba took over similar Rank-Toshiba venture. Toshiba simply let venture expire, idling all workers, and then hired back ones it wanted to keep. Resulting difference, Hitachi points out in its letter to employees, is that average worker age at its plant is close to 40, while Toshiba's workers average 24. Older workers, Hitachi points out, tend to take more sick leave, have slower reflexes and are less adaptable to change.

Hitachi offer is getting lukewarm reception in area where jobs are short, and only about 15 workers have accepted. About half of those recommended own children as replacement. Payment is considered too small, and fact that it's self-liquidating, and so costs company essentially nothing over long run, isn't helping. U.K. regulations permit lower minimum wage for workers under 18, and gap is wide enough for Hitachi to recover retirement incentive in one year.

Sanyo won't be introducing own-brand VHS VCR this year, or any other year, spokesman at Osaka hq told us last week, reaffirming position taken by Pres. Kaoru Iue during exclusive interview with us at this time last year (TVD Dec 19/83 p17). Comment was made in response to our query on persistent rumors that Sanyo would add VHS to line, following route taken by other Beta supporters NEC and Toshiba. Separately, Sanyo plans output boost for Beta Hi-Fi, indicates super audio models will account for 40% of its VCR production by 2nd half next year.

Culminating 2-year probe into importation of illegal radio receivers, FCC and U.S. Customs agents confiscated 2,700 pieces of equipment worth \$500,000 from Granada Electronics in N.Y. Importer of equipment, according to FCC official in N.Y. office, was Lawrence Wallach of L.W. Sales, Lynbrook, N.Y., who was arrested by Customs agents for unlawful sale of equipment. Equipment seized includes CB transceivers, walkie-talkies and FM receivers.

POLAROID'S ELECTRONIC EXPANSION: "Worlds of electronic photography and silver image photography are on a merger course," and Polaroid is positioning itself to be market leader in variety of phases of upcoming industry, according to Magnetics Div. Group Vp Owen Gaffney.

Speaking at briefing for media in N.Y. last week on company status, Gaffney said Polaroid came to conclusion that it couldn't link itself to fading future of instant photography, so it selected blank videocassettes as way to get foot into door of new market. He said company felt it "could not wait for vertical integration" and opted to move quickly by sourcing from outside -- Polaroid gets its VHS cassettes from JVC, Beta from Sony. Decision meant "cultural transition for Polaroid," which had enjoyed something of protected market for 40 years, but there was awareness "we would find a high degree of competition and uncertainty."

In covering sales results for first year -- Polaroid launched overseas before it started marketing in U.S. -- Magnetic Tape Dir. Bruce Henry said company "didn't find universal success" in foreign markets, although sales were good in some areas. In U.S., he reported, cassette "sales exceeded our estimate for the year." He said results were particularly strong in traditional photo outlets, noted 53% of photo stores now carry cassettes, up from only 3% in 1981. Company supplemented sales by marketing through supermarkets and drug stores.

As for competition, Henry said Polaroid has counted 72 different brands in market, predicted shakeout would start next year. "The stage is set for one of the classic battles" in the marketplace, he said. Company is now setting up marketing plans for 1985 that will include introduction of special Hi-Fi cassettes and blanks for 8mm Video camcorder to hit stores early next year.

There's shakeout on way in floppy discs, too, according to Recording Systems Dir. Peter Cameron. While demand will leap from 400-600 million discs this year to what he terms "conservative estimate" of 1.5-2 billion by 1990, there just isn't room for 90-to-100 companies that are marketing them now. Only 12-15 of them will still be around 2 years from now, Cameron predicted.

During interview later, Gaffney told us Polaroid is technically prepared for vertical integration in magnetic media, already has started coating 5.5" and 8" floppy computer discs, is getting ready to market 3.5" discs. But story is somewhat different for videocassettes, Gaffney said. "There's no question that for the short term we could manufacture cassettes cheaper than we can buy them." However, he said, long-term view demands consideration of world capacity and market potential -- Polaroid sees world market growing to 700 million by 1990.

If outside capacity continues on current expansion course, Polaroid would find it hard to

justify sizable investment needed for own production, Gaffney said. "When suppliers are giving cassettes away, we'll take them." Should situation change, Polaroid has 2 other options to consider -- going vertical on its own or forming venture with existing manufacturer.

On camcorders, Gaffney said he sees unit sales rising to some 2 million annually before market starts levelling off. That would be about double best selling sales year for 8mm movie cameras. How long before decline comes will depend on industry's ability to follow with "a succession of products at prices that constantly brings new buyers into the marketplace."

Polaroid's 8mm Video was due last fall, and 90% of startup problems related to solid-state imaging system, Gaffney said. He told us company considered getting to market on schedule by switching to standard vidicon tube but backed away from that in favor of introducing product with latest in technology. Toshiba-made unit, with separate playback deck, will list for \$1,650. Cassettes will list at \$11.99 for 30-min., \$13.99 for 60-min., \$15.99 for 90-min.

Meanwhile, Polaroid is continuing to stay up on latest in solid-state and magnetic technology, is in process of completing \$25 million microelectronics lab. Polaroid has no plan for own production of ICs, will use lab for development and evaluation of devices to be sourced outside, Gaffney said. In magnetics, he said, Polaroid is working on computer disc that will be no bigger than 35mm slide, have 1-megabyte storage capacity, cost no more than \$1 to produce.

One area of product development that Polaroid is watching closely is electronic still photography. Gaffney said company feels units displayed to date by Japanese are too high in price, too low in picture quality, but that significant improvement in both areas could come in 2-3 years.

Industry's first Christmas present came early this year, arriving in form of strong general sales pick-up in final calendar week of Nov., which as year's 48th week is first statistical week of Dec. (see State of Industry box). It was biggest week in history for sales to dealers of projection TVs, total of 6,207 topping previous record of 5,827 reached in last week of Sept., and 17.4% rise in sales of direct-view color was largest such hike since Aug. For b&w, it was 5th biggest sales week, and 2nd highest percentage increase of year. Healthy, though not spectacular, sales increase for VCRs resulted in 2nd consecutive all-time record for 5-week moving sales average. Running against trend were color cameras, showing decline for 2nd week in row.

New computer floppy disc market entrant is Japanese soap maker Kao. Company says its background in chemical engineering should help it become successful competitor in already crowded field.

DISC DRIVE IMPORT BAN SOUGHT: Computer disc drive maker Tandon has filed unfair import competition complaint with International Trade Commission seeking ban on imports from 3 Japanese manufacturers it accuses of patent infringement.

Petition claims Mitsubishi, Sony and Teac are using Tandon technology in drives they sell here. Tandon said it already has filed civil damage suit against those companies in L.A. federal court.

In complaint to ITC, Tandon says it's being injured by loss of sales to infringing imports, claims its 5.25" floppy drives, for which Tandon charges \$137, are being undersold by \$17 by Mitsubishi and by nearly \$28 by Teac.

Petition alleges that Sony is using Tandon technology in new 3.5" floppy drives. Sony notes there's no direct competition yet, but Tandon said it expects to have own 3.5" drive on market in 2nd quarter.

It's 2nd similar case brought by Tandon this year. Last summer, ITC launched investigation into complaint that Korea's Gold Star Tele-Electric was using information illegally obtained from Tandon to produce drives it exports to U.S. distributor Format. That complaint claims Format was started by group of former Tandon employees who took technical data when they left, then sold it to GST (TVD Sept 10 p15). In new filing with ITC, Tandon stresses that 2 cases are unrelated.

Sluggish demand for drives from home and small business computers makers, plus growing competition from low-priced imports, has had severe impact on domestic disc drive producers this year. One major, Shugart, reportedly has its floppy drive business for sale, with Japan's Matsushita considered prime customer. Magnetic Peripherals recently announced it was moving all drive production to lower wage areas in Far East, and Micro Peripherals has said it was leaving field.

Sky-high licensing fee imposed on coin-op videogames by Clarkstown, N.Y. was ordered rolled back by State Supreme Court Judge Gerard Delaney. Town said it boosted fee from \$25 each to \$125 to meet cost of regulating machines, but Delaney said he found real reason was effort to force them out in violation of operators' constitutional rights. Suit was brought originally by unit of Bally, which has arcade there, and was joined by other local arcade owners. They complained that annual fees on 240 games they operate jumped in 14 months from \$6,000 to \$30,000.

Majority of FCC commissioners is leaning toward granting mandatory cable carriage of multichannel TV sound (MTS). Item was pulled from agenda for this week's Commission meeting by Chmn. Fowler, who opposes must-carry status for MTS. (For details, see story in Broadcast-Cable section of this issue.)

IC MAKERS RETRENCHING: Sagging OEM demand for ICs is reflected in new wave of layoff and cutback announcements by U.S. manufacturers who are feeling pinch caused by slower than expected production by computer manufacturers and absence of strong market for videogame and home computer program cartridges.

Texas Instruments says it's laying off 2,000 employees, mainly at plants in Tex., and will institute short weeks at factories overseas. Honeywell said its Synertek IC operation will reduce work force by 1,000, announced it was putting subsidiary up for sale. National Semiconductor said it expects to furlough some workers over holiday season, while Intel said it had put some office construction plans on hold, was transferring some production workers to other duties and also was looking at holiday shutdown.

Continuing IC sales slump is reflected in SIA report that incoming orders for semiconductors in U.S. market in Oct. lagged behind shipments for 2nd consecutive month. Assn. said industry had book-to-bill ratio of just 0.67, lowest in 6 years. In Sept., ratio was 0.84. Orders for month were valued at \$693.8 million, down 23.3% from Sept., and shipments were put at \$909.5 million, off 12% from Aug. Figures include results of Japanese as well as U.S. vendors. Current estimates are that overall 4th-quarter IC sales will be down at least 10% from same period last year.

Atari must show sign of turnaround soon or it will end up back in hands of Warner Communications. That's implication of statement reportedly made by Chmn. Jack Tramiel at news conference last week in London, where he said that if Atari doesn't look like success by Dec. 31, "I will pull out." Warner, meanwhile, is doing its best to make Tramiel happy with what he's got. In recent filing with SEC, Warner said it bought back \$10.1 million of \$300 million in accounts receivable it turned over to Tramiel last July, along with most of Atari's other home videogame and computer assets. Statement says Warner also loaned Atari \$8 million and has agreed to lend additional \$4.5 million. Warner said loans are in form of buyback of warrants to buy Warner stock issued to Atari when Tramiel took over, and receivables purchased are owed by customer involved in bankruptcy proceedings and are expected to be recovered. As indicated here (TVD Oct 19 p16), Warner has written down carrying value of notes it accepted from Tramiel in payment for Atari from \$240 million to \$135 million to reflect its estimate of realizable worth.

Radio Shack Christmas catalog shows no major new video products, features already announced Beta Hi-Fi VCR at \$600, VHS with wired remote at \$500. Color TVs are 5.5" AC-DC monitor receiver at \$270 (reduced \$50) and 13" remote high resolution monitor receiver at \$400. Pocket b&w LCD TV with 2.7" b&w display is continued at \$200, along with 5 other b&w AC-DC sets with 2-9" screens.

Consumer Electronics Personals

Henry Thorne, former Magnavox sales vp, advanced at NAP Consumer Electronics to brand sales vp, adding responsibility for Philco and Sylvania lines in restructuring under Donald Johnstone, who replaced Frank Lann as pres.-CEO last Oct.; Ronald Marsiglio, ex-color TV product planning vp, named color TV mktg. vp; Louis Slangen, ex-planning vp for purchased products, named audio & video equipment mktg. vp; Ronald Stoltenberg, ex-Sylvania vp-brand mgr., has left company; Keith Drysdale advanced from mgr. to dir., business planning, at NAPCE parent, North American Philips... Charles Wack, RCA Consumer Electronics west coast field service engineering dir., retires Jan. 1 after 35 years with company.

A.J. Menozzi, ex-Magnavox, joins Toshiba Consumer Electronics Div. as northeast gen. mgr... Gerald Astor, ex-Mattel & Akai, named gen. mktg. mgr., Seiko Consumer Electronics Div... Paul Miller leaves post as Gold Star mktg. mgr... William Spencer, Coleco product operations dir., and Charles Murphy, treas., named vps... Conrad Jutson, former Atari vp, and John Brown, computer industry veteran, form P.C. Mktg. Assoc., rep and consulting firm, 960 Saratoga Ave, San Jose, Cal. 95129.

Carl Korn, Dynascan chmn.-CEO, adds interim duties as pres.-COO, succeeding Frank DiLeo, resigned to pursue other business interests... Robert Whigham, ex-Westinghouse, named exec. vp-COO of phone marketer Comdial... Samuel Murphy, ex-Gulf, joins RCA as senior vp-gen. counsel, succeeding Exec. Vp Eugene Beyer, who will handle special assignments until retiring Sept. 1; Lawrence Brown appointed tax affairs staff vp.

Jonathan Dolgen resigns as pres. of Columbia Pictures domestic operations and pres. of Paycable & Home Entertainment Group... Richard Longwell advanced from national sales mgr. to sales dir., Disney Home Video... Midge Barnett, Western-World TV home video international sales and operations dir., named vp; Belinda Menendez appointed Latin American sales and operations vp... Claude Borenzweig named video production mgr., Polygram Records... James Perkins, ex-Hearst-ABC Video Services, named pres. of Videoware Productions, production and distribution company, replacing founder Tom Alison, now exec. vp. and board member; Mark Heyer, ex-Sony, is associate in charge of Interactive Video Disc Lab... Sue Steinberg, ex-HBO and Vestron, joins RCA Video Productions as program production dir.

Roger Gower, pres. of disc drive maker Miniscribe, adds duties as CEO, succeeding founder Terry Johnson, resigned... Henry Montgomery, Trilogy pres.-COO, adds post of CEO, succeeding Gene Amdahl, who continues as chmn... Randy Crume advanced at Epson America to head new LCD products group, marketing flat panel data displays.

Pioneer is combining video and audio in tape as well as disc. Laservision-compact disc player will hit market at \$1,200 next month, and by next fall company is expected to unveil 8mm Video home deck with separate digital audio, as well as video capability. In Japan, company said deck will record up to 9 hours of music on 90-min. videocassette, and that 4-hour cassette now in development will provide 24-hour audio recording format. Meanwhile, at meeting with software suppliers last week, we're told, PV Pres. Ken Kai put LV population in U.S. at 150,000, claimed sales in 1984 were double those of 1983, said company will introduce mid-range \$450 machine next year. In Japan, Pioneer said its consolidated sales of LV players and discs in fiscal year to Sept. 30 nearly doubled to \$210.2 million but noted market slowed in 2nd half following RCA's decision to halt sales of CED player.

E.F. Johnson isn't losing \$7 million monthly, "in fact is doing rather well," spokesman for Western Union told us, responding to report here last week (TV Dec 10 p12). Johnson, he pointed out, is nonunion plant, so there are no negotiations regarding salary reductions; however, WU "has implemented payout for its nonunion employees throughout corporation." He acknowledged that Johnson and some other WU units are up for sale but said that was being done because of "need to conserve cash and raise cash," and "in line with our desire to sharpen our focus within the telecommunications industry" and other areas. Sale plans, he said, don't relate to Johnson's operating performance or concern with outcome of cellular phone antidumping case being pressed against Japanese suppliers.

Video software notes: Sony has registered "Video 45" as trademark for its 18-min., \$16.95 music tapes... Karl Home Video has decided not to exhibit at Winter CES in Las Vegas after all. Company said it didn't want to be sole software major attending... Embassy Communications is considering partial public sale of minority interest in subsidiary Embassy Home Entertainment. Deal would be structured along lines of 15% sale of MGM/UA Home Entertainment by MGM/UA Entertainment. Meanwhile, MGM announced offer to reacquire outstanding shares in its video unit for \$126 million of notes, or about twice what it raised in 1982 stock sale... Video Station, which owns wholesaler Coast Video, has filed for Chapter 11 bankruptcy protection, said it's reorganizing with full support of Bank of America, principal secured lender.

Tandy will face somewhat higher interest costs on planned sale of \$300 million 2- and 4-year notes as result of Standard & Poor's downgrading of its debt rating by notch. Radio Shack parent said it was "pleasantly surprised" rating was dropped only single point. In preliminary prospectus for proposed offering, Tandy says \$205 million of proceeds will go to pay off debt incurred to finance recently completed buyback of 10 million shares, with rest being used to retire short-term debt.

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UNITARY TAXES CRUMBLING: State unitary taxation took 2 blows last week as state court ruled levy is illegal in Mass., while Fla. legislature repealed year-old system, replaced it with boost in state corporate profits tax to 5.5% from 5%.

Mass. court said state doesn't have right to impose levy on worldwide earnings of companies located there. Challenge to tax was filed 2 years ago by Polaroid, which stands to recover about \$5.5 million of \$40 million in taxes and interest court says state now owes. Ruling is likely to be appealed. U.S. Supreme Court has upheld right of states to impose unitary taxes on nationwide earnings, but hasn't yet heard case involving tax liability on profits made overseas.

Fla. Gov. Robert Graham sent hundreds of telegrams to announce tax law change to businesses in hope of attracting new investment. Earlier this year, state lost millions in new construction by IBM, which said that instead of planned expansion of Fla. operations it would build only in nonunitary tax states.

Fla. is 2nd state to back down this year. Last Aug., Ore. replaced worldwide unitary tax with one that imposes levy only on earnings in U.S., and received several major new Japanese investments as result. Ind. is expected to repeal unitary tax soon, in keeping with pledge state made when Sony agreed to locate video and CD audio disc pressing plants there. Remaining 9 unitary tax states are expected to repeal or modify law. That will be in response to pressure from Treasury Secy. Donald Regan, who has said he will propose federal legislation to limit state taxing authority if states don't act on their own by July 31 next year.

HITACHI, TOSHIBA CITE VCRs: Hitachi and Toshiba said higher VCR sales were significant contributor to their improved results in fiscal first half to Sept. 30 (TVD Dec 10 p16).

Hitachi said rise in demand for VCRs and air conditioners was major factor in 20% gain in consumer product sales to \$2.18 billion. Toshiba said its consumer product volume was up 12% to \$1.8 billion, noted that its VCR sales were up 30% overall and 50% overseas. Toshiba started producing VHS VCRs for sale in Europe at its U.K. plant early this year and is adding VHS to current Beta offerings in Japan and U.S.

In U.K., Granada said it had 6% rise in earnings from TV VCR rental operation to \$31.5 million in year to Sept. 29, but indicated most of increase stemmed from inclusion of Rediffusion, major competitor Granada acquired in July. In U.S., Granada said it had satisfactory increase in subscribers but that operation was continuing to absorb high market development costs. Not doing as well is GEC, which said that while overall profits rose 16% in fiscal half to Sept. 30, pretax net from consumer products slipped 8.3% to \$13.2 million.

