

# TELEVISION DIGEST®

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

With Consumer Electronics

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

JANUARY 7, 1985

VOL. 25, NO. 1

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

FCC WILL LOOK AGAIN AT UHF spectrum in search for more space for private radio users. Nonbroadcast video services to be considered in weighing continued need for TV allocations. (P. 1)

\$11.3 MILLION NAB BUDGET proposed by Exec. Committee, increase of 9.7%. TIO again asks for more funding. (P. 2)

TWO GROUPS WANT TO BUY USCI from current owners. Bids stopped company from going out of business Dec. 28. Decision is expected to be announced by Jan. 10. (P. 3)

BYRD PROPOSES TV IN SENATE, picking up gauntlet from retired Baker. Move signals Democrats' willingness to compromise. (P. 3)

YEAR AHEAD FOR SATELLITES: Competition and controversy will characterize 1985. (P. 4)

VH-1 UNDER WAY with 3.5 million homes, 28 advertisers. *Odyssey* starts with zero in cable music video venture. (P. 5)

PTV LEERY OF CHANNEL SWAPS as suggested by Comr. Quello as way to generate cash for public broadcasting. (P. 6)

PRIVATE RADIO SEEN GAINING UHF SPECTRUM: FCC is expected to issue inquiry and/or rulemaking in next few months looking toward reallocating some of spectrum space now reserved for UHF TV stations to private radio users. Source close to Chmn. Fowler said there's nothing definite in works but "that's what we're thinking right now." In deciding whether to take UHF channels away from TV, major consideration will be given to nonbroadcast video services available to public, source said.

Citing increasing demand for more spectrum by private radio users -- who long have had their eyes on UHF space -- source said "there's already lots of video services out there" and there'll be many more by 1990, noting that it has been projected that video recorders will be in 50% of U.S. homes by 1990. Continued reservation of UHF space for TV is "an issue that essentially has been churned up by NAB and MST... But, we must balance the needs of other users," source said.

### Consumer Electronics

COLECO DROPS ADAM on eve of WCES, will show steep loss for 1984. Inventory to go to liquidator Odd-Lot. (P. 8)

SUPER BETA DUE BY MIDYEAR. 400-line resolution, Beta compatibility claimed, but some engineers are doubtful. (P. 9)

1985--BOOM CONTINUES through 3rd year, at least in our annual forecasts, which see more than 17 million color sets, 11.5 million VCRs. Less rosy view offered in EIA survey. (Pp. 10 & 15)

TATUNG COLOR PLANT in Atlanta slated to go on stream this month with production of 25" sets. Output of 19" models scheduled to start in spring. (P. 13)

VIDEOCASSETTE PLAYER sellout of 15,000 units in 1984 reported by Portavideo. TV-VCP combo at \$1,295 being introduced at WCES. (P. 13)

VHS-PROJECTOR COMBO OFFERED as competitor to Sony Vidimagic. 2,200-unit order claimed. (P. 13)

NEW PRODUCTS AT WCES: Sony shows digital TV, CCD Betamovie. Panasonic teletext TV set; Zenith monitors; Teknika enters VCR with VHS line. (P. 14)

We're told that commissioners agree FCC should take another look at need to continue to reserve huge block of UHF spectrum for TV. In what was termed "conservative" projection, Private Radio Bureau has predicted there will be major shortage of spectrum space for private users by year 2000.

Currently outstanding is FCC Doc. 84-1233, which would allocate 12 MHz in 896-902 and 935-941 MHz bands for private land mobile use. Under proposal, 30% would go to public safety uses, 70% for private use. NAB, which along with MST has consistently fought all attempts by land mobile to win additional UHF space, said its reaction to Doc. 84-1233 is "somewhat mixed." On one hand, according to Senior Vp Thomas Keller, although proposal should reduce some of pressures on UHF spectrum, NAB should object to only 30% of additional spectrum being reserved for public safety.