VCR hasn't hurt movie box office, MPAA Pres. Jack Valenti told recent National Assn. of Theater Owners convention in Washington, D.C. Valenti, who described VCR as "worthless if it didn't copy material belonging to others," said 38% of owners are 35-49 years old, "a group which today represents 17% of all moviegoing." Moviegoers don't usually rent cassettes, and of those VCR owners who do, "there is some evidence, not yet confirmed," that they "are likely to be infected with the desire to see a movie the way it ought to be seen, in a movie theater." On piracy front, Valenti claimed Association has seized 11,750 cassettes and 100 prints this year, said major summer titles like Indiana Jones, Ghostbusters, Gremlins and Romancing the Stone appeared "only minimally" in black market.

Systems I international conference and exhibition on factory automation, communications and control, will run March 24-26 in Chicago. Event is being cosponsored by EIA, Computer & Business Equipment Mfrs. Assn., National Electrical Mfrs. Assn. and Society of Mfg. Engineers. Details: SME, 1 SME Dr., Box 930, Dearborn, Mich. 48121.

NCR is closing personal computer plant in Clemson, S.C. at cost of 230 jobs in what it termed worldwide consolidation move. NCR said that by April 1, parts output would be shifted to plant in Germany and final assembly moved to other plants in U.S. and Germany. Despite shutdown, NCR said, it will increase overall production.

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With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

FCC APPROVES 12-TV STATION OWNERSHIP, 25% penetration cap, with breaks for UHF and minorities. Action praised on Hill. (P. 1)

NAB ULTIMATUM TO LAS VEGAS: Move Hearn-Hagler fight 'or never see us again.' Chicago may be alternative location. Ford to address NAB board in Cal. (P. 3)

PRIVACY WORRIES CABLE: Operators hurry to get disclosure forms ready by weekend, as new law requires. 'This is not a joke,' operators told. (P. 4)

\$60 MILLION CABLE AD CAMPAIGN to launch Feb. 18 on 3 major TV networks, with radio campaign in summer. Test ads said to have improved cable's image. (P. 4)

FCC ALLOCATES FM CHANNELS to 689 cities, will set filing guidelines next month. Vote on Rhodes PTAR waiver request put off. FCC reverses Review Board, renews United Bestg. license. (P. 5)

WNYC-TV's \$1 MILLION LEASE DEAL approved. Foreign-language broadcasters gain access on public station. (P. 5)

PAY-TV RACE TIGHTENS as S/MC picks up ground on HBO and Cinemax. Cable profit margins decline in past 5 years. (P. 6)

FCC SETS 25% PENETRATION CAP FOR TV OWNERS: Putting final approval on compromise that had been cut 10 days earlier (TVD Dec 17 p1), FCC last week reinstated its 12-TV-station per owner rule approved last summer (but tabled until April 1 following Hill pressure), added cap that no owner could serve more than 25% of U.S. TV households (as defined by Arbitron Area of Dominant Influence market rankings) with following exceptions: (1) Company whose ownership is more than 50% minority could hold up to 14 stations and cover 30% of U.S. homes. (2) Ownership of UHF station, "because of the inherent limitation" of UHF signal, would count only 50% of market penetration applied to VHF in same market.

With commissioners already well set in their positions, there was little discussion during open meeting. However, Comr. Patrick dissented to portion, as he put it, "that sets 2 different national ownership rules based on race." He said he's strong supporter of efforts to foster

Consumer Electronics

SUPER VCR seen in '85 from Sony, others. Toshiba producing perpendicular recording tape. JVC plans 1-hour VHS-C. Sony's lavish CES show. (P. 9)

ITA CHOPS DUMPING MARGINS on Korean color sets 41-77% in final determination. Daewoo put at 14.88%, Gold Star 7.47%, Samsung 12.23%. (P. 10)

STEADY COLOR BOOM over next few years, due to new video peripherals, documented in RCA research. 21.5 million sets in 1988? (P. 12)

VCR IMPORTS HIT MILLION for first time in Oct., Commerce figures show. Color rose only slightly, as imports from Korea dropped. (P. 12)

EUROPEAN VCR EXPANSION in works. ITT & REL form Italian venture. Sony Spain sets Feb. start for Beta. Thompson to convert color plants. (P. 14)

2 AM STEREO SYSTEMS remain after Harris drops out, endorses Motorola. Kahn hints suit. (P. 14)

SONY NET JUMPED 140% in fiscal 1984, though gain eased in 4th quarter. National Semiconductor net drops. Koss files Chapter 11 petition. (P. 15)

TAIWAN-MADE VCR from Sampo due for display at WCES. Sanyo adds Hi-Fi VCR with MTS, MTS-ready color TVs, adaptor. Sharp offers new sets. (P. 16)

minority ownership but that comparative hearing process is better vehicle for that purpose. "I am unsure... that the national ownership rules are the proper vehicle to attempt to structure incentives for minority ownership," he said. Majority doesn't require showing of how "these new [minority] owners may contribute to diversity. No concern is given as to whether the 51% minority owners will exert any influence on the station's programming or will have any control at all," Patrick said.

In first action to permit ownership of 12 stations last summer, FCC said that ownership rules aren't proper vehicle to promote minority ownership. While they didn't dissent, Chmn. Fowler and Comr. Dawson said they agreed with Patrick. Comr. Rivera said: "I guess I disagree with you, Mr. Patrick," issued separate statement.

Agreement had been achieved -- with concurrence of other commissioners -- between Fowler and Hill leaders before Dawson left Dec. 7 for Russia. In first round, Dawson dissented because no audience penetration cap was included. Sen. Wilson (R-Cal.) had lobbied commissioners for 22-1/2% cap, while Fowler originally held out for 27-1/2%. Rep. Dingell (D-Mich.), chmn. of House Commerce Committee, was said to be instrumental in forging 25% compromise when he said that's what he would support and that he had 3 firm FCC votes. Hollywood producers and MPAA had led fight in Congress for moratorium against implementation of expansion of TV ownership limits. According to MPAA Pres. Jack Valenti, move was directed primarily against permitting networks to own more TV stations. However, Valenti said he was happy with last week's action.

New TV station ownership rules become effective April 2; original order permitting single owner to own 12 AM and 12 FM stations (also boosted to 14 with minority control) already is in effect. In last week's order, Commission deleted without discussion sunset provision (contained in Aug. decision) that would have repealed all ownership restrictions after 6 years. Also gone by boards is distinction between ownership of UHF's and VHF's when considering total stations owned. Under new rule, all 12 stations can be Vs; under 7-station maximum, no more than 5 could be Vs.

As might be expected, Hill leaders and broadcasters were generally supportive of new rules. Wilson, member of Commerce Committee: "I believe the Commission reacted well to the needs of the marketplace. The ruling should bring more competition to the industry and thereby produce greater diversity and choice for viewers and consumers of products alike." Said Sen. Packwood (R-Ore.), outgoing chmn. of Senate Commerce Committee: "Today's order will result in a more competitive environment and increase options for the viewing public, while at the same time it addresses concerns voiced in the Congress." Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee: "Today's action... will help ensure that Americans will be able to enjoy an increasing multiplicity of programming sources... I am extremely gratified that the Commission has adopted a rule which mirrors the 3 key provisions" of legislation introduced by House members -- penetration cap, minority preference, no sunshine. Rep. Leland (D-Tex.) expressed pleasure with minority preference: "This approach should help remedy the abysmally low level of minority ownership of full broadcast properties."

NAB said that "entirely too much attention has been paid to the reactions of Hollywood" to relaxation of ownership restrictions and that "quantum growth in the number of radio, television and other electronic media more than justifies the reason for this action." Group W TV Pres. William Baker: "The new rule... should be a positive step toward a more equitable communications' marketplace. The FCC has done a significant service to the broadcasting industry." Metromedia, which had proposed penetration break for VHF independents as well as UHF stations, said it's happy with decision and will be able to acquire up to 12 stations since it already owns 3 UHF's in major markets.

Several group owners have said publicly that they're actively seeking more TV stations -- problem is, there are many more buyers than sellers. Thomas Murphy, chmn. of Capital Cities, who said he's been talking to several other groups, predicted major early growth will be through

mergers of smaller groups with larger. He also sees independents in major markets as very attractive. Broker James Blackburn answered "sure" when we asked if he's actively seeking stations for major groups. He predicted some groups will "approach" limit of 24 radio stations within 12 months -- primarily through group purchasers and mergers -- and said he wouldn't be surprised at sale of some large TV groups. "There are some TVs out there looking for buyers," he said.

While it didn't mention FCC action, Gulf Best. said Dec. 21 that it has retained Goldman, Sachs & Co. "to explore opportunities to maximize values for shareholders" through sale of company as whole or through spin-off of specific assets coupled with liquidation. Gulf, which owns 4 TVs, 7 radios, substantial real estate, and is buying 2 more TVs (Houston and Dallas UHF independents), said it told Goldman, Sachs "to proceed as quickly as possible." Company said that after issuance of 3rd-quarter report, there had been "considerable interest by potential purchasers of the company's broadcast properties."

We were asked by couple of group executives if they could file applications now to go above old 7 maximum, or if they had to wait till 12-25% becomes effective April 2, so we asked FCC. David Donovan of FCC Mass Media Bureau said that hadn't been decided yet, primarily because of April 2 moratorium imposed by Congress.

(Note: Pickets who had been outside FCC hq building and in 8th floor hallway protesting telephone access charges [which FCC acted on before taking up ownership rules] were allowed in meeting after room was cleared of phone people and just as FCC started discussing TV ownership limits. As it came time to vote, pickets [including one with bullhorn who was escorted out] started shouting "no access," to which Fowler responded, "if that's what you want, that's what you'll get." Commissioners seemed to enjoy disruption and signs attacking agency and Fowler.

NAB ULTIMATUM TO LAS VEGAS: "Move the fight or never see us again." That's ultimatum NAB Pres. Edward Fritts has issued to Las Vegas Convention & Visitors' Bureau. Fight he's concerned about: April 15 (Mon. night of NAB convention) middleweight championship bout between Marvin Hagler and Thomas Hearns in Caesar's Palace outdoor arena. Reason for his concern: Cancellation of hundreds of hotel rooms, which had been reserved for NAB delegates, to house high rollers who will be flown in for fight by hotels.

NAB reportedly is negotiating with Chicago's McCormick Place to host 1985 convention, now scheduled for April 13-17 in Las Vegas. However, that's considered near impossibility at this late date because of number of people NAB attracts -- 35,000 last spring. Said Fritts: "We lived through that strike [earlier this year] and a threat of a strike in 1983... We'll tolerate making our own beds but we will not tolerate no rooms." He said NAB requires about 90% of Las Vegas hotel rooms, that Caesar's already has pulled 700 rooms from NAB allotment because of fight and that several other large strip hotels also are reneging on commitments to NAB.

Official of Las Vegas Convention Bureau said that "the fight is still scheduled" and that Bureau officials knew nothing about it until contracts were announced 2 weeks ago. "We can't control that, unfortunately... We can't tell the hotels how to run their business." Fritts told us at week's end that Las Vegas officials are trying to change date of fight and vowed that if it isn't changed Assn. will cancel scheduled Las Vegas conventions in 1988 and 1989. NAB, after 3 straight years in Las Vegas, is going to Dallas in 1986-87. Chicago reportedly is only other city with convention center large enough to host NAB's huge equipment exhibit -- and NAB stopped going there several years ago because of trouble with labor unions. However, before current dispute with Las Vegas erupted, NAB had begun talks with Chicago officials and labor unions looking toward going to McCormick Place after Dallas in 1991 -- last convention that is now scheduled.

On other NAB fronts: (1) Former President Ford will address dinner session Jan. 16 during NAB board meetings in Palm Springs. Also expected to speak are Reps. Tauke (R-Ia.) and

Tauzin (D-La.) and Sen. Hawkins (R-Fla.) (2) Henry Roeder was promoted to dir. of NAB conventions and meetings, succeeding Harold Niven (who held title of vp), now exec. dir. of Best. Education Assn.

(3) In staff reorganization, Best. Management and Minority & Special Services Depts. were shifted out of Station Services Dept. Vp Dwight Ellis, head of Minority & Special Services, will report directly to Fritts. Ronald Irion, who headed Best. Management, was named vp-radio administration and moved to Radio Dept. Labor functions formerly handled by Irion have been shifted to Legal Dept. and financial issues will be under Research. Station Services, under Senior Vp James Hulbert, will continue to handle marketing services.

CABLE LAW IMPLEMENTATION NEARS: With only 5 business days left before cable deregulation law goes into effect, much discussion in industry involves provision for 5% automatic rate hikes. But operators we talked with said they're most concerned about informing subscribers of their rights under law to nondisclosure of personally identifiable business records. Cable attorneys also said question they've been asked most often was how to comply with requirement that such records be kept private.

Law requires that after Dec. 29 operators notify all new subscribers of their privacy rights at time they sign up. All existing subscribers must be notified no later than 180 days after Dec. 29. After that, all subscribers must receive notice at least annually.

Law includes generalized boilerplate disclosure notice forms operators can modify to fit individual needs. Such forms were sent out last week by NCTA and CATA, and they're essentially alike, although NCTA's goes into more detail about law. CATA's suggested form states: "This cable system may disclose your name and address for mailing lists and other purposes not related to the offering and rendering of cable service to you. However, it will not do so if you sign and return this form."

"This is not a joke," CATA warns in mailing to members outlining complexities and requirements of privacy section of law: "You must tell all your employees that even mentioning [to outsiders] who takes what service is a potential violation of the law." Outlawed is one of cable's favorite door-to-door marketing tools: "You should take HBO because your neighbor does."

Personally identifiable subscriber information includes billing records, maintenance and repair records, premium subscription records, marketing data and subscriber complaints. Operators are allowed to collect and keep such information only to extent necessary to carry on business and detect theft of service, may disclose such data to others only with subscriber's consent.

Subscribers are entitled to review any personal information on file with cable company, demand correction of any inaccuracies. It's generally thought that operator may require 10-day notice before providing subscriber with opportunity to review file.

CABLE AD CAMPAIGN SET: Seven-week flight of ads touting cable as "not just more choice, it's your choice," will begin airing on ABC, CBS, NBC TV Feb. 18, according to timetable for \$6-million campaign announced by Council for Cable Information (CCI). Spots developed by McCann-Erickson are 30- and 60-sec., targeted at young professionals, traditional families and retirees.

Go-ahead for generic national ad campaign (no specific cable companies or programming services are mentioned) was made by CCI board after analyzing viewer-response studies in 3 test markets where ads aired for 8 weeks ending Nov. 4. Viewers surveyed after ads ran in Montgomery, Ala., Raleigh, N.C. and Eugene, Ore., said their opinions about cable had improved. Among nonsubscribers viewing test ads, those saying they were likely to sign up increased by 8%, CCI said.

CCI Chmn. Daniel Ritchie, Group W chmn.-pres., encouraged operators to use CCI material for newspaper and radio tie-ins. He also announced that CCI has attracted 2 new members, Atlanta's Prime Cable and Jones Intercable. CCI, formed in 1983, has as members 16 of 29 largest MSOs, who pay dues proportionate to revenues.

CCI will turn to radio next summer with campaign focused on drive time. Additional TV buys are anticipated in fall, officials said, depending on budget. An unexpected benefit of campaign, officials said, is dramatic improvement in morale of cable employees who see ads.

Alaska's largest cable system, Multivisions, has been sold for about \$33 million to Pacific Telecom (PT), nation's 6th largest independent telephone company. Multivisions serves about 30,000 subscribers in Anchorage area, was owned by limited partnership that included Daniels & Assoc. and individual partners Robert Gould and Robert Uchitel. Alaska Public Utilities Commission, which reviewed and approved sale, required PT to divest Multivisions-owned cable system on Kenai Peninsula because PT provides long distance and local exchange telephone service in remote area. Daniels was retained for 5 years to manage Anchorage system.

Cleveland has issued RFP for cable system, set March 15 deadline.

DOCKET 80-90 ACTION: FCC Dec. 20 allocated new FM channels to 689 communities (mostly small, rural) as first step toward implementing Doc. 80-90 to increase availability of commercial FM assignments. Another 90 proposed new allocations were denied. FCC will issue 2nd order on 80-90 early next year addressing special treatment (if any) to be given daytime AM stations in applying for new FM channels and setting filing guidelines.

New FM allocations, first proposed by Commission in 684 communities last March (TVD March 5 p7), are result of counterproposals in 450 cities and more than 2,500 comments. Petitions for reconsideration will be accepted until 30 days after publication of final order in Federal Register.

Commission put off vote on petition by Rhodes Productions for waiver of prime-time access rule for syndicated version of Second City TV (SCTV). Program aired 4 years as first-run syndicated show, was picked up by NBC for 33 weeks as late-night show, then went back into syndication for 18 months. Rhodes wants waiver so program can air in access time on network affiliates in top 50 markets. Vote was put off at request of Comr. Patrick, even though there was long discussion of issue, with Chmn. Fowler arguing for approval.

However, other commissioners expressed concern that they would be setting precedent ("I'm utterly astounded that we don't see the floodgates opening" for similar waiver requests, said Comr. Dawson). Fowler said unique factors are involved in Rhodes request that "we'll never see again." Gen. Counsel Jack Smith said "there's not too much to say about it" when asked by Patrick to discuss propriety of granting waiver. It appeared from discussions that if vote had been taken last week there would have been at least 3 against petition.

Reversing decision by its Review Board, FCC renewed license of United Bestg. for WDJY(FM) Washington (formerly WOOK) and dismissed applications of District Bestg. (favored by Review Board) and Hispanic Bestg. Board (and administrative law judge in earlier decision) had disqualified United (owned by estate of Richard Eaton) because of its past operation of WOOK(AM), also gave "substantial demerit... for disqualifying misconduct" at 2 other United stations (WOOK-AM and WFAB-AM Miami).

In renewing WDJY license (pending since 1969) on 3-1-1 vote (Rivera dissenting, Fowler not participating), FCC majority said Review Board hadn't given sufficient weight "to various factors mitigating the impact of the misconduct of WOOK" and WFAB. Earlier, Commission had denied renewals for WOOK(AM) and WFAB.

ABC lost its affiliation in 2-station El Centro, Cal.-Yuma, Ariz. market when KECY-TV shifted to CBS; KYEL-TV Yuma is affiliated with NBC. ABC picked up KLDO-TV Laredo, Tex., which went on air Dec. 17 (see separate story).