Also pending at Commission is petition for rulemaking (filed by Land Mobile Communications Council) seeking "expanded UHF TV/land mobile sharing of the 470-806 MHz band [UHF TV spectrum] in the 21 largest urban areas." NAB long has argued that land mobile uses its space inefficiently, and in that connection Personal Radio Steering Group has asked for rulemaking to require land mobile to convert services "to more spectrum-efficient technologies, i.e., narrowband (ACSB)."

**\$11.3 MILLION 1985 NAB BUDGET PROPOSED:** When NAB board meets Jan. 15-18 in Palm Springs, it will consider Exec. Committee budget proposal anticipating income for fiscal year beginning April 1 of \$11,289,730, increase of \$997,420 over current year -- up 9.7% -- and first time NAB would go over \$11 million. Total projected expenses for new year are roughly \$10.5 million, leaving estimated surplus of \$742,903. NAB's projected income for this fiscal year is \$10.3 million, expenses \$9.9 million.

Left for vote of TV board is requested 5.5% increase in last year's contribution of \$175,000 to TV Information Office. Exec. Committee at first balked at TIO increase. NAB and TV networks contribute same amount to TIO, have upped their contributions by 10% each of last 3 years. Networks reportedly have agreed to 1985 increase although NBC was said to have been reluctant until appeal was made directly to Chmn. Grant Tinker. NAB is expected to approve increase also.

Bulk of fiscal 1985 income will come from TV dues of \$3.36 million, radio dues of \$3.05 million, associate member dues of \$770,000 and projected profit of \$2.9 million from April 14-17 NAB convention in Las Vegas. Assn. had estimated it would realize \$2.4 million profit from 1984 convention, but actual profit was \$2,297,000. Greater net expected from 1985 gathering stems from increase in exhibitor fees from \$10 to \$12 per square foot and addition of 70,000 sq. ft. of exhibit space. Also contributing to proposed 1985 budget is projected income of \$701,900 from NAB Services, up 32.4% from this year.

Major estimated expenses for coming fiscal year, according to Exec. Committee budget proposal, are: General administration, \$4.2 million (up from \$4.08 million in current year); radio div., \$1.1 million; govt. relations, \$1.0 million; public affairs, \$912,831; legal, \$805,324; station services, \$693,510; research and planning, \$585,672; science and technology, \$504,229; TV div., \$437,276.

William Faber, WXFL Tampa (former NAB TV dir.), has been appointed to TV board for term ending in June, succeeding William Dunaway, ex-WTHR Indianapolis.

NBC and CBS have rejected as too graphic and potentially offensive to viewers an antismoking TV spot produced by American Cancer Society. Spot, which has been accepted by ABC, shows smoking "fetus" to warn pregnant women of dangers of smoking.

CBS is expecting TV network revenues to increase about 8% in 1985 (dropping estimate from earlier 10%), according to Vp-Research David Poltrack. This will follow expected network revenue gains of 18-19% this year, fueled by elections, he said.

**TWO GROUPS BIDDING FOR USCI:** Two different and apparently competing groups of investors are trying to take over United Satellite Communications (USCI) from current owners Prudential Insurance, General Instrument and real estate developer Francesco Galesci, we've learned. Final word on USCI should come by Jan. 10. Bids stopped DBS company from going out of business Dec. 28.

As we've reported (TVD Dec 24 p5), TCI is one of bidders. Carolyn Baker, asst. to TCI Chmn. Robert Magness, confirmed there have been discussions but said no agreement had been reached. Joining TCI in bid is GI, sources tell us. GI, hardware manufacturer for USCI's current DBS service, apparently wants to increase its 15% stake, but its intentions remain unclear as company executives declined to comment.

Heading 2nd group of bidders is Galaxy Best. Services, 1-1/2-year-old satellite TV system manufacturer. CEO Blair Gilbert told us that if his company acquires USCI, it would drop current service, restructure company to offer package of cable services to backyard dish owners. GBS made offer Dec. 28, day that had been set for shutting down USCI. GBS offered to buy option for right of first refusal on purchase from current owners, Gilbert said. Also involved with GBS bid, he said, is UPI CEO Douglas Ruhe, who had been in on scuttled effort to merge USCI with Comsat's STC. Gilbert declined to identify other investors in group but said venture capital sources are involved. He said GBS now has \$85 million in capital committed, would need \$125 million to acquire and operate USCI.

Gilbert said GBS planned to replace hardware of USCI's existing 7,000-8,000 subscribers with GBS's own receiving equipment at total cost of \$17 million. Gilbert views his company's effort as that of "martyr" for TVRO industry but said if someone doesn't make move, publicity from death of USCI would set back business for years.

USCI Pres. Nathaniel Kwit told us USCI has received just one offer, would not disclose source. But he insisted GBS has nothing to do with acquisition talks. Gilbert said it's not surprising Kwit hasn't heard of offer since he's dealing directly with 3 partners in USCI, not company itself. Prudential declined comment and Galesci couldn't be reached. As for GI, Gilbert said its officials have told him: "If we're going to be involved [with USCI], we're going to run it."

Meanwhile, Kwit disputed much of recent reporting about USCI, said company has nearly 10,000 subscribers with no churn and customers are paying bills. Staff cuts haven't been as drastic as reported either, he said, with USCI now down to 80 staffers, cut of 20 since beginning of Dec. Company had more than 200 employees in March.

USCI was able to market for only 8 weeks before Prudential shut off flow of marketing funds and said

company needed to find new investors, Kwit explained. When it was able to push service, though, he said it made 400 sales daily. Meanwhile, GBS's Gilbert said he's learned USCI recently got out of 9-year \$108 million contract for transponder time on Anik satellite, is now getting time on day-to-day basis.

**BYRD WANTS TV IN SENATE:** Senate Minority Leader Byrd (D-W.Va.) Jan. 3 proposed Senate rules change (S. Res. 2) to allow TV and radio in chamber. Proposal signaled new willingness among moderate Democrats and Republicans to work together on bringing TV to Senate.

Proposal is expected to come under heavy fire from both parties' Senate conservatives, who want to retain deliberative tradition of chamber. Democrats last year helped defeat similar proposal by now retired Sen. Baker (R-Tenn.) (TVD Sept 24 p5). Byrd didn't support Baker proposal, said plan was vague and didn't protect Democrats rights in debate.

In interview, Byrd told us his 10-page proposal makes kinds of rules changes needed to assure that lengthy debates and filibusters don't allow either major party's members to monopolize camera time. He said TV and radio were needed in Senate to bring chamber into 20th century, complained that public knows more about House and White House because of their extensive TV coverage.

Byrd proposal calls for live coverage, with cameras administered by Senate Rules Committee but controlled by Senate party leaders. Cameras would focus on speakers only, he said, and debate would be divided equally between 2 parties, same as in House, to assure minority party equal access to cameras. He said proposal calls for testing system first with feed to congressional offices. Byrd recommended equipment budget of up to \$2.5 million.

Byrd said that he'll ask Senate Rules Committee for hearing as soon as possible and that he plans to testify. He said he also has spoken with Sen. Ford (D-Ky.), key opponent of Baker proposal, but hasn't won his or any other opponent's support yet. Byrd admitted plan may face strong opposition from senators who fear other members will exploit TV and radio to help them campaign for presidency. But, he said, "that isn't our desire, nor our purpose" for bringing electronic coverage into Senate.

—

FCC has extended pleading cycle on cable competition rulemaking (Doc. 84-1296) at request of several cable interests. Rulemaking, among other things, will define circumstances where cable has adequate competition to allow for deregulated rates. Cycle has been extended 2 weeks, with comments now due Jan. 28, replies Feb. 11. Earlier, NCTA had asked Commission to split rulemaking, concentrate now only on competition section, delay until March 15 consideration of other issues such as regulation of services, facilities and equipment.

**YEAR AHEAD FOR SATELLITES:** Satellite market outlook in 1985 is for increasing competition -- both internationally and domestically. FCC and Administration agencies that focus on communications issues face unenviable task of working out details of competitive policies established in 1984 and reconciling those decisions with marketplace. Result of these deliberations may be new transmission options for broadcasters.