WNYC-TV TO LEASE AIR TIME: N.Y. Board of Estimate Dec. 20 approved commercial leasing of air time by public WNYC-TV, owned by city. Revenues from leases with foreign language broadcasters will total nearly \$1 million, with paid programming beginning in late Jan. Second group of leases will be sought beginning in Feb. Station officials said revenues will support station's noncommercial prime-time schedule.

Station has commercial license but operates as public TV station and has been PBS member. Station pledged that prime time would remain noncommercial.

Contracts approved are with U.S. Nippon TV Network at \$3,000 an hour 5-8 p.m. Sun. for total of \$468,000; Fuji of Cal., Japanese, 7-9 a.m. Mon.-Fri. at \$750 an hour for \$390,000; Hellenic Communications, Greek, 1-2 p.m. Sun. at \$1,500 an hour, \$78,000 total. WNYC-TV said it's negotiating with producers of Hebrew, Indian and Japanese programs.

At least 3 proposals are being floated for packaging cable programs for sale to backyard dish owners. HBO and Showtime/Movie Channel each has own plan, as does newcomer Cannan Communications, headed by former Warner Amex Cable Chief Financial Officer Holmes Harden. TCI and Oak also are making rounds, trying to gauge interest. HBO and S/MC would include mix of basic and pay services, according to ESPN Mktg. Exec. Vp Roger Werner, who expects whole effort to come together in next 1-2 months. Retail price would run \$20-\$25 a month. Launch of backyard dish service has been stalled by some basic services that "want a bigger piece of the action," said Disney Channel Business Development Dir. Tom Coughlin.

CNN has replaced N.Y. bureau chief because, we're told, he had gone over budget for year. Patrick Marz will leave N.Y. Jan. 2 for special assignment coordinating foreign news feeds of CNN coverage of Reagan's inauguration. He will be succeeded by Philip Brady, chief of L.A. bureau. Sources told us CNN managers have been ordered to comply strictly with budget authorization. CNN spokesman Arthur Sando said bureau chiefs often are relocated or given new assignments, wouldn't comment on N.Y. bureau budget.

Three TV stations have gone on air in Dec., raising U.S. operating total to 1,179 -- 880 commercial, 299 noncommercial. New starts: (1) WUSV (Ch. 45) Albany, Frederick Malbone gen. mgr. (2) KASK-TV (Ch. 48) Las Cruces, N.M., Doug Matthews gen. mgr. (3) KLDO-TV (Ch. 27) Laredo, Tex., Jerry Morris gen. mgr.

After protests from media groups, including RTNDA, House Ethics Committee Dec. 19 dropped subpoena of Washington Times reporter who had obtained copy of panel's report on investigation into finances of Rep. Ferraro (D-N.Y.), Democratic candidate for Vice President.

HBO SEEN LOSING SHARE: Showtime/Movie Channel will increase its share of pay-TV market over next 2 years at expense of HBO and Cinemax, according to analysis by Prudential Bache Securities (PB).

S/MC market share will climb from 31% this year to 32.8% in 1985, 35.1% in 1986, report by PB analyst Barbara Russell estimates. Other conclusions: At same time, HBO-Cinemax will slip from 1984's 60.3% to 57.7% in 1985, 55% in 1986, while other pay services rise from 8.7% to 9.9%. HBO-Cinemax began decline in 1982-83, with falloff from 64.9% of market to 61.8%. S/MC also dropped in same period, PB figures show, but acquisition of Spotlight subscribers in Feb. is considered start of steady rise. Share estimates are based on pay units.

Russell reports 1984 will be last year of double-digit revenue growth at HBO's services, with sales up 13.8% to \$738 million. In 1985, revenues will climb 6.5% to \$786 million, should increase 6.2% to \$834 million in 1986. Projections for S/MC: Up 16.3% in 1984 to \$343 million, 19.8% in 1985 to \$411 million, 18.5% in 1986 to \$487 million. Following are PB's market-share estimates:

Pay-TV Market Shares
(Source: Prudential-Bache Securities)

| | 1984 | 1985 | 1986 |
|-----------------|-------|-------|-------|
| HBO..... | 49.5% | 47.1% | 45.1% |
| Cinemax..... | 10.8% | 10.6% | 10.0% |
| Showtime.... | 21.7% | 22.9% | 24.6% |
| Movie Channel.. | 9.3% | 9.8% | 10.5% |

In separate study, investment banking firm Veronis, Suhler & Assoc. reports 1983 pretax operating margins for cable operators and pay-TV services held steady at 18.2%. In 5 years from 1979, margins have slid 25%, but most of decline came in 1979-80, when they dropped from 24.1% to 19.4%.

VSA's report is based on analysis of 5 years' income statements and balance sheets from 30 cable programmers and system operators. It's part of broader Communications Industry Report that examines 10 different segments of industry.

VSA figures illustrate slowdown in growth during 1983. Revenues were up 31% in 1983, lowest growth since 1979 and off from 50.6% increase in 1982. Growth in pretax operating income also was off in 1983, rising by only 31.1% vs. 51.4% increase for 1982, which was 5-year record. Revenues for all cable companies surveyed totaled \$3.4 billion in 1983, operating income was \$626.5 million. In 5 years, operating income has climbed 235%, VSA reports.

Companies with best operating margins in 1983 were United Cable (37.6%), TCA Cable (36.5%) and Rogers Cablesystems (34.5%). Best return on assets from operating income was produced by TCA (27.3%),

Turner Bestg. (20.4%) and Time (18.7%). Sample's average return on assets was 9.8%.

Despite industry's slowing growth, VSA report shows cable fares well in comparison with other sectors of communications industry, all of which matured long ago. Cable's revenue growth in 1983 was more than double that of advertising, next highest achiever. When compared with other segments (including TV and radio, entertainment programming and distribution, and recorded music), "the cable and pay TV segment performed superlatively, not only in growth but also in 1983 performance," VSA said.

But cable ranks near bottom in return on assets and on margins in 1979-83 period. Problems with ROA are attributed to "cable's high asset base -- the highest proportionate to revenues in the industry," while VSA said margin decline is result of rapid expansion and resulting "increase in cost basis."

Pay-per-view firm Computer Addressable TV Systems (CATS) appears to be dying after only 3 weeks in business. Joint venture of Domesticom and Microdyne offered one movie per night, but only operator we know carrying service is Vision Cable TV, Ft. Lee, N.J. Gen. Mgr. Edward Rose told us his system had been taking service but stopped because of "technical problems." He said he had heard CATS was "somewhat in limbo." CATS has licensed little if any programming for Jan., according to studios.

HBO's \$9 million bid for Hagler-Hearns heavyweight fight in April has been turned down by Top Rank, which opted for closed-circuit and limited pay-per-view broadcasts. Record bid was rejected because HBO couldn't guarantee scrambling by fight date, said Top Rank Pres. Robert Arum. Scrambling would allow promoters to do ancillary closed-circuit business, bring in nearly same revenues as closed-circuit and pay-per-view effort will, Arum said.

Obituaries

Charles Oppenheim III, 69, CBS information services dir. in 1950s, died in N.Y. Dec. 14 of lung cancer. He left broadcasting in 1960 to become fulltime volunteer at Howard Rusk Institute, where he established program using plants to promote health and healing. Survivors include wife, 2 daughters.

William H. Hunter, 76, retired chief of old Compliance Branch in FCC Best. Bureau, died recently of heart ailment in his Clearwater, Fla. home. Hunter joined Commission after World War II, retiring in 1968. He was naval communications officer during war, worked for Agriculture Dept. and Interstate Commerce Commission before joining Navy. Wife, 2 daughters, survive.

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Personals

Joseph Dougherty, Capital Cities Communications, named chmn. of TV Operators' Caucus, succeeding David Henderson, Outlet Bestg., who remains on board... William Banowsky, pres. of Okla. U., resigns Feb. 1 to become pres. of Gaylord Bestg., new post... John Damiano promoted to NBC affiliate relations vp; Timothy Quealy advanced to entertainment productions vp, NBC Entertainment, new post.

Alan Horlick, WRC-TV Washington sales dir., named WMAQ-TV Chicago station mgr., succeeding Fred DeMarco, now WRC-TV vp-gen. mgr... Richard Rambaldo advanced to gen. mgr., WUHF Rochester, N.Y... Henry Price, ex-WJLA-TV Washington, appointed WDVM-TV Washington dir.-programming & mktg.; Sandra Butler advanced to broadcast operations mgr... Sharon Rickel promoted to southwest regional mgr., Arbitron TV Advertiser/Agency Sales... Rita Ellix advanced to dir.-Canadian affiliate sales & mktg., Arts & Entertainment Network... John Herrin, ex-National Telefilm & Assoc., appointed southern sales division vp, ITC Entertainment.

On panel for IRTS Jan. 16 luncheon on impact of cable bill, Waldorf-Astoria, N.Y.: James Mooney, NCTA pres.; Peter Ueberroth, baseball commissioner; Jack Valenti, MPAA pres... Joseph Sullivan promoted to management information services dir., General Cable... FCC Comr. Henry Rivera addresses N.M. Bestrs. Assn. Dec. 28, Albuquerque.

Ilene Kahn, ex-HBO, named program development vp, D.L. Taffner... Michael Newson, ex-Telepictures, named southern division sales mgr., Tribune Entertainment; Jack Donahue, ex-Colbert TV Sales, appointed western division sales mgr... Sharon Wolf, ex-KYW-TV Philadelphia, named vp, research dir., Independent TV Sales... Michael Morris advanced to regulatory affairs dir., Cal. Cable TV Assn.

Promoted at Siecor: Charles Wakeman to pres.-COO; Joseph Hicks to senior vp-sales and mktg.; Robert Moser to senior vp-electrical operations; David Day to vp-optical operations; Salim Bhatia to sales and mktg. vp, telecommunications; William Millholland to vp-computer and communications sales and mktg.; Bart Bielawski to senior vp-corporate development; Peggy Travis, senior vp-personnel; Frank Boldon to senior vp-finance and secy.; Roy Moffitt to vp-gen. counsel; John Moore to vp-gen. mgr.-control products; Robert Patrick to employee relations vp.

Michael Haberkorn advanced to corporate development mgr.-financial planning, United Cable TV; JoAnna Daum, ex-Western Union, named western division mktg. mgr... Sharon Goldenberg advanced to Valley Cable TV programming dir.

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Randolph Reiss appointed pres., Domestic TV & Video Programming Div., Paramount TV Group; Mel Harris named pres., Network TV Production & Video Distribution Div... Laura Crouch, ex-Gilbert Robinson, named KEKR-TV Kansas City business mgr... Anthony Vaughn promoted to filmed entertainment labor relations vp, Columbia Pictures Industries... David Shepard, ex-Paramount Petroleum, named finance vp-chief financial officer, MBS.

Henry Schafer promoted to primary & social research vp, ABC Mktg. & Research Services; Alan Wurtzel advanced to broadcast standards & practices vp... Richard Albarino promoted to comedy development vp, Showtime/Movie Channel... Sidney Knafel, ex-SRK Management, and Michael Willner, ex-Newhouse Bestg., form Insight Communications, 805 3rd Ave., N.Y. 10022, 212-371-0903, to buy cable properties... Nikki Rocco advanced to Universal Pictures distribution vp... Phillip Williams promoted to Times Mirror exec. vp.

Thomas Moorman becomes associate in Washington law firm Irwin & Lesse... Charles Tievsky becomes associate in Washington law firm Schwartz, Woods & Miller... Robert James, McCann-Erickson Worldwide pres.-COO, will succeed Willard Mackey as CEO March 1, as chmn. July 1 when Mackey retires.

Consumer Electronics®

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of Dec. and year to date:

| | DEC. 1-7 | 1983 WEEK | % CHANGE | NOV. 24-30 | 49 WEEKS 1984 | 49 WEEKS 1983 | % CHANGE |
|------------------|-------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL TV..... | 490,616 | 447,620 | + 9.6 | 554,903 | 19,844,318# | 18,604,088 | + 6.7 |
| TOTAL COLOR... | 388,931* | 319,019 | +21.9 | 402,983* | 15,214,854# | 13,230,235 | +15.0 |
| DIRECT-VIEW. | 383,297* | 315,199 | +21.6 | 396,776* | 15,036,124# | 13,097,313 | +14.8 |
| PROJECTION.. | 5,634* | 3,820 | +47.5 | 6,207** | 178,730# | 132,922 | +34.5 |
| MONOCHROME.... | 101,685 | 128,601 | -10.9 | 151,920 | 4,629,464 | 5,373,853 | -13.9 |
| TV EXCL. PROJEC. | 484,982 | 443,800 | + 9.3 | 548,696 | 19,665,588 | 18,471,166 | + 6.5 |
| HOME VCR..... | 240,805* | 119,868 | +100.9 | 248,969* | 6,812,192# | 3,738,369 | +82.2 |
| COLOR CAMERAS... | 11,427 | 14,746* | -22.5 | 11,899 | 436,458# | 372,265 | +17.2 |

Color TV (direct-view) 5-week moving average: 1984--377,745*; 1983--328,645 (up 14.9%).

Home VCR 5-week moving average: 1984--211,457**; 1983--115,865 (up 82.5%).

* Record for period. ** Highest figure on record. # Exceeds full-year record.

SUPER-VCR, 1-HOUR VHS-C IN '85: Lavish Sony display at Jan. CES in Las Vegas may feature preview look at super-Beta format, and there are strong indications that sharply improved Beta system could be introduced in 1985, with super-VHS and even super-8mm not far behind.

In Japan, Toshiba announced breakthrough toward super-VCR -- start of sampling of compatible perpendicular recording tape coating with twice the recording density of standard tape, capable of providing 55-56dB signal-to-noise ratio on super-VHS with high-band color, or recording with no degradation on standard VCR.

Also in Japan, JVC Video Products Managing Dir. Shizuo Takano told us JVC will offer new Video Movie camcorder in 2nd half of 1985, using same VHS-C cassette but with recording time tripled to full hour, but won't have full-sized VHS cassette camcorder. He said JVC had succeeded in improving electronics to point where picture derived from slowest speed was equal to that currently available at fastest speed. He called this "normal progress," said it shouldn't be confused with super-VCR. Although JVC isn't talking about it, presumably same progress could extend playing time of standard T-120 cassette to 18 hours with same quality as current 6-hour mode.

Sony's exhibit should be most elaborate at CES -- it will include dazzling theatrical show patterned on presentation that was hit of NAB convention last spring (TVD May 2 p2). Sony will occupy former Panasonic space, most prominent in main exhibit hall, while Panasonic takes over entire Convention Hall Rotunda, consolidating its traditional 3 exhibits, adding meeting rooms, etc. Sony show, marking 25th anniversary of U.S. operation, will be themed to "Sony Past, Present and Future," include 1,025-line HDTV projection presentation, combine video and live showmanship.

Sony devoted large portion of press preview breakfast last week to launching of its first major monitor-receiver series, which it called "the best TV we ever produced," featuring new version of Trinitron tube (details elsewhere in this issue).

Super-Beta "can approach [3/4-in.] U-matic VCR in quality," said Sony Consumer Products Pres. Neil Vander Dussen in answer to question. "The technology is available today," he said. Will super-Beta be compatible with existing system? "The tradeoff of compatibility and new technology is a tough decision -- that's all I can say at this time." Sony officials declined to say whether super-Beta will be shown at CES but did promise "new development in Beta." From other sources, we learn that super-Beta introduction is likely in 1985.

As for 8mm, Vander Dussen said each Sony company will decide when time is right to introduce format in own country. "We will not introduce it at CES," he said. Sony will have it in U.S. but hasn't set date, he added. "We're completely convinced it's an outstanding technology, and will develop and grow. We're impressed with the picture performance and what can be done with it. The use of the 8mm mechanism in combination with other products is what will make it develop."

Sony doesn't expect to introduce consumer videodisc player here in 1985 -- "we've made no decision as to timing," he said, expressing opinion that new interactive uses eventually will make it very desirable product in U.S. Sony will introduce digital TV sets in U.S. later in 1985, he said, and will take active role in high-end audio-video systems. New 2nd-generation CD player line will start at around \$275.

Vander Dussen forecast 1985 would be year of "moderate growth" in economy, with color sales going from 15.8 million sets in 1984 to 16.5 million next year, VCR units from 7.2-7.5 million to 8.5 million, hi-fi stereo revenues from \$2 billion to \$2.5 billion, general audio from \$1.8 billion to \$2 billion, total consumer electronics from \$14.5 billion to \$15-\$16 billion. He said Nov.-Dec. sales had been somewhat slower than expected, but inventories are in line -- "we're not concerned, we don't have to unload anything." (Report on Sony and Sony America fiscal 1984 results are elsewhere in this issue.)

Asked about coming competition from Korean and Taiwanese VCRs, Vander Dussen said he was "concerned" about impact on low-end models, but "it won't hurt the high end where we're strongest -- and we'll continue to push Beta Hi-Fi and Betamovie." Meanwhile, JVC Pres. Ichiro Shinji told us in Japan that Japanese would push for high "cost-performance" ratio when Koreans get in market, although he didn't deny there could be price war. JVC's Takano said Koreans were 10 years behind Japanese in basic technology and will have to import many basic VCR components from Japan. Japanese unquestionably are pushing super-VCR technology as something they think they can do and Koreans can't.

Toshiba's new barium ferrite tape coating, described in these pages 2 years ago (TVD Dec 6/82 p14), will be produced in pilot plant at rate increasing to 10 tons a month in 1985 -- which Toshiba says is enough to make one million 8mm cassettes -- with additional new facilities to be built in 1986. Toshiba's breakthroughs are produceability of perpendicular tape coating and fact that same tape can be used with standard horizontal recording heads and new generation of super-VCRs (although this doesn't mean that recordings made by one type of machine can be played back on other). Toshiba said floppy discs made with new coating have 4 times recording density of conventional ones. Toshiba's tape particles can be magnetized at right angles to tape's surface.

* * * * *

More audio companies will be getting into video act at CES. Sansui last week showed its first video monitor (built to its specs by Sharp) in 2 component audio-video systems, and Denon (Nippon Columbia) announced its first video product -- audio-video control center and signal processor. Details are elsewhere in this issue.

ITA SLASHES KOREAN DUMPING MARGINS: Third time was charm for Korean color TV exporters who learned last week that re-review of their home market vs. U.S. selling prices by Commerce's International Trade Admin. resulted in such a steep cut in dumping margins from those proposed last Sept. that cash bonding requirements for 2 of them, Gold Star and Samsung, now are lower than those established in original finding last April.

New final average margins, covering shipments retroactive to Oct. 19, 1983, are 7.47% for Gold Star, 12.23% for Samsung, 14.88% for Daewoo, 14.88% for imports from all other producers except Anam and Korea Electronics, which were excluded from original dumping determination.