This will be year FCC decides rulemaking on separate international satellite systems in competition with Intelsat and may finally approve some licenses. Several applicants propose international video offerings. Proceeding in wake of White House determination on issue is on "expedited" track at FCC; comments in combined inquiry and rulemaking are due next month, replies in March. But complications associated with that decision, and interrelated issues, will make development of integrated competitive policy tough for FCC to fashion.

Complicating FCC's job are Administration mandate to ensure Intelsat's viability in more competitive market and appearance on scene of private submarine transatlantic fiber proposals by Tel-Optik and Submarine Lightwave Cable. Of 2, SLC proposal is one with appeal for broadcasters, offering fiber international transmission.

Opinions vary among industry insiders on how Commission will handle task of integrating rival media in competitive scheme. Most sources predicted end to 50/50 split between satellite and cable circuits but said FCC probably will maintain some role in monitoring transatlantic facilities planning.

C-band direct-to-home TV service is alive and well, will present satellite equipment makers and programmers with new business opportunities in 1985. Host of copyright problems may accompany entry of independent program packagers to market; several such ventures have offered to service home TVRO owners who want to continue receiving programming when major pay TV services scramble their signals.

Also on Commission's slate is processing of Nov. 7, 1983 round of domestic satellite applications. Dealing with applications will call for "great deal of creativity" on part of Commission -- which has never had to handle more applicants than slots -- and also may spur domsat operators to act before any ruling to strengthen their competitive positions, source said.

Industry insider predicted satellite firms would move soon to form mergers and joint operating agreements to deal not only with regulatory competition but also with weak transponder market. Same trend toward joint ventures will draw more companies into financial arrangements in which their customers take more controlling role, said one operator. "It's a buyers' market," another lamented.

Tardiness of FCC in processing Nov. 7 group may change soft transponder market eventually, but meanwhile transponder prices are down. Several satellites are up for sale, making long-term prospect of low prices likely.

Tribune Bestg. and Viacom Enterprises Dec. 19 announced formation of TV Net to provide first-run movies monthly for TV. TV (for Tribune/Viacom) Net will set up ad hoc networks, with first movie (title not decided) to be aired in April. Among movies for which TV Net has rights: *Frances*, *That Championship Season*, *Ten To Midnight*, *Washington Affair*, *The Octagon*, *Middle Age Crazy*. Planned are miniseries, specials and first-run series. Network will be satellite fed, advertiser supported with TV Net retaining time for national sale. MCA TV is forming similar network, Universal Pictures Debut Network, to start in Sept. and offer 24 first-run films before they air on pay cable. After 2-year barter deal is completed, movie rights will revert to stations, along with 9 off-network films. Package includes 3 Alfred Hitchcock classics, plus *Conan The Destroyer*, *Dr. Detroit*, *D.C. Cab* and *Cat People*. Both new movie packages will be sold to stations at Jan. conventions of INTV and NATPE.

Rep. Leland (D-Tex.) Jan. 3 introduced bill to require EEO guidelines for broadcast industry similar to those in new cable law (PL 98-549), including annual FCC hiring reviews, and fines and revocation of broadcaster auxiliary relay licenses for violations. Leland also introduced measure identical to one he proposed last year to make minorities eligible for up to \$500,000 in tax credits for purchasing broadcast stations. Station sellers would be able to defer capital gains for 2 years under bill. Same day, Sen. Hawkins (R-Fla.) and Rep. Rinaldo (R-N.J.) introduced bill to establish new Board for International Bestg. service called Radio Maccabee to broadcast Hebrew educational, and cultural and political programs to Soviet Union. They said program would be auxiliary to Radio Liberty, have \$3 million funding.

Cable Olympics Rights Consortium (CORC), group of 12 of 15 largest MSOs, is working to offer events from 1988 Seoul Summer Olympics on pay-per-view basis, according to TCI Senior Vp John Sie, who heads ad hoc group. CORC remains in contact with Koreans, broadcast networks and Trans World International, firm handling rights talks for Korean Olympic Organizing Committee, Sie said, adding that his group doesn't expect any real activity until networks and TWI sit down next month. Sie thinks CORC -- as only avenue to large numbers of cable subscribers -- will preclude network that wins rights from setting up own ad hoc pay network.

Outlet Communications said Jan. 4 it had completed acquisition of WATL-TV Atlanta (Ch. 36), group's first independent and 6th overall. Outlet, unit of Rockefeller Group, has said it plans to acquire WPDS-TV Indianapolis (Ch. 56).

**VH-1 LAUNCHES IN QUIET MARKET:** MTV Networks Jan. 1 launched VH-1, new cable music video channel for 25-54-year-olds, in somewhat subdued marketplace for music programming. Turner Bestg.'s Cable Music Channel, expected last Aug. to be around at this time, is gone already and Discovery Music Network has abandoned cable for UHF.

Remaining competitor for MTV is Odyssey, 24-hour urban contemporary and top-40 service. National Christian Network was set to launch Jan. 5. But marketplace has become difficult to crack. Odyssey Programming Dir. Thomas Shaw admitted new service will start with not one single subscriber. Service will use first week on air to show itself to cable and broadcast communities, try to sign up affiliates. Early demise of CMC made executives skittish about signing, he said.

MTV said its new network went on air with 3.4 million potential viewers, 215 cable affiliates. Service signed up 28 advertisers for launch, including American Motors, Chams Debaron, Ford, National Dairy Assn., Pepsi, Sears, Stroh's and Wrigley. ATC Mktg. Vp Steve Ste. Marie said MSO, which has signed to carry VH-1, won't transmit it until regions decide to pick it up. However, MTV executives insist ATC has some systems turned on. ATC expects to make strong commitment to service in next 3-6 months. Warner Amex said service is available.

What next for MTV? That's big question for cable programmers. Company plans to expand Nickelodeon to 24-hour service, move delayed by start of VH-1, has capacity to handle 10 channels from Smithtown, N.Y. operations center.

MTV is making end-run around cable operators with VH-1, going straight to consumers to sell service like it did with well-publicized "I want my MTV" ads. VH-1 TV spots feature recording stars, such as Kenny Rogers, Barbara Streisand and Olivia Newton-John, on phone saying, "Hello, Mr. Cable Operator. We want our music!"

VH-1 apparently won't be able to run videos during their exclusivity period on MTV. MTV Networks Exec. Vp Robert Pittman said he expects "after a period of exclusivity that [videos] would appear on VH-1."

Hitachi has developed videotape recorder and camera for use in high-definition TV (HDTV). VTR is digital, uses 1,125-line scanning, records picture elements as 8-bit signals on 1" magnetic tape. HDTV camera was developed in conjunction with Canon, employs 3 Saticon diode-gun pickup tubes.

United TV has acquired construction permit for new TV station on Ch. 45 in Phoenix -- but it cost company unprecedented \$5 million to pay off 12 competing applicants. It's believed this is by far most ever paid for CP to build TV station. Buyout has been approved by FCC.

**United Cable TV** is named in \$20-million lawsuit filed by CATV Facility Co. for claimed breach of contract relating to sale and/or lease of buildings and facilities by plaintiff for United's Alameda, Cal. 108-channel newbuild. Suit filed in Cal. Superior Court, Alameda, asks \$20 million actual damages plus even greater punitive damages. Meanwhile, company, only bidder in Baltimore's 2nd round, has been awarded 20-year franchise, will build 79-channel system costing \$80 million.

**Wesray Communications** has closed on its \$95-million purchase of Forward Communications, which owns 8 radio stations and 6 TVs -- WRAU-TV Peoria, KCAU-TV Sioux City, KOSA-TV Odessa, Tex., WTRF-TV Steubenville, O.-Wheeling, W.Va. and WMTV Madison and WSAW-TV Wausau, both Wis. Forward Chmn. Richard Dudley has been named chmn. of Wesray, with Forward Pres. Thomas Bolger moving to same post at Wesray.

**Alex Netchvolodoff** has decided not to take Senate Commerce Committee staff dir. job offered by new Chmn. Danforth (R-Mo.). He will remain administrative asst. in Danforth's personal office. Committee job will go to Allen Moore, Danforth's legislative asst. Walter McCormick, ex-Pepper Hamilton & Scheetz Washington law firm and currently on Danforth personal staff, will become Committee gen. counsel.