Koreans had asked for expedited review of margins ITA finalized last April, which put Gold Star at 14.77%, Samsung at 15.95%, Daewoo and others at 13.9%, obviously assuming they could show margins were excessive, and went into virtual state of shock when agency released preliminary determination in Sept. ITA boosted Gold Star's margin to 20.08%, Samsung to 52.5%, Daewoo and others to 25.09%. ITA said at that time one major reason for increases was Koreans' failure to supply properly verifiable information to support claims of high home market selling costs. Such claims, if accepted, would reduce gap between high prices charged for color sets sold in Korea and lower prices offered here.

Case sparked international uproar that involved diplomatic, administrative and legislative leaders of both countries. At Samsung's request, strongly backed by Korean govt., ITA agreed to 45-day postponement of deadline for implementation of high proposed margins, again sent verification teams to U.S. and Korean offices of involved manufacturers to check records.

Exactly what new information ITA uncovered in those 45 days to justify 41-77% drop in margin requirements isn't specified in 63-page report on final determination issued last week, though it does discuss variety of allowance claims it accepted or rejected. Daewoo, for example, lost out when ITA declined to consider high promotion costs it incurred trying to establish brand in Korea after its 1983 purchase of Taihan's color TV business. Agency also refused to consider unique selling arrangement between Samsung and at least one U.S. customer. To ensure it wasn't buying sets priced at less than fair value, customer -- presumably private label buyer -- agreed to increase payment to Samsung on sets ITA found were being dumped.

We called U.S. offices of all 3 involved Korean set makers, but none would comment on new determination. Korean govt., through its Economic Planning Board's International Economic Policy Council, said it felt problem had been solved reasonably, expressed view manufacturers will be able to maintain market position in U.S. by improving quality and reducing production costs.

U.S. set makers that helped press dumping case indicated acceptance of findings but said new low margins meant there would be little in way of relief from current intense price competition. Terming his involvement "a wearying experience," GE Consumer Electronics Business Operations Vp-Gen. Mgr. Jacques Robinson said of new margins: "They've gone through the process and that's their answer and I think we have to accept it." As for market effect, "anything is better than nothing," he told us, but added as qualifier: "The only conclusion I can make is that the earlier numbers that were higher didn't do much to arrest the flow [of low-priced color sets from Korea], and I don't see this doing much to change the market environment."

While hailing finding as "real progress" in handling of antidumping cases, and lauding ITA's sticking to schedule as "positive step in enforcing federal antidumping laws," Zenith said it was "concerned that the margins found of 7-15% will have little effect on Korean TV makers who are importing sets in kit form to circumvent dumping duties." Company spokesman said reference was to incoming shipments of undervalued kits, with or without picture tubes, being assembled here into complete color sets in Korean and Japanese factories.

Zenith said: "We hope that the Commerce Dept. and the Congress will investigate this practice of using the sham of color TV kits to sidestep U.S. trade laws and the payment of dumping penalties." Probability is that Zenith will soon make formal complaint to trade and legislative officials, which of course means dumping case may be far from over.

International Trade Commission, meanwhile, gave signal for start of formal investigation into Motorola's complaint that Japanese mobile cellular phone manufacturers are selling here at less than fair value, with 4-1 vote last week that there's reasonable indication such dumping would injure domestic industry. Finding is go-ahead for ITA to probe pricing charges. ITA will send team to Japan in effort to determine whether pricing on equipment offered here is less than that of similar gear sold in Japan, or less than adjusted cost of production.

'PERIPHERALS' FUELING STEADY COLOR BOOM: What many have suspected, but few have measured, about surprising boom in already saturated color TV has now been given statistical validity in exhaustive market research by RCA. Plain fact is that "peripherals" -- VCRs, cable TV, home computers and video games -- have become the major factor in color TV purchases.

RCA studies indicate that color sales should continue to climb for at least next 4 years, although at gradual rates, perhaps totaling 20.8 million units in 1988. Consumer Electronics Mktg. Vp Stephen Stepnes touched on this research when he said at recent ITA seminar that 40% of recent color buyers said they bought set as result of recent purchase of a video accessory.

Thus peripheral purchasers, who virtually didn't exist a few years ago, now constitute leading group of color TV buyers -- previously divided only into first-time, replacement and 2nd-set buyers. Research conducted both by and for company indicates that large percentage of consumers buy new color set within one year of addition of video peripheral, that they tend to upgrade from previous color sets when buying. RCA has added new categories to traditional first-time, replacement and additional set buyers by redefining last 2 categories into "scrappers" (those who discard old sets), "movers" (who move old set into another room) and "adders." While half of scrappers replace sets after average 13.6 years of use, half of movers replace main sets after only 5-6 years.

Forecasting model set up in Sept. 1984 is revealing. For 1984, for example, it indicates highest estimate of sales would be 16.8 million. Using traditional categories, 1.9 million of these would be first sets, 3.4 million replacements, 2.6 million additional sets -- and 7.2 million purchased by buyers of peripherals (numbers don't add because total includes institutional sets, pure monitors and dealer exports). Thus, without existence of video peripherals, color market this year would have been maximum of 9.6 million sets.

Based on RCA model, here are forecasts through 1988, with percentage of sales attributable to peripherals (percentage is of maximum figure):

| Year | Color TV Sales in Units | | | Peripheral Buyers as % of Maximum |
|-----------|-------------------------|------------|------------|--------------------------------------|
| | Minimum | Median | Maximum | |
| 1984..... | 15,200,000 | 16,300,000 | 16,800,000 | 42.9 |
| 1985..... | 15,700,000 | 17,700,000 | 18,200,000 | 44.0 |
| 1986..... | 16,600,000 | 18,800,000 | 19,600,000 | 42.3 |
| 1987..... | 17,200,000 | 19,800,000 | 20,400,000 | 40.2 |
| 1988..... | 18,100,000 | 20,800,000 | 21,500,000 | 36.3 |

VCR IMPORTS TOPPED MILLION IN OCT.: Importers set new all-time monthly record for VCR shipments in Oct., topping million mark for first time. Imports of TVs eased up but still set records for month, Commerce figures show.

VCR imports jumped 67.1% in month to just under 1.02 million, erasing previous high of 971,700 hit last July. That put 10-month total at 7.74 million, up 116%. Also surging in Oct. were shipments of newest home video product, videotape players, up tenfold to 15,800, and

10-month total doubled to 44,800. Videodisc player imports sank 75.1% in month to 2,600, lowest level since Feb. 1983, but for full period they still were up 52.9% to 87,500.

While EIA sales to dealers figures indicate video camera sales are sagging, imports are surging. Total Oct. shipments of 82,600 were up 35.1%, as color gained 29.5% to 71,200, while b&w jumped 84.1% to 11,400. For 10 months, total imports rose 84.3% to 676,500, with color up 92.9% to 578,200, b&w up 46.2% to 98,300. Imports of projection TVs were down steep 75.8% to 2,200 -- all-time high of 9,350 was reached in Oct. 1983 -- though for 10 months shipments were ahead 25.1% to 50,300.

In TV, total shipments were up 8.4% to 1.4 million as color edged up 2.5% to 823,200, b&w rose 18% to 578,100, all setting new Oct. highs. And while increases were relatively small, they were enough to push 10-month overall TV and color TV import totals past full-year records set in 1983. For full period, total TV imports were up 36.6% to just under 13.2 million -- against 1983 record of 12.3 million -- while total rose 37.6% to 7.49 million -- passing 1983's record of 6.97 million. B&w was up 35.3% to 5.68 million.

In color, imports of complete sets gained only 1.4% to 487,400 as rise in shipments from most major source countries was offset by declines in imports from Korea and Singapore. Full-period total of 4.65 million was up 46.3%, and easily topped 1983's 12-month record of 4.2 million. Color chassis and kit shipments rose just 4.2% in month to 335,800, for 10-month total of 2.84 million, leaving classification just month away from 3.17 million full-year record set in 1981.

Tinyvision provided all increase for b&w in month, rising 60.5% to 253,000, while sets 11" & over slipped 2.2% to 324,700. For 10 months, small-screen imports were up 113.8% to 2.14 million, while larger sizes stood at 3.54 million, up 11%. In small screen, TV-only models were up 40.6% to 115,300 for Oct., gained 144.8% for full period to 1.26 million; minicombs rose 82.1% for month to 137,800 and 81% for 10 months to 878,500.

VCRs are now top rental item at Granada TV Rental outlets in U.S., according to Pres. Pierre Delerive, who said company's 22 stores have signed average of 500 VCR contacts weekly over last 10 weeks, against 400 for TVs. Delerive expects to add 10,000 VCR customers in first half 1985. Granada will then have total of 30,000, plus another 30,000 in TV sector. Delerive, who said it's "very difficult" to find good locations, doesn't plan to open new stores next year, instead will concentrate on expanding telemarketing effort that began in N.Y. around Labor Day. That has brought in about 150 customers a week -- about 55% VCR -- may spread to Philadelphia and Washington. Company has \$2 million TV and print ad budget for fiscal year ending June 30. Granada has no plans to carry 8mm hardware, and in fact Delerive believes Kodak's seeming inability to generate momentum for Kodavision is "good news for us" because customers know 1/2" VCR is only choice.

Kodavision camcorder was advertised at \$995 for leader model, \$1,199 for autofocus stepup in N.Y. by Grand Central Camera. List prices are \$1,599 and \$1,899. (Grand Central advertises nonautofocus Betamovie -- no brand specified -- at \$799.) 47th St. Photo devoted full page ad in N.Y. Times to Kodavision, offering autofocus model with playback cradle and carrying case at \$1,657. Suggested list price for this combination is \$2,208. Leader model isn't mentioned in ad.

Tandy and U.K.'s Applied Computer Techniques have agreed in principle to form venture for joint marketing of their respective Radio Shack and Apricot computers in Europe. In Feb., firms will merge Tandy's 49 European computer stores with ATC's 21 Computerworld outlets into new company, TA Computerworld, say they will double number of stores within year. In addition, Tandy will add Apricot computers to line it markets through its 430 Radio Shack general stores in Europe. ATC said it expects venture to have sales of \$112 million next year.

Depression in U.K. VCR market is evidenced in BREMA figures showing 2nd-quarter shipments to retailers down 60.6% to just 268,000. Group attributed falloff to combination of reduced consumer demand and inventory cutback at dealer level. BREMA estimates that at end of first half 6.25 million U.K. consumers had VCRs, representing 30% penetration. In contrast, color TV sales in quarter slipped just 3.2% to 706,000, though value was down much more sharply, as demand rose sharply for small-screen models, dropped off for big-screen.

Matsushita Electronics plans to spend more than \$400 million to boost IC manufacturing capability next year, including construction of plant to produce 256K RAMs. Company, joint Japanese venture of Matsushita and Philips, is looking for 36% rise in semiconductor sales next year to about \$1.2 billion.

EUROPE'S VCR BUILDUP: Europe will get at least one new VCR manufacturer and 4 new VCR factories in pair of new producing countries next year.

Brand new manufacturer will be Vidital, being formed in Rome as joint venture of ITT's Standard Elektrik Lorenz (SEL) with Italy's state-owned consumer electronics investment organization REL. REL has taken control of most of Italy's locally owned leading consumer electronics companies and imposed production plan to put industry on competitive footing.

Vidital is scheduled to start production by end of 1985, turn out 100,000 VHS VCRs in first year. Plans call for significant expansion at unspecified later date. Bulk of output will be sold locally by REL companies and ITT, although ITT may export some. Through SEL, ITT currently markets ITT and Graetz brand VHS VCRs in Europe, has been importing them from Japan's JVC. Companies haven't yet released details on partnership terms or indicated whether Vidital will simply assemble Japanese kits or become integrated producer.

Sony will be responsible for one new plant opening next year. Its 80%-owned Spanish subsidiary is scheduled to start producing Beta VCRs in Feb. at 8,000 monthly, expand to 10,000 in 3rd quarter. While first output of Sony Spain will be for local market, it plans to start exports to other European countries in 1986, by which time Spain is expected to join EEC. Sony's German subsidiary Wega now assembles 3,000 Beta VCRs monthly.

France's Thomson-Brandt expects to begin VHS VCR assembly at plants in Germany and France after it consolidates European color TV manufacturing facilities. T-B, which owns Germany's Dual, Nordmende, Saba and Telefunken as well operations in France, now makes color sets in 4 factories, will convert 2 to VCR output. Production will be in addition to output of video manufacturing venture with JVC and Thorn EMI, J2T Holdings, assembling VCRs in Germany and U.K.

T-B's companies sold estimated 1.6 million VCRs in Europe last year, and local output will be used to replace most of million or so it sourced from Japan. T-B is approaching status of integrated VCR producer, turns out heads and drive mechanisms at plant in France, now supplies parts to J2T.

Continued buildup of VCR capacity by European domestics can only add to Japan's export problems. In addition to loss of at least part of T-B and ITT requirements in 1985 and 1986, Philips is strengthening its integrated capacity, expects to be nearly self-sufficient in VHS production next year. Grundig already makes its own VHS VCRs.

European market demand failed to hit expected 4.5 million in 1984, and there's doubt that 5.5 million target set for 1985 is realistic. Should demand seem to be falling short again, Japanese will face midyear

pressure for cut in already reduced 2.25 million quota on 1985 complete VCR exports to EC, which in turn will increase need to find some way to boost sales in U.S.

NOW THERE ARE 2: Two AM stereo systems, that is: Motorola's C-QUAM and Kahn Labs' Kahn-Hazeltine. Harris Corp., in joint announcement with Motorola last week, said it had taken out license to make and market exciters and monitors for C-QUAM system. When AM stereo was approved in FCC's "marketplace" decision in March 1982, there were 5 competitive systems. Two -- Belar and Magnavox -- effectively have dropped from contention since then.

Kahn Labs Pres. Leonard Kahn said he was consulting attorneys to determine whether to take legal action against "joint action by 2 putative competitors." He called development "strange step by Harris in view of their past harsh attacks on the technical acceptability of the Motorola system."

Harris-Motorola announcement said Harris already had filed for FCC type acceptance of C-QUAM exciter and plans to offer current Harris system users a modification kit to switch to C-QUAM. About 200 stations are broadcasting in C-QUAM, and if all Harris system stations convert, total would nearly double.

Kahn has been pushing for multistandard receivers that can automatically receive all systems -- so far available only from Sony and Sansui -- while numerous brands have announced single-system receivers designed for C-QUAM.

Sony Component Products is sampling universal AM stereo decoding chip to OEMs for \$2.20, companion automatic audio processor for \$3.50, prices to come down sharply in production. At Winter CES in Jan., Sony is expected to add more universal AM stereo receivers to current line -- one Walkman and one portable.

Kahn forecast that Sony's automatic switching ICs will lead to low-cost receivers that "will drive single-system receivers out of a free marketplace, making certain that broadcasters can select the best AM stereo system." He said one "major Motorola system receiver manufacturer expects to abandon that approach this summer and switch to multimode stereo receivers." Nevertheless, Harris's action strengthened undeniable lead enjoyed by C-QUAM, perhaps to point of invincibility.

Single-chip color TV system, being delivered to OEMs by Toshiba, is reported to combine 2,300 elements, combines picture and sound IFs, video, chroma and deflection circuits, eliminating adjustments in those circuits. Toshiba also is offering chip for multichannel sound circuitry in TV receivers.

SONY NET JUMPS: Though performance slipped in final quarter, Sony earnings jumped 139.8% in fiscal 1984 on 13.5% sales rise. In closing period, Sony had earnings gain of 35.4% on 14.3% sales increase (see financial table). Separately, Sony America said its consumer electronics sales were up 32%.

Company said results for year were aided by increased plant utilization, reduced production and interest costs. Overseas markets led gains, with sales of \$3.74 billion, up 16.1%, while sales in Japan rose 7.3% to \$1.41 billion.

Sony's sales of video equipment (VCRs, tape and studio gear) rose 12% to \$2.09 billion. Sony said Betamax unit volume increased, though it didn't specify quantity, put sales value at \$1.04 billion, up 7.6%. In TV, total sales gained 11.2%. Color TV edged up 4.7% to \$1.03 billion, making 1984 the first year color sales trailed those of Betamax VCRs. In other TV areas, b&w sales jumped 140% to \$61 million, projection TV rose 42.7% to \$61.4 million and other TV products, primarily components, were ahead 52.6% to \$65.4 million.

Audio equipment sales rose 10.4% to \$1.11 billion on strong demand for portable products and CD players. Sony said it sold 4 million Walkman portables in 1984, against target of 3 million. Company said it sold 150,000 CD players, more than 33% of volume coming in final quarter after it introduced battery portable model. Sales of other products, including office equipment and computers, were up 28.3% to \$738,000.

Sony said it expected sales increase of more than 10% in fiscal 1985. As for net, it said it anticipates at least equalling that of 1984 but added that world economic outlook is uncertain because of signs of slowdown in U.S. economy, growing problems with foreign debt of less developed countries and increased trade friction.

Sony Consumer Products (U.S.) Pres. Neil Vander Dussen said fiscal year sales (through Oct. 31) were up 75% in VCRs, 20% in color TV, 55% in Walkman products, 240% in CD players, 32% overall.

National Semiconductor blamed steep decline in incoming IC orders for 35% drop in net for 2nd quarter to Dec. 9. Company said shrinking market has intensified price competition, and "it will be difficult to maintain the company's financial performance in the near term." Even so, NS said, it boosted R&D outlays in quarter 33% to \$52.3 million, and raised spending on new equipment 170% to \$120 million.

Koss started Chapter 11 bankruptcy proceedings to get protection from creditors, said it has about \$15 million in short term debt. Company, which posted losses of \$5.9 million for year to June 30 and \$1.43 million in opening 1985 fiscal quarter, said it would be taking \$1.4 million writeoff in 2nd quarter to cover cost of closing European manufacturing

operation. Koss, which markets audio equipment, headphones and accessories, said it's continuing to face stiff competition from Japanese manufacturers.

SONY 'TRINITRON XBR': Sony's Trinitron XBR series of monitor receivers has new 25" and 20" "Microblack" picture tubes, the 20" said to be "flattest in the industry," with higher resolution (.73 pitch for 25"), low light transmission (47%) for high contrast. Sets have 181 channels, built-in MTS, every conceivable feature including on-screen display of every remote command, even variable color temperature ("Trinitone"), with remote-controlled choice of normal 9,300 degree or 18,000 or 6,800 degree Kelvin temperature for warmer or cooler colors. Sets have detachable APM (honeycomb) speakers. Optional pedestal base for 25" has foot-pedal controls for power, volume and channel change.