VOA has signed agreements to expand or improve operations in Belize, Costa Rica, Morocco, Sri Lanka and Thailand as part of \$1.5 billion program to reach areas where its signal is jammed or nonexistent. VOA reportedly also has sought permission to build transmitters in Israel to overcome jamming of its programs aimed at Soviet Union. Program would expand number of languages broadcast to 60 from 49.

FCC actions appealed to U.S. Appeals Courts: (1) Marsh Media (common ownership with KSWO-TV Lawton, Okla.) asked 5th Circuit in New Orleans to overturn ruling that cable systems in 6 markets (including Lawton) owned by TV stations in same city must be divested within 3 years. (2) Tex. Power & Light sought review in 5th Circuit of FCC staff ruling in pole attachment complaint by Teleprompter.

FCC has stayed Oct. 26 rules to minimize interference to Ch. 6 TV stations by noncommercial FM stations. Commission also put freeze on any further FM applications adjacent to Ch. 6 and on new applications for Ch. 6 TV stations or changes in existing stations that would affect service area of such stations. Action was taken at request of several commercial and noncommercial broadcast groups.

Practising Law Institute is sponsoring Jan. 21 seminar at N.Y.'s Doral Inn on new cable deregulation legislation. Washington attorney Gary Christensen is chmn. of seminar, which costs \$250. Details: PLI, 212-765-5700.

**PTV LEERY OF CHANNEL SWAPS:** Public broadcasters are skeptical about swapping their VHF channels for UHF spectrum licensed to commercial broadcasters even though exchange would be sweetened by unspecified millions of dollars.

Proposal, put forth by FCC Comr. Quello, has great interest because more than half of top-50 markets have VHF public stations. Of more than 300 public stations, 121 are on VHF channels.

Quello, who claims neutrality on issue, said he's considering reconvening Temporary Commission on Alternative Financing for Public Telecommunications (which he chaired) to study it. FCC Chmn. Fowler supports proposal: "It's a hell of a good idea and we've been working on it quietly... Commissioner Quello can be sure of my support and I'm sure we can get [the support of] others [on Commission]."

As suggested by Quello, swap would have 2 objectives: (1) Provide endowments for public TV stations from commercial broadcasters. (2) Allow commercial stations to expand number of VHF stations they own, in wake of relaxed multiple ownership rules. Money could be placed in interest-bearing account as endowment to buy high-quality programming, according to Quello, who plans to get input from public TV community and Congress.

We're told that view of some at Commission is that viewers who want PBS programs will follow public stations to new channels, allowing them to retain audience. VHF-for-UHF swap already has been proposed in Tampa-St. Petersburg market between educational WEDU (Ch. 3) and Hubbard Bestg.'s WTOG (Ch. 44) (TVD Dec 10 p3). Public station would receive about \$25 million from Hubbard.

Public broadcasters generally don't know details of Quello proposal, but were leery on several points: (1) UHF signal quality, generally considered inferior to VHF. (2) Reliance on cable to serve wide audience. (3) Audience retention. (4) Creation of national policy to govern unique local situations. Frederick Breitenfeld, WHYY-TV Philadelphia pres., called idea "a fascination" but questioned swapping anything when other side was willing to spend so much to get it. "I don't know which part is the devil and which part is Daniel Webster," he said. CPB Pres. Edward Pfister couldn't be reached; PBS Pres. Bruce Christensen didn't know details, had no comment.

At KTCA-TV St. Paul-Minneapolis (Ch. 2), Pres.-Gen. Mgr. Richard Moore said he already had rebuffed "many" requests to swap his VHF for UHF channel and to swap state educational authority's KTCI-TV St. Paul (Ch. 17) for a higher frequency UHF. He said KTCA-TV is established in community and frequency switch would hurt relationship with public and erode confidence. Henry Becton, pres.-gen. mgr. of WGBH-TV (Ch. 2) Boston, said he's not sure proposal makes sense in short term, might in perhaps 10 years as cable penetration improves.