In XBR series, 25" table model will be priced at \$1,200 and 20" at \$900, deliveries starting in Jan., with promotion kicked off with commercials in Super Bowl telecast. Not in XBR series but using Microblack picture tube is 13" monitor receiver with IBM RGB feed and high resolution (.37 pitch) picture at \$600. Sony is expected to unveil lower priced monitor receiver line later in 1985.

Sansui's first video monitor receiver is 25" table model with outboard speakers, comb filter, claimed 400-line resolution, jack for MTS converter, 140-channel keypad remote tuning, sleep timer, with on-screen function indication. Unit is built to Sansui specifications, according to company. It's understood that manufacturer is Sharp and that Sansui had difficulty finding supplier because Japanese TV manufacturers apparently didn't want to encourage more competition in new audio-video rack field.

Although monitor receiver has nominal list price of \$1,099, it will be available at outset primarily in 2 rack systems, one with 55 watt per channel amplifier, longitudinal Dolby stereo VCR, digital AM-FM receiver, linear turntable, dual transport audio cassette deck, speakers, 2 remote controls, at \$3,495. System with 100 watts, audio-video signal processor, VHS Hi-Fi VCR, programmable turntable, tower speaker system, 3 remote control units, is \$4,999.

Denon's first audio-video product, control center with simulated stereo, graphic equalizer, video and audio inputs and output, 22 watt per channel amplifier, video enhancer, is \$375.

North American Philips has agreed to sell its hospital TV unit, NAP Commercial Electronics, plus 2 bus transportation subsidiaries, to group of employees, terms undisclosed. Deal excludes hotel-motel TV sales operation, which earlier this year was transferred to NAP Consumer Electronics and is now called Magnavox Commercial Sales.

SAMPO ADDING VCR: While VCR spotlight has been focusing on pending imports from Korea, Taiwan will be getting into act, too, next year. Sampo said it will enter market here next spring with \$420, 2-head slot-load VHS unit featuring 105-channel tuner, wired remote. Model will be displayed at next month's Winter CES in Las Vegas, along with still unpriced 4-head wireless remote stepup due later in year.

Sampo will be 2nd Taiwan brand in U.S. VCR market. For last 2 years Tatung has been selling model it's been assembling in Taiwan from parts kits supplied by JVC. Tatung has plans for delivering Taiwan-made unit this summer but may not have it on view at WCES.

Sampo also will add new color TVs to line, including 13" monitor with separate 12-position component remote tuner. Other 13" sets include one with rotary tuning, built-in FM-AM radio, another with 105-channel keypad remote. New 19" sets start with 139-channel keypad remote model with on-screen time-channel display, step to version with built-in MTS stereo and video-audio jacks and, at high end, similarly featured unit with monitor styling. Additions to 25" start with pair of slimline table models, one with 12-button 105-channel scan remote, other with random-access remote; new console has 12-position scan remote. Microwave ovens, now being produced at Sampo's Atlanta plant, will be shown as well. Pricing will be announced at WCES.

Sanyo adds \$750 Beta Hi-Fi with built-in MTS stereo, 105-channel 12-position scan wireless remote, 2-week 18-day timer, autofocus Betamovie camcorder at \$1,600. Due in 2nd half are nonstereo decks with 105-channel 12-position scan remote, leader with 7-day single event timer, other with 2-week 18-day.

In MTS stereo color TVs, new 25" monitor receiver at \$850 has 112-channel keypad remote, built-in amplifier and twin speakers, stereo headphone jack; 19" trio with 140-channel keypad remotes at \$380, \$450 and \$530 all are designed to work with new \$100 MTS adaptor. Adaptor accepts audio detector output from sets, feeds stereo to any amplifier; new 19" with mechanical tuner, SAP (bilingual) channel reception, is \$340; similar model without SAP is \$280. New 13" sets include monitor receiver with RGB input, comb filter, 12-position 91-channel tuner at \$380; same price is on model with 140-channel wireless remote and SAW filter; leader with mechanical tuning is \$240.

Sharp, which says its VHS VCR sales tripled in 1984, will add 2 new models at CES -- basic units with wired remote at \$500, 4-head slimline (3.75" high) deck with 14-day 5-event 105-channel wireless remote tuner-timer at \$780. New 25" high-end stereo monitor receiver table model at \$1,400 has 140-channel keypad remote, MTS, on-screen time-channel and input selector display, RGB input,

separate speakers, headphone jacks, offers 330-line resolution. In 19", pair of new mechanically tuned models are \$370, stepup with 105-channel random access tuner is \$450, version with remote is \$500. Also being added is 13" leader at \$300.

STEREOCASTING AT CES: Biggest stereo TV audience in U.S. will be in Las Vegas during Winter CES Jan. 5-8, as TV manufacturers demonstrate multichannel sound receivers connected to special cable system carrying stereo and SAP bilingual programming.

System will use generation equipment from Modulation Sciences and cable gear from Scientific-Atlanta, will operate throughout Convention Center. EIA's operators of cable system are seeking both stereo and bilingual programs, preferably on 3/4" tape. Those with such material may contact either Eb Tingley at EIA (202-457-4975) or Alan Perkins at Modulation Sciences (718-625-7333).

Next station due to start stereocasting is KATU Portland, Ore., this week. ABC affiliate is owned by Fisher Bestg., whose KOMO-TV (ABC) Seattle was first commercial station to start stereocasting. Other possible starters this year are WFSB Hartford (CBS), 3rd to start in Hartford area (although WTXN Waterbury has been stereocasting only intermittently), independents KPLR-TV St. Louis, KRBB-TV Bakersfield and WWTZ-TV Boston area, the last a 24-hour music video station. If all should start on schedule, 1985 could begin with 15 stations broadcasting MTS.

Likely starters in Jan. reportedly are KPHO-TV Phoenix (independent) and PBS affiliates WVIZ-TV Cleveland, WNET N.Y., WMHT Schenectady, WCET Cincinnati.

Toshiba expects to handle virtually all commercial OEM sales of color TV and data display tubes to be produced at venture it's setting up with Westinghouse at Horseheads, N.Y. (TVD Dec 17 p8), while Westinghouse will concentrate primarily on sales for military applications, according to senior Toshiba official. Except for glass bulbs and face plates, Toshiba expects to import most key tube parts from Japan at start, shift where possible to U.S. suppliers of yokes, phosphors and shadow masks. TV tube competitors here said announcement came as surprise. While it was known Toshiba was considering U.S. tube operation, choice of Westinghouse as partner was unexpected. One rival acknowledged that while Toshiba will restrict TV tube output to flat square type to skirt issue of direct competition with U.S. producers, "those still are our customers they'll be selling to." Another, commenting on state aid, said that though plant will help employment in depressed area, "if N.Y. has money to spread around, it already has 2 tube plants that could use some." GE makes color tubes in Syracuse, Philips ECG in Seneca Falls.

CES SCHEDULE: Another record-breaking Winter CES is in works in Las Vegas Jan. 5-8, EIA Consumer Electronics Group (CEG) predicting attendance will top 91,245 record set in 1984. This 13th winter show, and 31st CES, is expected to attract 50,000-60,000 dealers, 8,000 foreign visitors from more than 70 countries and 2,000 journalists, according to CEG.

Exhibits will be departmentalized, more or less -- Convention Center Rotunda, East Hall and exhibit rooms housing general audio and video exhibits, video software and computers and their software; North Hall devoted to car audio; South Hall, calculators, watches, furniture, accessories; West Hall, also computer software; Hilton Ballroom, general audio and video; Hilton Pavilion and Center, phone equipment, satellite earth stations; Riviera Hotel, general and specialty audio; Sahara Hotel, adult video software. More than 14,000 exhibitors will occupy over 800,000 net sq. ft. of floor space.

CES will feature more than 30 hours of seminars and programs. New major seminar format this year is "Issues & Answers" -- attempt to inject more life into frequently draggy programs. Major program events:

Sat. 1:30-3 p.m., Outlook '85 -- R. T. McNamar, Treasury Dept.; William Boss, RCA; David Fishman, A. D. Little.

Sun. 8-10:30 a.m., Video -- Chmn. and Keynoter Jack Pluckhan, Quasar; Hardware, Gary Thorne, NAP; Jack Sauter, RCA; Jay Yancy, Toshiba; Bruce Huber, Zenith; Mike Adray, Adray's, Dearborn, Mich.; Dave Ginsburg, Hi Fi Buys, Atlanta. Software -- Jack Silverman, Continental Video; Stuart Karl, Karl Video; Nicholas Santrizos, Thorn EMI/HBO Home Video; Jim Lahm, Video Cross Roads, Orange, Cal.; Lou Fogelman, Show Industries, L.A.

10:30-noon, congressional panel moderated by Rep. Kastenmeier (D-Wis.), featuring Reps. DeWine (R-O.), Frank (D-Mass.), Glickman (D-Kan.), Kindness (R-O.), McEwen (R-O.), Rinaldo (R-N.J.).

2-4 p.m., Telephone Equipment -- Chmn. and Keynoter Dick Lindenmuth, ITT Telecom; Louis Antonio, Audiotel; John Ehrisman, Cobra; Larry Reichenstein, Webeor; Lee Hardy, Novatel; Mike Henderson, Phone Depot, San Francisco; Steve McClellan, S&M Assoc., Va. Beach.

Mon. 8:30-10:30, Audio -- Chmn. and Keynoter Don Palmquist, Yamaha. Home & Specialty -- Sandy Gross, Polk Audio; Tom Yoda, Sansui; Isaac Levy, Sanyo; Steve Bell, Shulman Records, Cinnaminson, N.J. Auto -- Dan Peterson, Kenwood; Tony Bernardo, Jensen; Roy Harkey, Sony; Wayne Stephenson, CMC Stereo, St. Louis; Jim Luis, Stereo Connection, San Lorenzo, Cal.

2-4 p.m., Computers -- Chmn. and Keynoter Sam Tramiel, Atari; Craig Ringuette, Okidata; Bernard Appel, Radio Shack; Joel Berez, Infocom; Stanley Goldberg, Micro Lab; Frank Schwartz, Simon & Schuster; Modie Katz, Soft-Kat, Van Nuys, Cal.

TELEPHONE IMPORTS: Importers of wired telephones are bringing in less but enjoying it more, according to Commerce Dept. figures for first 9 months, which show that while unit shipments were down significantly, value jumped equally sharply. Same isn't holding for cordless phones, however.

Imports of wired phone instruments in period sank 30.5% to 13.9 million, but value of those shipments climbed 28.1% to \$364.9 million, reflection of shift in consumer buying interest from cheap one-piece electronic models to units with more substantial construction and stepup features.

Though overall shipments fell, decline was absorbed by countries that were primary source of cheap phones. Imports from Taiwan were off by 50.7% to 4.63 million, those from Hong Kong 45.8% to 4.1 million. Rising were shipments from Japan, up 72.6% to 2.13 million, and Korea, up 27.6% to 1.5 million. Product quality emphasis shift is evidenced by leap in average value of phones imported from Hong Kong to \$22.52 this year from just \$9.31 in first 9 months of 1983, while Taiwan average nearly doubled to \$21.97. Japan's average moved up to \$61.32 from \$57.68, while Korea's averaged \$20.89, up from \$15.35.

In cordless phones, unit import drop of 22.3% to 4.36 million was nearly matched by 18.9% decline in value to just under \$198 million. Japan, presumably prime supplier of units offering new frequencies, was only source country to show improvement, posting 18.2% import rise to 950,600. Taiwan had 35% decline to 1.05 million, Hong Kong 13.6% to 1.19 million and Korea 36.7% to 1.15 million.

Only major decline in average value came in shipments from Japan, off about \$10 to \$46.14. Average for Taiwan's cordless phones held nearly even at \$49.83, Hong Kong rose to \$49.27 from \$37.03, and Korean edged up slightly over \$3 to \$37.30.

One end of business that is booming is telephone answerers, where both units and value climbed by 112% to 2.69 million at \$147.4 million. Japan was source for more than half of shipments this year and last. New import classification this year is for paging receivers. Commerce reports 9-month imports of 102,700 at \$8.5 million. Here, too, Japan provided well over half of shipments.

Million-bit IC memory chip has been developed by Bell Labs, and AT&T says it will start producing device in 1986. AT&T isn't first to announce megabit RAM -- IBM in U.S. and several Japanese companies say they have them in works, but it's first to set out production timetable.

Marantz Japan, 50%-owned subsidiary of Dutch Philips, has licensed audio and telecommunications equipment technology to 2 Chinese companies. Marantz has started supplying them with parts and kits.

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 |
|-------------------------------|---------------|--------------|-------------------|
| Cable TV Industries | | | |
| 1984-9 mo. to Oct. 31 | 24,733,000 | 532,000 | .18 |
| 1983-9 mo. to Oct. 31 | 22,809,000 | 409,000 | .14 |
| 1984-qtr. to Oct. 31 | 9,403,000 | 297,000 | .10 |
| 1983-qtr. to Oct. 31 | 7,646,000 | 177,000 | .06 |
| General Instrument | | | |
| 1984-39 wk. to Nov. 25 | 767,714,000 | 25,272,000 | .80 |
| 1983-39 wk. to Nov. 27 | 661,027,000 | 28,638,000 | .92 |
| 1984-13 wk. to Nov. 25 | 260,412,000 | 4,488,000 | .14 |
| 1983-13 wk. to Nov. 27 | 227,680,000 | 5,298,000 | .17 |
| National Semiconductor | | | |
| 1984-28 wk. to Dec. 9 | 964,400,000 | 44,400,000 | .50* |
| 1983-28 wk. to Dec. 11 | 801,500,000 | 24,100,000 | .29 |
| 1984-12 wk. to Dec. 9 | 435,400,000 | 8,500,000 | .10* |
| 1983-12 wk. to Dec. 11 | 369,000,000 | 13,200,000 | .15 |
| Sony^b | | | |
| 1984-year to Oct. 31 | 5,109,500,000 | 289,300,000 | 1.25 ^c |
| 1983-year to Oct. 31 | 4,499,900,000 | 120,700,000 | .52 ^c |
| 1984-qtr. to Oct. 31 | 1,389,900,000 | 69,600,000 | .30 ^c |
| 1983-qtr. to Oct. 31 | 1,216,000,000 | 51,400,000 | .22 ^c |
| Texscan | | | |
| 1984-6 mo. to Oct. 31 | 38,787,000 | 988,000 | .15 |
| 1983-6 mo. to Oct. 31 | 40,138,000 | 1,374,000 | .20 ^d |
| 1984-qtr. to Oct. 31 | 18,013,000 | 127,000 | .02 |
| 1983-qtr. to Oct. 31 | 20,733,000 | 1,603,000 | .23 ^d |
| Webcor | | | |
| 1984-6 mo. to Sept. 30 | 9,685,000 | (1,872,000) | -- |
| 1983-6 mo. to Sept. 30 | 24,668,000 | 2,072,000 | .58 |
| 1984-qtr. to Sept. 30 | 4,166,000 | (1,894,000) | -- |
| 1983-qtr. to Sept. 30 | 13,589,000 | 1,349,000 | .38 |

Notes: *Includes special credit. ^bAt yen's current rate. ^cPer ADR. ^dRestated.

GE borrowed page from international trade strategy book of such Japanese TV producers here as Sanyo, Sharp and Toshiba and applied to have its Louisville appliance plant designated as foreign trade zone. GE uses imported parts in appliances, pays 6.2-7.1% duty on most of them, while finished appliances are dutiable at just 1.5-4.4%. If plant gets designation, levy on products shipped to locations in U.S. will be based on foreign content value of complete appliances and no duty will be paid on foreign parts in appliances made for export. GE said imported appliances have tripled share of U.S. market to 12% over last 3 years and duty savings will help it compete. Company said it also plans to increase export sales.

VCR and color TV sales zoomed in first 2 weeks of Dec., up 96.8% and 19.4% respectively (see State of the Industry). If percentage increases prevail for remaining 3 weeks of month, VCR sales for year will come in just above 7.5 million units, color above 16 million. In 2nd statistical week of Dec. (which actually was first calendar week), total TV sales -- projection and direct view color and b&w -- edged past all-time record for any full year, established in 1983.

Consumer Electronics Personals

Terry O'Flynn promoted at Mitsubishi from national sales coordinator to sales vp, new post... In restructuring at Panasonic Industrial Audio-Video Systems Group: Milton Landau advanced to mktg. asst. gen. mgr.; Tim Nagai named product management asst. gen. mgr.; Herman Schloss appointed field operations & sales administration mgr.; E.C. Conboy named national sales mgr.; John McDonnell appointed product line business mgr.; John Rhodes named product specialist... Mike Ollins joins Sanyo as PR mgr.

Mel Harris promoted from Paramount Video pres. to pres. of new Network TV Production & Video Distribution Div.; Randolph Reiss advanced from TV Domestic Production pres. to pres. of new Domestic TV & Video Programming Div... Richard Witte, ex-Pussycat Theatres, named vp, Caballero Home Video... Alan Benjamin, ex-WEA/Warner Home Video, joins Embassy Home Entertainment as southeast region sales mgr.; Lisa Cartwright, Caroline Derry and Darlene Linton named sales reps... Ed Eldred, ex-Media Home Entertainment, appointed operations dir., New World Video; Cheryl Douglas named customer service mgr.; Emily Farr appointed controller.

Norman Milley advanced at K mart to Stores Group pres., new post, in restructuring; Joseph Thomas appointed exec. vp-chief administration officer; Frederick Stevens continues as specialty retailing exec. vp; Pres. Samuel Leftwich named to new post of vice chmn... Richard Daunoras advanced at North American Philips from senior vp to exec. vp-chief financial officer; Emil Misisco, product assurance dir., named staff vp... Thomas Sande, ex-Dayton-Walther, joins Coleco as vp-controller.

John Stuart, ex-Ricoh America, joins Royal Business Machines subsidiary of Japan's Konishiroku Photo and Germany's Triumph-Adler as pres. Jan. 3, succeeding Edward Hale, who becomes T-A mktg. vp... James Woodworth, ex-Audiotronics, appointed Compusonics national sales mgr... Robert Hoffman, GE Taiwan technical services gen. mgr., named pres. of American Chamber of Commerce in Taipei.

Japan's Fujitsu plans to start construction of \$130 million IC wafer plant near Portland, Ore. in 2nd half next year, beginning production there in 1986. Facility will employ up to 1,500, feed Fujitsu's assembly plant in Santa Clara, Cal., which now imports wafers from Japan. Fujitsu said Ore. also will get \$50 million computer disc drive plant it expects to start building next year.

Dutch Philips is merging Video and Audio Products Divs. into new Consumer Electronic Products Div. Structural change, effective Jan. 1, is expected to eliminate about 25 administrative jobs at Eindhoven hq. Philips hasn't yet said who will head unit.