Raymond Ho, exec. dir. of Ark. Educational TV Commission, which has VHF Ch. 2 in Little Rock, said he had considered swap but ended talks with independent station because shift would have denied service to some. "It would be a real shame to this country if we had to consider such a last-resort solution" to funding problems for public TV, Ho said.

Following is list of markets in top 50 that have VHF public station (first number is market rank): (1) N.Y., WNET (Ch. 13); (3) Chicago, WTTW (Ch. 11); (4) Philadelphia, WHYY-TV (Ch. 12); (5) San Francisco, KQED (Ch. 9); (6) Boston, WGBH-TV (Ch. 2); (9) Dallas-Ft. Worth, KERA-TV (Ch. 13); (10) Houston, KUHT (Ch. 8); (12) Pittsburgh, WQED (Ch. 13); (13) Miami, WPBT (Ch. 2); (14) Minneapolis-St. Paul, KTCA-TV (Ch. 2); (15) Seattle-Tacoma, KCTS-TV (Ch. 9); (16) Atlanta, WGTV (Athens) (Ch. 8); (17) Tampa-St. Petersburg, WEDU (Ch. 3, already proposed for swap).

(18) St. Louis, KETC (Ch. 9); (19) Denver, KRMA-TV (Ch. 6); (20) Sacramento-Stockton, KVIE (Ch. 6); (23) Portland, Ore., KOAP-TV (Ch. 10); (25) Phoenix, KAET (Ch. 8); (29) Milwaukee, WMVS (Ch. 10); (31) Nashville, WDCN (Ch. 8); (34) New Orleans, WYES-TV (Ch. 12); (38) Memphis, WKNO-TV (Ch. 10); (40) Oklahoma City, KETA (Ch. 13); (42) Salt Lake City, KUED (Ch. 7); (45) San Antonio, KLRN-TV (Ch. 9); (48) Birmingham, Ala., WBIQ (Ch. 10).

#### MULTIPLE OWNERSHIP STUDY

The rules for television station ownership have changed. Broadcasters will now be allowed to own up to 12 TV stations, with a maximum reach of 25% of U.S. TV households. The exclusive TELEVISION STATION COVERAGE CENSUS from Television Digest will allow executives to evaluate strategies and calculate alternatives for acquiring or selling stations in this newly defined marketplace.

The TELEVISION STATION COVERAGE CENSUS 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 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.

**Personals**

**Symon Cowles**, ABC TV creative services vp, resigns to form Cowles & Co., marketing communications firm with offices in N.Y., L.A... **William Bengtson**, ex-KOAM-TV Pittsburg, Kan. vp-gen. mgr. and member of NAB TV board, appointed to same post at KRCG Jefferson City, Mo... **Ann Miller**, ex-Rouse Co., appointed NAB personnel dir., succeeding Fran Maine, who moves to Atlanta... **Jeffrey Lee** promoted to exec. vp-gen. mgr., KPRC-TV Houston.

Promoted to vps at KCNC-TV Denver: Station Mgr. James MacDermott; Program Mgr. Lon Lee; News Dir. Marv Rockford... Hal Bender advanced to dir. of photography, NBC... **Marcus Williams** advanced to WDIV Detroit chief engineer... **Joseph Ademy** promoted to vp-gen. mgr., WAVE(FM) Sarasota, Fla... **Irving Azoff** advanced to pres. of new MCA records and music group; **Myron Roth** promoted to exec. vp... **Terri Williams**, ex-KCPQ Seattle, joins KTZZ Seattle (scheduled to go on air in spring) as station mgr.; **William Birney**, also ex-KCPQ, appointed program dir... **Jerry Fox** advanced to station mgr., WTVQ Lexington, Ky.

**Mark Wallhauser**, ex-Wold Communications, appointed dir.-new project development, Chanticleer Communications... Promotions at Turner Bcstg. System: **Michael Oglesby**, PR dir.-Entertainment Div.; **Judi Borza**, PR dir.-News Div.; **Alex Swan**, PR dir.-special projects... Executive staff changes at General Instrument's Broadband Communications Group: **William Flaherty** promoted to Tocom exec. vp, replacing John Nolen, resigned; **Hal Krisbergh**, vp-gen. mgr., Jerrold Subscriber Systems Div., adds Flaherty's former responsibilities as vp-gen mgr. of administration and Far East Group Operations.