TELEVISION DIGEST®

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With Consumer Electronics

DECEMBER 31, 1984

VOL. 24, NO. 53

SUMMARY-INDEX OF NEWS

Broadcast - Cable

CONGRESS' 1985 AGENDA LIGHT on media issues compared with last session. Alcohol ads ban and must-carry among biggest items next year. Year-end roundup. (P. 1)

FIRST TV WITH TELETEXT decoder built in is due in late 1985 from Korea's Samsung under agreement with Canada's Norpak. (P. 3)

DODGE CITY FM RENEWAL still undecided by FCC. Mass Media recommendation for hearing sent to Gen. Counsel. What hearing issues will be is major question. (P. 4)

LONG BEACH CABLE SYSTEM SOLD by Times Mirror and Knight-Ridder. Sale to Simmons reportedly in \$40 million range for about 37,000 subscribers. (P. 4)

PUBLIC BROADCASTING'S TOUGH TASKS: New year will test industry leaders. Reagan Administration, money woes, low morale, provide fresh challenges. (P. 5)

'SAD, NEARLY TRAGIC' to lose momentum in deregulation, Fowler says. (P. 5)

NEW FACTBOOK STATIONS VOLUME off presses, much expanded, includes first buyers' guide, fresh data on all stations. (P. 6)

CONGRESS'S COMMUNICATIONS AGENDA IN 1985: With cable bill enacted and telephone access charges made at FCC, 99th Congress will be spending less time on communications issues than its predecessor, which at times seemed preoccupied with subject. Changing of guard at Senate Commerce Committee and focus on finance and securities issues by House Telecom Subcommittee will mean shifting duties for staff, with some expected to leave for private sector jobs. Year 1985 will be marked by push for ban on TV alcohol and beer ads by citizen groups and for must-carry bill by broadcasters.

Wild card in Senate is new Commerce Committee Chmn. Danforth (R-Mo.), who doesn't have much of record on communications matters. He has been Packwood ally on most deregulation issues, cosponsored broadcast deregulation twice in last 2 Congresses and voted for cable bill. He sided with networks on financial interest and syndication rules, voting against 6-month moratorium on FCC spending to implement rules repeal. On TV station ownership,

Consumer Electronics

SUPER-BETA to be unveiled at Beta group demonstration in Las Vegas. Camcorders for full-size cassettes and 8mm to abound at Winter CES. (P. 7)

KODAVISION SALES in slow start, hampered by consumer ignorance but helped by Kodak name, shortage of JVC-Zenith Video Movie. (P. 8)

INDUSTRY FORECASTS sales plateau for 1985 in our annual year-end survey. Color seen at 16 million, VCRs 9 million, VCR prices falling 10%. (P. 9)

NINTENDO TO TRY reviving home video game market with AVS component system at CES. (P. 11)

ELECTRONIC STILL PHOTO camera, printer and desktop player due from Hitachi next year. Other Japanese firms gearing up for launch. (P. 12)

INDIA SEEKING SUPPLIERS of VCR and videodisc player technology and components for planned expansion of production capability. (P. 12)

U.S. 1985 MARKET for video and audio products to rise just 4.3%, as import decline offsets gain by domestic plants, Commerce says. (P. 13)

AUDIO-VIDEO is watchword at CES in new products by Toshiba, Technics, Pioneer, NEC. (P. 13)

Danforth didn't want networks discriminated against but agreed other group owners should have chances to purchase more stations. But he isn't convinced of Packwood's argument that fairness doctrine should be eliminated, particularly doesn't want equal time rules ended.

Danforth is International Trade Subcommittee chmn., post he's expected to keep. He's particularly interested in telecommunications trade and sponsored successful bill to update equipment tariff categories. He's considering other trade legislation to retaliate against closed Japanese markets.

New chmn.'s trade background is expected to affect Commerce Committee agenda significantly. FCC telecommunications equipment registration program will be targeted in legislation to change treatment of imports from countries that don't give U.S. reciprocal treatment, we're told. There also may be hearings on new Japanese telecommunication deregulation laws and on impact of Modified Final Judgment (MFJ), AT&T divestiture agreement. Since Commerce Committee isn't lead panel on trade legislation, Danforth will have to work his will on telecommunications trade matters in International Trade Subcommittee post.

Committee aides predict communication issues won't be given same priority by Danforth that they were by Packwood. Mandated lifeline telephone service legislation already is being pressed by House, and push for more federal funding for public broadcasting has begun. Panel also will take up FCC and, possibly, NTIA budget bills. Office of Management & Budget (OMB) already has told FCC not to expect bigger budget in FY 1986, which begins Oct. 1985, than current \$93.6 million.

Hill source said FCC is considering asking Congress next year to take up spectrum auction legislation to allot remaining frequencies. Committee aides don't expect panel to pursue broadcast deregulation bill, as NAB isn't making it priority. Also, with FCC having implemented compromise TV ownership rules after negotiations with Congress, and with financial interest and syndication rulemaking shelved, there won't be need for legislation now, aides agreed.

Commerce Committees are expecting push for ban on alcohol and beer ads by anti-drunk-driving groups led by Stop Marketing Alcohol on Radio & TV, Mothers Against Drunk Drivers and National Parent-Teacher Assn. Danforth is strong advocate of tough drunk-driving laws, sponsored legislation calling on states to raise drinking age. But with Anheuser-Busch hq in St. Louis, it's unclear how he'll react to ad ban push, which already is being countered by heavy NAB lobbying. Sen. Hawkins (R-Fla.) is thought likely to introduce ad ban bill, and similar bills are expected to go in House hopper with hearings expected on both sides of Congress.

Children's TV issue also will reemerge at prodding of ACT, as well as members of Congress, and hearings are expected on both sides. Again, Danforth record and background aren't indication of what he'll do. Danforth is Ralston-Purina heir; company makes children's cereals, including Donkey Kong Jr. and Gremlins.

Other wild card is Sen. Goldwater (R-Ariz.), who's becoming Armed Services Committee chmn. Post is demanding, undoubtedly will dilute his attention to Communications Subcommittee chairmanship he's now expected to retain. Senate won't finalize committee assignments until Congress reconvenes. Aide said Goldwater will remain player in public broadcasting funding fight and plans bill to end "restrictive" state and local regulation of home dish users.

Most action will be in Judiciary Committees, where copyright legislation is expected to move. Cabelers will be seeking lower copyright fees. Broadcasters plan push to win codification of must-carry rules. And programmers still want royalty payments for home VCR use. Only copyright fee relief for LPTV stations has good chance of passage, source said.

Other issues to expect in Senate next year: (1) Renomination of FCC Comr. Patrick, whose term expires in June. (2) Reintroduction of proposal to permit TV coverage of Senate, by Sen. Armstrong (R-Colo.). (3) Administration bid for limited ads on public TV. (4) Reintroduction of Hawkins resolution calling on TV broadcasters to routinely air public service announcements on kidnapped and missing children. (5) Effort to win Senate ratification of Brussels Satellite Convention international agreement providing protections for copyright holders against signal piracy. (6) Push for General Tariffs & Trade Agreement talks to include computer and telecommunications trade issues. (7) White House push for Commerce Dept. and U.S. Trade Representative office to reorganize into new Trade Dept.

House Telecom Subcommittee will be focusing more on finance and securities matters, other part of panel's jurisdiction, aides said. In communications area, it's expected to concentrate on President's international satellite competition policy proposal, with hearings in spring; legislation mandating lifeline telephone service for elderly, poor and handicapped by Rep. Leland (D-Tex.) and proposals by Reps. Markey (D-Mass.) and Broyhill (R-N.C.) to restructure Comsat. Subcommittee also is expected to work with Elections Task Force (which may become full-fledged subcommittee) on solution to network election projections question. FCC, NTIA and CPB budgets also must be initiated by House panel. Leland also will press for codified equal employment guidelines for broadcasters and tax breaks for minority broadcasters. He's planning to introduce lifeline and 2 broadcast bills Jan. 3.

House Ways & Means Committee also will be scene for cable industry effort to change way cable plant is depreciated. Rep. Swift (D-Wash.) is expected to propose broadcast deregulation legislation, but House Telecom Subcommittee Chmn. Wirth (D-Colo.) and Reps. Tauke (R-Ia.) and Tauzin (D-La.) are said to be uninterested in getting mired in issue again. Even radio-only deregulation bill is being given little chance of getting favorable action.

SAMSUNG MOVING INTO VIDEOTEX WITH NORPAK: Korean consumer electronics producer Samsung and Canadian videotex equipment designer and manufacturer Norpak are getting together to bring what's being billed as first true consumer teletext and videotex gear to U.S.

Slated for finalization at ceremony in Samsung's exhibit during Winter Consumer Electronics show in Las Vegas this week (see stories in Consumer Electronics section) is agreement under which Samsung will produce NABTS teletext and NAPLPS videotex decoders using technology licensed from Norpak. Samsung said it expects dealers to be able to offer low-cost free-standing decoders by Christmas 1985. No pricing details were available.

At about same time, Samsung announced, it would be introducing what it termed "medium price-range" color monitor with built-in decoder. Set will have optional add-on CATV-ready tuner with MTS stereo and SAP audio decoder and decoding capability for captioning. Second option will be 2-way interactive videotex decoder with telephone modem and protocol handling, built-in keyboard.

In prepared statement, Norpak Pres. James Carruthers said that over last 2 years "we have dedicated ourselves to VLSI design and product implementation that will answer the need for low-cost consumer products in the market," and that in Samsung it has tied up with "low-cost, high-volume manufacturer who would deliver a quality product." Samsung Pres. Jae-Un Chung said combination of his firm's production capability "with Norpak's leading-edge technology will ensure the availability of superior products at the retail level."

Agreement is viewed as needed booster shot for videotex, which has been subject of nothing but downbeat news over last year. Earlier this month, NBC said it would stop network teletext service in Jan., blamed lack of consumer-affordable decoder. Several local services shut down in 1984 and others are running up significant losses.

In Samsung, industry will get, if promises indicated are kept, first firm commitment from sizeable TV manufacturer and first color set with built-in teletext decoder, something other

companies have talked about but never delivered. Only majors now involved to any significant degree are Zenith, delivering decoders for competing WST teletext system offered in Cincinnati, and Panasonic, which is selling subsidized \$1,500 package that includes NABTS decoder and color TV to support CBS-backed experiment being conducted by WBTV in Charlotte.

FCC TO ACT SOON ON KTTL: FCC Mass Media Bureau's recommendation that renewal application of controversial KTTL(FM) Dodge City, Kan. be set for hearing on fairness doctrine issues, among others, has been referred by Chmn. Fowler to Gen. Counsel's Office for further study, we're told. Renewal is opposed by public interest groups, which charge that racist comments were made on station by Rev. William Gale. Competing application has been filed by Community Service of Dodge City Inc. (composed of local citizens, including minorities).

Gale broadcasts (in 1982) -- in which he was said to have made repeated on-air slurs and death threats against ethnic groups -- have been attacked in congressional hearings and publications and received wide TV coverage. KTTL is owned by former Mgr. Nellie Babbs and her husband Charles. Local judge has ordered Nellie Babbs to have nothing more to do with station, and new manager has been hired, call letters and format changed.

Among proposed issues at hearing are fairness doctrine and Sec. 315 violations, unauthorized transfer, incitement to riot. After appearing on agenda at least 3 times in recent months, item was taken off before Commission meeting and has never been discussed openly by commissioners. FCC's first 1985 open meeting will be Jan. 18, followed by one Jan. 31, and Commission official said it wasn't yet known whether KTTL case will be ready for action at either. James Weitzman, Washington attorney for Community Service, said applicant is about ready to go to court to ask for mandate ordering FCC to act in case.

Also working way up to commissioners, we're told, are "2 tough EEO cases" (one in Philadelphia) in which licensees may be set for hearing because of violations of FCC equal employment rules. Expected to come up at one of Jan. meetings are TV multichannel sound must-carry, taken off agenda earlier this month (TVD Dec 17 p2) -- with 3 commissioners said to favor ordering cable must-carry after 4-year transition, and further refinement of Doc. 80-90, which added FM allocations to 689 communities.

Miami Cablevision is suing Byers Communications Systems unit that built system in 1982-83, claims Byers deviated from contract. Suit alleges that because of deviations, system is worth \$12 million less than if contract had been followed. Miami Cablevision has been under pressure from city to restrain some overhead plant because local officials contend it was put up haphazardly, with strand criss-crossing streets. Byers said it looks forward to suit as opportunity to press "claims for significant past-due payments" by operator.

LONG BEACH CABLE SYSTEM SOLD: Times Mirror and Knight-Ridder reported they have agreed in principle to sell jointly owned Long Beach, Cal. cable system to Simmons Communications, small MSO based in Stamford, Conn. All parties declined to disclose sales price of 37,000-subscriber system, but it's presumed to be in \$40-million range.

It's major purchase for Simmons, which has about 50,000 subscribers in Del., Md., N.H., N.Y., Vt. Simmons principal Steve Simmons told us he's looking for more west coast properties: "We intend to make Long Beach a major part of our company. We hope to make it the western center of our operations." Simmons also said he plans remarketing of basic service, which he expects to significantly raise penetration.

Long Beach system, which also serves Signal Hill, is among most technologically advanced in L.A. County area, nation's No. 2 TV market. System recently was upgraded from 30 channels to 2-way, with 104 channels downstream, 24 upstream.

TM has managed system, building 118 miles of plant passing 140,000 homes out of 160,000 in franchised area. Sale is subject to execution of definitive agreement and approval of regulators, won't have any substantial effect on earnings of TM or K-R, sellers said.

Fulltime employment at TV-radio stations increased 7,799 (4.6%) in 1984, according to annual reports by stations with 5 or more employees, released by FCC. Most of gain was in top 4 categories (managers, professionals, technicians, salespeople), with 139,505 employed. Of those in top 4 categories women represented 27.8% (38,807), minorities 13% (18,124); in 1983, 26.9% (25,791) were women, 12.8% (16,988) minorities.

HBO has bought cable rights to Larry Holmes-David Bey heavyweight championship fight scheduled for Las Vegas in mid-March. HBO reportedly paid promoter Don King about \$2.5 million for rights, also agreed to buy from him another championship fight, Greg Page-Pinklon Thomas, late in 1985.

Daytime Bests. Assn. will disband Jan. 4, urged members to join NAB. Move comes after agreement with NAB last summer to reimburse DBA for up to \$40,000 in outstanding debts and following FCC approval of agreement with Assn. on Bestg. Standards for post-sunset operation by daytime-only stations.

TvB moves Jan. 7 to 477 Madison Ave., N.Y. 10022, 212-486-1111.

TOUGH TESTS IN 1985 FOR PBS, NPR: Now a \$900-million-a-year entity, public broadcasting confronts year-long fight with Reagan Administration for federal dollars, which for first time are declining compared with other revenue sources. Authorization bid is 3rd try; President vetoed first 2 as too high.

But, Reagan signed into law \$200 million FY 1987 appropriation for CPB, same amount as 2nd authorization he vetoed, because it was attached to larger measure for Labor/Health & Human Services Dept. Industry now expects Administration to try to rescind money. Against that backdrop, public broadcasting entities face individual problems.

Renewed campaign for ads on public TV is expected. James McCarter, pres.-gen. mgr. of WTTW Chicago and leader of pro-ad camp, has called for "wrenching" self-examination of income sources and even the name "public broadcasting." Ad forces watched quietly last year as authorizations were vetoed and FCC relaxed guidelines for underwriting. But McCarter said underwriting changes led to only insignificant revenue gain.

At CPB, there's different environment, some employees say, since Reagan appointee Sonia Landau was elected chmn. Some are just plain worried. With Republicans holding majority on board, CPB will be watched closely by industry. Landau, who was active in Reagan reelection campaign, could be important voice for public broadcasting in White House. But she's not saying what federal funding she supports. Also, there could be different corporate officers at CPB. Board delayed customary election from Sept. reorganization meeting until Jan. 10-11, causing speculation that Pres. Edward Pfister may be let go.

On radio side, NPR member stations have heaviest debt burden of 3-year repayment schedule to CPB in 1985. That financial pressure already has spawned creation of Station Resource Group by 15 stations that seek more station control of NPR -- a struggle for power that will continue. To reimburse stations for making payments, NPR will coordinate individual local fund-raisers in spring. NPR also is faced with new reality at CPB, its source for federal funding of program production -- no longer is there guarantee that NPR will receive all program production money from CPB.

Internally, rumblings of dissatisfaction and talk of unionization are getting louder among employees who worked through financial crisis of 1983 and since without raises. NPR has improved financial system, plans to continue saving money by not filling vacancies. NPR Pres. Douglas Bennet imposed hiring "slowdown" Dec. 21, in spite of fact that staff was 22 below authorized level and expenditures for first 2 months of FY 1985 were \$400,000 under budget. Action was taken to ensure having enough money for year, Bennet said in message to stations. Meanwhile, NPR is poised to participate in national paging venture, has hired consultants to seek customers to

lease excess satellite capacity and is negotiating to buy transponder on Westar 4 satellite.

While NPR continues to be hurt by 1983 financial crisis, PBS has solid balance sheet. However, we're told that Oct. 15 fire that damaged its hq offices in U.S. Postal Service building has hampered operations and employee morale. PBS Pres. Bruce Christensen said staff is discouraged at having to deal with fire aftermath, although we're told it's routine by now. Management is undergoing scrutiny as part of "goals and objectives" study begun by Christensen. Concurrently, management must prepare FY 1986 budgets. Staff members are scattered around Washington, will remain that way for at least another month, making internal communications difficult. Later in 1985, PBS board will undergo leadership changes as terms of Chmn. Dallin Oaks and Vice Chmn. Henry Cauthen expire.

PBS hopes to be paid participant in IBM-Merrill Lynch venture called International MarketNet, which could begin in first quarter 1985. Vertical blanking intervals of public TV signal would carry data to 10,000 Merrill Lynch field representatives if technology is refined.

"It would be sad, and from the point of view of what this nation is about, nearly tragic if the momentum [in broadcast deregulation] of the last few years is lost," according to FCC Chmn. Fowler. Writing in Dec. issue of Access, he said: "We are seeing headway in terms of making our communications policy rational, realistic and intelligent... I am confident that during the next few years we will finally develop a coherent communications policy which at last is suited to the media and times." Fowler said he hoped his years as chmn. will reflect "increased awareness of the proper -- and improper -- roles of government."

FCC has refused to waive cross-ownership rules to permit Gulf Bestg. to acquire UHF's in Dallas and Houston and retain FM stations in same markets. Gulf maintained that TVs only recently became "marginally profitable" and that continued ownership of FMs would strengthen competitive position of UHF's. FCC ruled that Gulf's arguments weren't persuasive, that licensee would have to sell KTXQ(FM) Dallas-Ft. Worth and KLTR(FM) Houston within 18 months after taking over KTXA Dallas and KTXH Houston.

Add to NATPE agenda for convention in San Francisco (TVD Dec 17 p4): Jan. 11 -- Sen. Pete Wilson (R-Cal.) on "A View of Washington"; Jan. 12 -- comments by Crawford Rice, chmn. of NAB Children's TV Committee.

ABC lost its affiliation in 2-station El Centro, Cal.-Yuma, Ariz. market when KECY-TV shifted to CBS; KYEL-TV Yuma is affiliated with NBC. ABC picked up KLDO-TV Laredo, Tex., which went on air Dec. 17.

Personals

Elizabeth Board, NBC Nightly News, becomes White House TV office dir... Susan Platt, administrative asst. to Robert McConnell at Justice Dept., joins him at CBS Washington corporate office, where he's new vp... Robert Decherd, A.H. Belo COO, adds pres. title, succeeding James Moroney, who continues as chmn.—CEO.

William Harmond advanced to Western Div. sales vp, ABC TV; Rupert Burks named development vp, ABC management information systems; Andrew Pucher, ex-U.S. Drug Enforcement Administration, appointed assoc. dir. of security, ABC... Barbara Lee promoted to social research dir., CBS Best. Group Office of Social & Policy Research... Larry Wert, ex-ABC, named local sales mgr., WLS-TV Chicago... Thomas Patterson, ex-NCTA, named system operations dir., Continental Cablevision of St. Paul; Jerome Degenaar, ex-Columbia Gear, named human relations dir... Bernard Schotters promoted to vp-finance, TCI... Janice Marinelli and Mitchell Praver advanced to assoc. programming dirs., Katz TV Continental.

Edward Herlihy, ex-WATL-TV Atlanta, becomes managing gen. partner, Atlantic TV Assoc., Atlanta, formed to buy independent TV stations... Anthony Welch advanced to mgr., Seltel Philadelphia sales office... Jill Clardy advanced to product administration mgr., Videotape Recorder Group, Ampex Audio-Video Systems Div.

CBS News correspondent Phil Jones named chmn.—elect of Radio-TV Correspondents Assn.; Charles Gibson of ABC News becomes chmn.; Pete Hively of NBC and John Bisney of RKO Radio Network elected dirs... Alan Horton, ex-Evansville (Ind.) Press, appointed operations dir., Scripps-Howard Videotex... Barry Dunn, ex-Katz, named budget and planning mgr., Blair TV & Radio Rep Div... Edmund Bartlett moves from Satellite TV Corp. subsidiary to treas. of parent Comsat.

James Kraus advanced to MCA TV northeast area vp... Paul Schmitt promoted to vp-business development dir., Nielsen, new post... Harry Fuller advanced to news dir., KGO-TV San Francisco... Bernard Gallagher promoted to Comcast vp-treas.; Anthony Clifton advanced to vp... Meredith Senter becomes partner in law firm Leventhal & Senter, Washington; David Horowitz becomes assoc.

Australian TV stations are selling for record amounts, as evidenced by purchase of Brisbane's QTQ (Ch. 9) for \$54.2 million cash. Buyer is Bond Corp., holding company for Perth-based Alan Bond's beer, property and investment companies; seller is Amalgamated Wireless Australia (AWA). As part of deal, Bond agreed to sell Brisbane radio station to AWA for about \$5 million. Bond already owns TV in Perth, STW (Ch. 9).

Unnamed company with "\$300 million commitment" to aid Hispanics is said to be considering mass English courses via system that permits FM or TV stations to broadcast simultaneously on 4 separate subcarriers. Promoters of FM QPLS (Quadra Paced Learning Systems) claim it can provide source of new income for stations through grants from govt., educational and philanthropic institutions. QPLS co-inventor Harold Walker (with Ira Kamen) said 4-channel FM receivers can be built to sell for \$25 each. Promoters say system also can be used with videotex and home computers, but main virtue is that it's inexpensive when transmitted by FM stations. System is backed by Pegasus Data Systems, Middlesex, N.J. specialized computer company headed by Walker, which is building prototype equipment.

NEW 1985 FACTBOOK STATIONS VOLUME OFF PRESSES

Brand new 1985 Stations Volume of Television & Cable Factbook is in the mails, full of freshest information in the industry. Much-expanded reference work runs 1,556 pages, vs. 1,400 last year. It includes, for first time, 91-page Buyers' Guide to equipment makers and distributors.

Industry's premier reference work, now in its 53rd edition, is the only directory in the world featuring maps displaying Grade A & B contours of every commercial station in U.S., plus county-by-county tabulation of net weekly circulation and TV households.

Other features of volume include: (1) Directory of all noncommercial stations. (2) Compilation of all Canadian stations. (3) Directory of all TV stations in every foreign country, including number of color and b&w sets in each nation. (4) List of all U.S. Armed Services stations around world. (5) Directory of all low-power stations. (6) Tabulation of all translators. (7) Directory of satellite earth stations serving TV stations.

(8) Compilation of all station CPs & applications pending. (9) Directory of all group-owned stations. (10) Tabulation of all newspaper-owned stations. (11) Directory of station reps. (12) Tabulation of foreign-language programming in U.S.

Each volume is accompanied by famed "Handy Pocket Directory" of stations, showing location of each station, its call letters, channel number, network affiliation.

The Cable & Services Volume of the Factbook will be issued in May. To order Factbooks: Circulation Dept., Television Digest Inc., 1836 Jefferson Pl. NW, Washington, D.C. 20036, 202-872-9200.

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Dec. and year to date:

| | DEC. 8-14 | 1983 WEEK | % CHANGE | DEC. 1-7 | 50 WEEKS 1984 | 50 WEEKS 1983 | % CHANGE |
|------------------|--------------|--------------|-------------|-------------|------------------|------------------|-------------|
| TOTAL TV..... | 459,793 | 443,667 | + 3.6 | 490,616 | 20,304,111# | 19,047,755 | + 6.6 |
| TOTAL COLOR... | 365,004* | 333,674 | + 9.4 | 388,931* | 15,579,858# | 13,563,909 | +14.9 |
| DIRECT-VIEW. | 359,132* | 330,016 | + 8.8 | 383,297* | 15,395,256# | 13,427,329 | +14.7 |
| PROJECTION.. | 5,872* | 3,658 | +60.5 | 5,634* | 184,602# | 136,580 | +35.2 |
| MONOCHROME.... | 94,789 | 109,993 | -13.8 | 101,685 | 4,724,253 | 5,483,846 | -13.9 |
| TV EXCL. PROJEC. | 453,921 | 440,009 | + 3.2 | 484,982 | 20,119,509# | 18,911,175 | + 6.4 |
| HOME VCR..... | 234,377* | 119,745 | +95.7 | 240,805* | 7,046,569# | 3,858,114 | +82.6 |
| COLOR CAMERAS... | 15,598 | 12,741* | +22.4 | 11,427 | 452,056# | 385,006 | +17.4 |

Color TV (direct-view) 5-week moving average: 1984--381,835*; 1983--332,018 (up 15.0%).

Home VCR 5-week moving average: 1984--232,624**; 1983--120,397 (up 93.2%).

* Record for period. ** Highest figure on record. # Exceeds full-year record.

SUPER-BETA & CAMCORDERS SEEN CES STARS: Beta group may be about to pull off another tour de force of at least magnitude of Beta Hi-Fi. In Las Vegas on Fri., on eve of Jan. 5 CES opening, group will display hi-fi picture to go with that sound.

Press demonstration of super-Beta was arranged at last minute and -- like Beta Hi-Fi -- apparently is taking VHS competitors by surprise. One major VHS producer said super-VHS was still 2 years off. Super-Beta and super-VHS may not be actual names of systems -- we coined them in first published report last April (TVD April 23 p10). Super-Beta has been known internally by code name "Sony Plan." (Designation of "super" generally is presumed to cover use of high-band color recording technology, with at least 50dB signal-to-noise ratio, 400-line horizontal resolution.) Super-Beta is understood to use standard Beta cassette, not metal or perpendicularly polarized tape.

Announcement could be something of repeat of Beta Hi-Fi news conference, held at 1983 Winter CES but with no product until following fall. It's good guess super-Beta won't be available until 3rd quarter, possibly Oct. It's questionable just how many members of Beta Group, aside from Sony (TVD Dec 24 p9), will be ready to demonstrate new system at their exhibits.

Just as VHS group is starting to catch up with Beta in hi-fi VCR, this week's CES will mark first time VHS manufacturers show camcorders accommodating full-sized cassette, field that Sony pioneered with Betamovie. Matsushita-made unit, to be shown by Panasonic, Quasar, GE and possibly other brands, is expected to list at around \$1,600. It weighs about 5.5 lb. excluding battery, plays at standard SP speed (2 hours on T-120 cassette, or 160 min. on longest T-160 cassette). Unit can be used as home deck -- although it has only one speed, it's proper speed for playing back prerecorded cassettes.

Same camcorder was announced last week in Japan (where it will cost \$1,200); it's scheduled for U.S. availability in late Feb. It contains version of mini-VHS transport designed by JVC for VideoMovie, employing M-wrap loading, 4-head switching system, 270-degree tape

wrap. Snap-on battery pack powers 2 hours' continuous recording. Pickup is 1/2" high-band Newvicon tube, with 20 lux light sensitivity, 6x zoom. Unit has 1/2" electronic viewfinder, record-review function, playback, video output connection. Matsushita plans to produce 20,000 monthly.

RCA's camcorder strategy apparently is completely different from Panasonic's. Hitachi-made RCA unit, scheduled for July production and Aug. availability, is expected to have full-sized VHS transport, weigh 7 lb. or so, but with list under \$1,000. Neither RCA nor Hitachi is expected to show this one during CES.

Toshiba, meanwhile, will be showing own prototype of Betamovie with solid-state image sensor -- first Betamovie not completely assembled by Sony, which currently sells product to all Beta group OEMs. Toshiba, incidentally, won't be putting U.S. foot into VHS camp at show, although that format already has been added to its lines in Japan and Europe. Spokesman told us there's no U.S. introduction plan in works now, and even VHS display at Summer CES in Chicago appears unlikely.

8mm Video format should be very much in evidence, by at least 5 exhibitors. In addition to camcorders from Kodak, Polaroid and GE, portable 8mm decks will be shown by Sanyo and Canon. Sanyo unit, originally promised last fall, has 2-speed switch, can record up to 3 hours on standard 90-min.-size cassette. It has built-in battery charger, dockable deck with 140-channel tuner, 14-day 8-event timer, wireless remote control, will list at around \$1,100 for both deck and tuner-timer. It will be in Sears spring-summer catalog at \$1,200 (TVD Nov 12 p10).

Similar 8mm portable deck, Canovision, will be Canon's first VCR, deliveries to U.S. starting this week. It will sell for about \$1,200. Shipments of Sanyo deck are scheduled at rate of about 1,000 monthly, Canovision 2,000 in U.S. and Canada. Kyocera announced last week it would start shipping Yashica 8mm camcorders (made by Sony) in June at about \$1,000 in Japan. Similar unit will be made by Sony for Fuji and Pioneer, as already reported, but neither will show it at CES, nor have they revealed any U.S. plans.

In Japan, Sony said it would start sales of own-brand 8mm camcorder in current fiscal year, generally taken to mean in spring. Sony is shooting for Japan-market price of about 200,000 yen (currently just over \$800). Company has said it has made no decision about U.S. 8mm introduction -- certainly Sony 8mm is unlikely to show up at CES where it could dilute impact of super-Beta.

First non-OEM 8mm cassettes are beginning to appear. TDK, which supplies Kodak brand, is expected to announce own-brand cassettes at CES. Sony will start producing 8mm metal tape in Japan early in 1985, with monthly target of more than million cassettes. Fuji, which supplies Polaroid brand, will offer own-brand 8mm cassettes in Japan starting this spring.

8mm CAMCORDER SALES IN SLOW START: Sluggish start for sales of Kodavision, which is widely advertised at retail -- in contrast to high demand for JVC and Zenith Video Movie, which isn't advertised at all -- is evident in reports from N.Y., Chicago and West Coast, with dealers of different minds about what inauspicious beginning means for 8mm Video.

Sales of Kodavision camcorder have been "terrible" in Roscor's Chicago shops, according to Exec. Vp Mitchell Roston. Roscor, which owns Camera Exchange in downtown Chicago, took one of first deliveries of units, has been selling product for 3 months, longer than anyone else we talked with. Roston said he has been using Kodak's "very liberal" co-op policy to do good deal of advertising, but results so far indicate Kodak executives "have to be sweating bullets right now." Roston wouldn't provide sales figures.

Happier about Kodavision sales is Henry Kerulis, vp at Powell's Camera Mart in Highland Park, Ill. "We haven't sold as many as we'd like," he said, but he thinks it's doing relatively well. He wouldn't disclose sales figures either but reported his opening order was "pretty good" and he has reordered. His positive attitude toward first sales may be reflection of fact that store is starting from zero with Kodavision, has never carried video before. Kerulis noted that shoppers tend to look at Kodavision 2-4 times before they make decision to buy. Some want to make sure they can dub to other formats, use unit as feeder for VHS or Beta deck.

Long Island-based Newmark & Lewis so far has moved only 20 Kodavision camcorders in its 25 stores, said Vp Peter Lewis. While this is "nothing earth shattering," he said it didn't look quite so bad when consumers' lack of information on product and format is taken into consideration. Quality of product is excellent, but real test will be whether other manufacturers go with 8mm, Lewis said. He cites 2 benefits to selling Kodavision: (1) Stores align themselves with Kodak's well-known name. (2) Dealer can't get hurt because of highly favorable terms from Kodak.

Much hotter item for N&L has been JVC's VHS-C Video Movie. Company sold 65 units in Dec., could have done 3 times that if supply had been available, Lewis said. Video Movie sales came without ads or promotion, he added, while store ran some ads for Kodavision. Grand Central Camera in N.Y. paints about same picture for Kodavision sales leading up to Christmas -- Video Mgr. Isaac Sabbagh said so far consumers aren't "jumping at it." He also complained that cradles and other accessories have been difficult to get.

GE's 8mm camcorder, similar to Kodavision, appeared on shelves of Crazy Eddie in N.Y. within last couple of weeks. Mike Brown, video mgr. for one Manhattan store, said he moved 15 in week before Christmas, likes way sales are going. Consumers want self-contained units, look at 8mm when they find Video Movie is unavailable, he added. Even if VHS-C unit is available, he said, they become interested in GE unit when they find VideoMovie doesn't have autofocus. He's also pushing 8mm's low-light performance as better than Video Movie. Unit is priced in \$1,700 range, providing ample profit, he added. At Smithtown, N.Y. store, salesman said 3 GE units had been sold. Most consumers are unaware of 8mm, are introduced to it and Betamovie because Video Movie is almost impossible to get, he added.

One dealer commented that major appeal of Kodak name had been to film camera buffs, stating that they got first major exposure to video by shopping Kodavision at photo stores, then moved on to video stores to see what else was available, frequently ending up buying another brand of portable. Another dealer said lack of prerecorded software was hurting 8mm sales.

While it's far too early to forecast how well 8mm is going to do, we think we can already draw these conclusions: (1) Idea of single-piece camera-recorder has tremendous appeal. (2) Public is still largely ignorant of new 8mm format and, when introduced to it, puts up resistance. (3) Kodak is making market extremely attractive to retailers through incentives, promotions and ads. (4) Entry of Kodak and other photography names will help broaden total video market.

INDUSTRY FORECASTS SALES PLATEAU FOR '85: More of the same. That sums up manufacturers' forecasts for 1985 in our 26th annual year-end survey. TV and VCR producers and importers generally see color set sales staying at same 16 million pace another year, VCRs increasing a modest 20% (and losing 10% in average prices), projection TV sets rising about 14%, offset by 10% drop in monochrome sales.

Nevertheless, respondents think consumer electronics dollar sales will rise 6% above 1984 level, but with no improvement in overall profits. Here are median results of our survey responses, together with our projections of final 1984 results:

| Product | 1985 (forecast) | 1984 (estimated) | 1985 vs. 1984 | 1983 | 1984 vs. 1983 |
|-----------------|--------------------|---------------------|------------------|------------|------------------|
| Total TV..... | 20,722,500 | 21,181,500** | - 2.2% | 19,832,039 | + 6.8% |
| total color... | 16,222,500* | 16,196,500** | + 0.2% | 14,129,598 | +14.6% |
| direct-view. | 16,000,000 | 16,002,000** | - 0.0% | 13,986,092 | +14.4% |
| projection.. | 222,500* | 194,500** | +14.4% | 143,506 | +35.5% |
| TV excl. proj.. | 20,500,000 | 20,987,000** | - 2.3% | 19,683,533 | + 6.6% |
| monochrome... | 4,500,000 | 4,985,000 | - 9.7% | 5,697,441 | -12.5% |
| Home VCR..... | 9,000,000* | 7,505,000** | +19.9% | 4,091,321 | +83.4% |

* Projected record. ** Record.

It should be noted that industry forecasts usually are on conservative side -- even when they're optimistic, as they were a year ago in this space. Last year, industry forecast 14,250,000 direct view color sets (25% too low), 170,000 projection sets (low by 12.4%), 5,350,000 VCRs (off by 29%); it was on high side only in b&w TV, projected 5.5 million being about 10% too much.

Color prediction of 16 million in 1985 was strong consensus, 82.4% of respondents citing number between 15.75 and 16.5 million. Industry sees no let-up in price pressures, forecasting average color prices 2% lower than 1984, not considering changes in mix. Nearly 53% said prices would be lower; 35% said they would be same as 1984, only 12% predicting higher color prices.

Imports of complete color sets will decline, according to survey, from estimated 35% in 1984 (5.6 million) to 30% in 1985 (4.8 million). Forecasts of imports varied widely, ranging 25-45% of total color sets, but 56% thought they would decline.

Despite drop in average prices, 1985 will be year of step-up features. Here are median forecasts and ranges: Cable tuning capability, 60% of color sets (range 25-72%); remote control, 45.5% (40-60%); video jacks, 15% (5-50%); built-in multichannel sound, 10% (3-30%); multichannel adaptability, 20% (10-88%); square-cornered picture tubes, 10% (2-30%). Projection TV will continue gradual increase, with 15% rise in '85, according to survey.

Monochrome set sales forecasts varied from 3.9 to 4.7 million, not one respondent predicting sales as high as 1984. Solid consensus was 4.5 million, picked by 54% of respondents. Sales in 1984 were lowest for any year since 1949; 1985 sales will set new post-1949 low record.

Manufacturers and importers have been particularly conservative in forecasting VCR sales. As one explained to us, "we'd rather be too low than too high and get stuck with inventories." Predictions ranged 8-10 million, strong majority ranging 9-9.5 million. Survey indicated portables coming in at 1 million units, about 11% of total, excluding camcorders, which will sell around 350,000 units; thus portables plus camcorders would represent just under 15% of total VCR sales. Camcorder estimates ranged all over the map, incidentally -- from 100,000 to 1 million.

VHS may lose a little of its edge to Beta and 8mm, according to responses. Median indicated 78% share of total VCR market for VHS, 20% for Beta, 2% for 8mm in 1985. Incidentally, estimates of 8mm's share ranged from 1% to 5%.

Home VCR prices will drop 10% on average in '85, survey indicated, with virtually no respondents seeing price increase, and decreases cited ranging 3-15%.

New category of videotape product -- nonrecording videocassette player (VCP) -- will outsell videodisc players (VDP) in its first full year as product, industry thinks. Survey

indicated median sales of 200,000 VCPs in 1985, as opposed to 150,000 VDPs. VCP forecasts ranged 50,000-500,000, VDP 50,000-250,000.

It will still be tough to make a buck in consumer electronics. Although dollar sales will be up a median 6%, respondents saw profits remaining same as in 1984. Dollar sales forecasts ranged from same as 1984 to 15% increase, nobody seeing decline. There was more division on profits -- same percentage (35%) saw increases as decreases, with 30% predicting no change in profit situation.

Main challenge for 1985? Same as 1984 -- majority of respondents cited profits and prices. Written in were such related challenges as maintaining sales momentum, avoiding overproduction, competition, inventory control and oversupply, keeping order in VCR market, Korean VCRs, managing technological change. Among product challenges, multichannel TV sound stood out, along with 8mm Video, super VCR, monitor receivers. One reply seemed to sum up much of challenge of the future: "Confusion."

NINTENDO'S AVS: Japan's Nintendo is aware that high-end home videogame business is in state of depression, but feels it can be successful with sophisticated component type Advanced Video System it plans to unveil at upcoming Winter CES, according to Consumer Products Sales Vp Bruce Lowry. He told us company already has gotten signs of acceptance from some key retailers, has eye on sales of up to 500,000 game consoles in 1985, and is prepared to back launch with major ad and promotional effort.

Nintendo's AVS falls somewhere between high-end game and low-end computer, offers outstanding graphics, comes with wireless infrared remote pushbutton controllers that slide into game console for storage. While system hasn't yet been finally priced, basic console will list at about \$75, and 25 cartridges to be available at introduction will go for \$20-\$30 each.

One advanced feature is edit capability on some cartridges, which allows user to modify game by adding, deleting or moving obstacles around to make game harder or easier to play. Upcoming keyboard accessory will let user change basic game program itself. Optional cassette data recorder will be offered so changes, though not program itself, can be stored and reloaded. Other accessories on way include piano-type music keyboard with memory, pistols for target games and more standard joystick controls.

Company should have little problem on brand awareness, Lowry indicated. Test panels indicated youngsters were well aware of Nintendo name because of its appearance on arcade coin-op video games and on home video and computer games it's licensed to other marketers here. But while contending "we see an opportunity for a video entertainment piece for the home," he acknowledged company faces job getting today's consumers in mood to make sizable cash outlay for game. We estimate that complete AVS system would run upwards of \$300, excluding software.

Nintendo hasn't firmed up policy on 3rd-party

software, but it's likely to follow hard line it has taken in Japan, according to Gen. Counsel Howard Lincoln. There 2 other game makers, Taito and Namco, offer programs for AVS -- sold in Japan as Family Computer System -- under license and veto control by Nintendo. Such U.S. game producers as Atari and Mattel encouraged independents to develop and market cartridges for their systems, and ensuing flood of cheap games with little originality or play value was major contributor to collapse of game market here, Lincoln said, adding Nintendo isn't going to let that happen to AVS.

Lincoln told us company probably will seek 3rd-party software support but has yet to make decision on whether Nintendo will insist on handling marketing or let independents do it themselves. It will insist that all AVS games meet acceptable graphics and play quality standards. "We have a very strong patent position and intend to enforce it" against infringers, he stated.

Radio Shack cellular phones have been introduced in 7 markets at \$2,000, or packaged with installation kit at \$2,200. Units are being offered in Atlanta, Baltimore, Dallas, L.A., N.Y., Pittsburgh, Washington. Phones are being sourced from Finland's Mobira, partner with RS parent Tandy in cellular phone production. It's understood venture plans to manufacture equipment in Korea. Also moving into cellular is Audiovox, which will be marketing 2 hands-free Toshiba-made models at \$2,300 and \$2,600, last with built-in message counter and recorder.

Satellite dishes were outlawed in Harpers Ferry, W.Va. because Town Council feels they don't fit atmosphere and 19th century architecture in protected federal historic district. There's only one dish in town, and owner says he'll appeal any order to remove it.

Sanyo has started construction of \$25 million R&D center in Tsukuba, Japan. Facility, expected to employ 70 in Sept., will concentrate on semiconductor processing, robotic software and new materials.

ELECTRONIC STILL CAMERAS: Electronic still camera system was focal point of Hitachi's recent exhibit of high-tech products at World Trade Center in N.Y. (TVD Nov 26 p13). Camera uses standard 1.85" micro floppy disc, which stores 25 frames (or 50 fields) of pictures with 350 lines of horizontal resolution, measures about 6x4x3", weighs 1.76 lb, and will be on display at upcoming WCES.

More impressive was table-top recorder that can snatch fields or frames from standard TV signal or VCR and be used as player when hooked to TV. Third component is dye transfer thermal hard copy printer that turns out 4"x5" prints. In Japan, Hitachi indicated complete package would be on sale there in 1985 for \$2,000.

Other consumer-related products shown included 54" widescreen 1,125-line high-definition projection TV, record-erase CD data disc and player, super high-resolution (2,098-line) 19" CRT, 5" CRT for automotive use with touchscreen that provides control function for accessories and acts as navigator by showing car location and movement on disc-generated map display.

Japanese reports indicate Canon and Sony also could start marketing electronic still cameras in 1985. Fuji plans to market floppy disc photo playback system in Japan early in year, offering conversion from film to floppy through photo processors (TVD Oct 8 p12). Matsushita says it hasn't settled marketing plan for its version, shown at Germany's Photokina in Oct. (TVD Oct 15 p19). At demonstration in Tokyo, company said that while medical and industrial users are expected to be first customers, it expects system to become key terminal for still video information processing in homes and offices. It plans to offer 2 dye transfer thermal hard copy printers with system, one turning out 4"x5" prints, other 5"x7".

New price lows: N.Y. department store A&S ran 2-day Sony VCR special at \$199.95, for what's believed first under-\$200, no-strings offer for brand name VCR. Others at same price have required consumer purchase of video head cleaner or some other accessory... Atari videogames by Parker Bros. are essentially being given away free by Toys 'R' Us chain, which is selling for \$5 cartridges that come with \$5 manufacturer's rebate coupon.

First color TVs with built-in teletext decoders are promised by Korea's Samsung, which has signed technology agreement with system developer Norpak of Canada. Samsung says it will have moderately priced decoder-equipped sets as well as low-cost stand-alone decoders on market late next year (details in Broadcast-Cable section of this issue).

All orders for dbx circuit boards by broadcast equipment manufacturers for 1984 have been delivered, dbx said last week. Company said it has advised manufacturers that it now can deliver large OEM orders in 90 days, smaller orders in less time.

INDIA TO VIDEO: With buildup of domestic color TV production capacity well under way, India has eye on video and is shopping for technology and components needed to turn out VCRs, videodisc players and possibly software.

Govt.'s Electronics Trade & Technology Development Corp. has given first priority to VCRs, under project Teleteach, part of more sweeping effort to boost high-tech capabilities of domestic consumer electronics manufacturers. For start, ETTDC is seeking source for several thousand VCR kits to be assembled locally and used with educational program videocassettes intended to train and motivate employees. Those VCRs will go to govt. and social agencies that will handle education program at local level.

At same time, ETTDC is looking for firms willing to supply knowhow to create more vertically integrated industry with capacity to manufacture some 500,000 VCRs annually by 1988. While Japanese manufacturers are most likely sources of such aid, 2 years ago ETTDC picked Korean manufacturers Gold Star and Samsung as prime technology and parts suppliers for its color TV industry, and both are integrated VCR manufacturers.

ETTDC said it's also considering videodisc player production and investigating sources of recorded videocassettes and discs. Agency said aim is to make recorded cassettes sell for nearly same price as blanks.

Grundig TV won't be among exhibits at CES, presumably as result of contract dispute between German company and Display Devices Inc. (DDI), which had been assembling Grundig sets in U.S. Grundig-DDI deal was made before Philips took over German company and there's strong evidence Grundig is trying to get out of contract, hoping to affiliate with larger firm here. DDI Pres. Robert Moore acknowledged only that he wouldn't exhibit because of uncertainties over agreement. Meanwhile, he said, DDI has begun producing Broadmoor brand and has sold out for year. DDI assembles TVs in former RCA cabinet plant in Monticello, Ind. (TVD Nov 7/83 p11). Grundig officials couldn't be reached.

Metallic alloy coatings for record-erase optical video, audio and data discs have been developed by Hitachi. Materials, silver-zinc and silver-aluminum-copper, are naturally silver-white, but color changes at points heated by laser. Reheating by lower-powered laser restores original hue. Hitachi says material can be applied in thin film on glass discs.

Zenith is expected to introduce bright, low-priced projection monitor component, probably this winter. Unit, which can be floor or ceiling mounted, will throw 6-ft. picture on flat screen or white wall. It has liquid cooled optically coupled tube and lens systems, is expected to list at around \$1,895.

INDUSTRY OUTLOOK: Overall U.S. market for TVs, VCRs and home and auto audio equipment will decline about 4.3% at factory level next year to just under \$15 billion, primarily because of drop in value of imports, according to Commerce Dept.'s annual U.S. Industrial Outlook.

Agency estimates 1984 market was up 25.9% to \$15.6 billion, as product shipments by domestic factories rose 11.6% to \$6.66 billion and imports jumped 39.1% to \$8 billion. But for 1985, it sees imports declining 11.1% to \$8 billion, with offsetting indicated rise in domestic shipments of 4.9% to \$6.98 billion. Imports, which accounted for 55% of U.S. market in 1983, rose to 60% this year but will slip to 58% in 1985, Commerce says.

Along with increased domestic sales will come continued growth in employment. Commerce estimated industry production force increased 6.5% to 35.9 million in 1984, looks for that to edge up to 36 million in 1985. Sales figures exclude such consumer products as video cameras, games, computers, calculators, phones, communications equipment. Those, Commerce said, added some \$9.5 billion to industry sales in 1984.

For domestic factories, Commerce estimates value of color TV shipments rose 10% to \$4 billion this year and predicts increase of 5% to \$4.2 billion in 1985. Biggest product value rise in 1984 was 16.5% to \$1 billion for auto radios, but increase for 1985 is seen holding to about 2.5%.

Decline for imports in 1985 is expected to result from inventory carryover in audio area. Color TV imports are seen increasing 5% to \$1.1 billion next year, VCR imports 15% to \$1.8 billion.

For longer term, Commerce expects value of domestic factory shipments to increase at 6.8% average annual rate over next 5 years to reach \$9.1 billion by 1989, while import growth averages 10.6% to hit \$11.8 billion. Growth of U.S. exports, which rose 5.7% in 1984 to \$630 million and is seen increasing 7.9% to \$680 million in 1985, is expected to slow to 6% rate in following years.

Zenith expects strongest sales year ever in 1985, according to Gerald McCarthy, senior vp-sales and mktg. He said company's unit sales of color and projection TV and VCRs set records in 1984, but prices have continued to decline. He said Zenith cut already distressed prices in response to color TV dumping in 1984, promising to continue to maintain competitive position by responding to industry price declines. "The time has come," he added, "for product price to bear a more sensible relationship to product cost."

Microwave oven shipments by U.S. manufacturers and importers surged in Nov., climbing 58.6% from same 1983 month to 986,500, AHAM reports. Rise left 11-month total at 8.17 million, up 57.6%.

CES AND AUDIO-VIDEO: Video products will emphasize audio, and audio products will emphasize video, when the twain meet at Winter Consumer Electronics Show that starts 4-day run Sat. in Las Vegas. Here are some expected show introductions:

Toshiba will enter audio video rack products with 2 systems for delivery this spring, with 20" or 26" FST monitors. Top system has 85 watts per channel, turntable, CD player, AM-FM, top end Beta Hi-Fi. Second model has similar components, multichannel TV sound (MTS). Prices weren't announced. Also new from Toshiba is 26" FST monitor receiver with 139 channels, built-in MTS, keypad remote, 4-speaker stereo, timer, to be available in March at \$1,400.

Technics will show MTS adaptor for its audio video receivers and any TV set equipped with multiplex output using standard RCA connectors, at \$150. Company will display 40-, 50- and 70-watt AM-FM-VHF TV stereo receivers that will accept stereo adaptor, at \$270, \$320 and \$450. Technics also will show portable audio processor at \$900 that makes possible digital audio recording on VCR at home or away.

Pioneer will emphasize "video readiness" of new receivers, 2 of which are designed to connect and control any 2 video sources (VCRs, disc players), including switching, and with pseudo stereo; 30-watt unit is \$220; 40-watt is \$270.

NEC has added built-in stereo to its monitor receivers, now at \$779 and \$950. Separate stereo adaptor is \$99. NEC's first FST monitor receiver, with 20" tube, 142 channels, keypad remote, is \$779. New rear-projection systems, shown in prototype at last June's CES, are 37" at \$2,600 and 46" at \$3,200, available in April and Feb., respectively. New VHS VCRs with 105 channels are 2-event 21-day unit at \$499 and more deluxe 4-event model at \$599. New Beta Hi-Fi VCRs are \$799 and \$999. NEC is adding new CCD color camera weighing less than 2.2 lb. with 9 lux sensitivity, only 4 watts power consumption, at \$949.

Gold Star will expand into high-tech audio at WCES with prototype of digital audio CD player. Unit isn't expected to be available for delivery until late next year.

Ways to boost value of yen against dollar to help trim U.S. deficit in trade with Japan, likely to hit massive \$35 billion this year, is expected to be among key subjects when Reagan meets Prime Minister Yasuhiro Nakasone in L.A. this week. Yen, quoted at 250 to dollar at last week's close, is down 6% from value at end of 1983, making Japan's exports cheaper to U.S. customers. To set stage for talks, govt. leaked study prepared by State Dept. for Senate Foreign Relations Committee expressing dissatisfaction with Japan's efforts to increase imports by reducing tariffs and eliminating trade barriers.

Consumer Electronics Personals

Neil Vander Dussen, Sony Consumer Products pres., adds duties as pres. of new Marketing Group, formed as umbrella operating and support entity for Sony's own-brand product marketing units, in restructuring; Koichi Tsunoda, former corp. operations and engineering exec. vp, named Group exec. vp for new business development and engineering; Michael Eisner, ex-corp. senior vp-controller, appointed group exec. vp with responsibility for planning, accounting and controllership; Michael Schulhof, former corp. strategic planning committee chmn., named pres. of Sony Industries, new division responsible for sales of products and components to OEMs.

Shigeru Shibuya appointed chmn., U.S. JVC Corp., new post with unit that oversees operations of JVC America, JVC Service & Engineering and JVC Mfg.; Norizo Sakoda advanced to U.S. JVC pres., with responsibility for all North American operations, replacing Shibuya; Hiroshi Sano named pres. of JVC America and JVC Service and Engineering, succeeding Sakoda; M. Kai has replaced Sano as JVC Canada pres.; Taki Takahara appointed mgr. of new JVC America southeast branch; Henry Wersh advanced at midwest branch from asst. mgr. to mgr., succeeding Takahara.

Don Havens, ex-pres. of Inflight Motion Pictures, named pres. of Display Sciences Inc., N.Y. consumer-industrial projection TV developer and marketer; David Parse, ex-Quasar N.Y. factory branch gen. mgr., joins as mktg. and sales vp; Vincent Donohoe is chmn... Alex Akakura advanced at TDK (U.S.) to computer products sales and mktg. dir., assuming some of former duties of Terry Tsutsui, who continues as mktg. & sales vp for pro-industrial audio & video products; Julian Phelps, former south region computer sales mgr., named computer products national sales mgr., replacing Koyo Yokoi, now consumer audio & video products national sales mgr.; Seiji Enami named credit mgr.

Richard Mentzinger, ex-Quasar and RCA, has been named sales & mktg. vp for computer software marketer Mindscape... Richard Black, ex-Abbott Labs, joins Embassy Home Entertainment as operations dir... John Ruscin, ex-EUE/Screen Gems, appointed MGM/UA Home Video east coast programming vp... Susan Marder named ad and promotion dir., Video Corp. of America.

Walter Ainsworth, Phelps Dodge Magnet Wire Div. pres., named corp. senior vp with added responsibility for all domestic manufacturing operations... Geno Ori named senior vp-gen. mgr. of Motorola Semiconductor's new Discrete & Special Technologies Group... Sho Nakanuma named NEC Electronics (U.S.) pres., succeeding Keiske Yawata, who, with Chmn. Hiroe Osafune, has been assigned staff post with parent in Japan; Shigeo Kirimoto named senior vp... Keith McDonald promoted at Toshiba America MOS IC Div. to national sales mgr.,

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assuming former duties of Robert Brown, recently named gen. mgr... Stanley Lehrer named special counsel to EIA Distributor Products Div.

Electronic toy sales for Christmas slumped badly for retailer Toys 'R' Us, though overall volume in quarter to Dec. 24 was up 17% to \$726 million. Because of steep decline in demand for videogames and more modest fall-off for home computers, dealer said, volume in electronics was down 41.6% for period to \$65.3 million, or just 9% of total sales, from \$111.8 million, or 18%, in same 1983 period. Company indicated that in stores open for year or more, sales of electronics were off 47% to about \$59.3 million. Spokesman attributed part of electronics volume decline to manufacturers' pre-Yule price cuts, noted that 1983 results were aided by high unit sales of home computers dumped on market by Texas Instruments after it decided to quit field.

Toshiba's U.S. sales grew more than 40% in 1984, on top of same increase in 1983, Toshiba America reported last week, and Exec. Vp Paul Michie forecast 20th anniversary year of 1985 will be company's best. At Winter CES, he said, "we will not overburden retailers with new products," instead will introduce wide assortment of products at 5-day sales meeting in Hawaii in April.