**Melinda Gipson** advanced at Television Digest Inc. to managing editor, Satellite Week... **Janice Hill**, ex-NTIA, becomes of counsel to Washington law firm Arter & Hadden... **Gary Stark**, program dir., WEWS Cleveland, adds syndicated programs mgr. title for parent Scripps-Howard Bestg., new post; **Gilles Champagne** promoted to vp-cable TV and telecommunications, Scripps Howard... **Dennis Taylor** appointed pres., L.S. Engineering, which has

moved to 110 Crocker St., Avoca, Ia. 51521, 712-343-6676... **Bruce McKinnon** promoted to operations mgr., Cox Cable Okla. City, new post.

Washington communications attorneys **Nicholas Miller** and **Randolph Young** have left Preston, Thorgrimson, Ellis, Holman & Fletcher to form new firm, Miller & Young, Suite 617, 1150 Conn. Ave., Washington 20036, 202-835-9699... **Jonathan Dolgen**, ex-Columbia Pictures Industries, appointed 20th Century Fox senior exec. vp-operations for TV syndication, home video, studio lot, music operations, corporate legal dept... **M.L. Keith** advanced to vp-GTE sales, GTE Communication Systems Mktg. Div... FCC calendar: Jan. 7: Comrs. **James Quello**, **Mimi Dawson** and **Henry Rivera** are on INTV Washington Update panel. Jan. 11: Chmn. **Mark Fowler** addresses Utah Bcstrs. Assn. winter convention via videotape; **Quello**, **Dawson**, **Rivera** and **Patrick** are on panels at NATPE convention, Moscone Center, San Francisco. Jan. 12: **Rivera** is on children's TV panel at NATPE.

**Robert Lawton** promoted to mgr., Advanced Communications Technology Satellite Program, RCA Astro-Electronics... Rep. **John Dingell**, House Energy and Commerce Committee chmn., is luncheon speaker at Jubilee Commission conference Feb. 13, Mayflower Hotel, Washington... Panelists at Feb. 7 International Radio & TV Society TV programming session at Waldorf-Astoria, N.Y.: **Edward Bleier**, Warner Bros. TV; **Michael Fuchs**, HBO; **Merrill Grant**, Grant Reeves Entertainment; **Thomas Leahy**, CBS/Bcst. Group; **Fred Silverman**, Inter Media Entertainment; **Graud Chester**, Goodson-Todman Productions; **Henry Siegel**, LBS Communications; **James Rosenfield**, CBS Best. Group; **Jay James**, Showtime; **Paul Sealy**, Columbia Pictures Industries; **David Londoner**, Wertheim & Co.

Presidential appointees: **Charles Courtney** to be USIA assoc. dir., succeeding Scott Thompson, resigned; **Marianne Hall**, recess appointee, to Copyright Royalty Tribunal term previously held by **Katherine Ortega**, resigned... Panelists at IRTS luncheon on radio programming Feb. 7 at Waldorf-Astoria: **John Gambling**, WOR(AM) N.Y.; **William Williams**, WNEW(AM) N.Y.; **Charles Osgood**, CBS; **Rick Sklar**, onetime ABC; **Gary Stevens**, Doubleday Bestg.



I would like a free four week subscription to **Television Digest** with **Consumer Electronics** and a free one week subscription to the **TV, Cable and Radio Action Updates**.

Name \_\_\_\_\_ Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ **2**



Television Digest, Inc.  
 1836 Jefferson Place, N.W.  
 Washington, D.C. 20036

# Consumer Electronics®

A Section of *Television Digest with Consumer Electronics*

## STATE OF THE INDUSTRY

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

	DEC. 15-21	1983 WEEK	% CHANGE	DEC. 8-14	51 WEEKS 1984	51 WEEKS 1983	% CHANGE
TOTAL TV.....	450,322	406,836	+10.7	459,793	20,754,433*	19,454,591	+ 6.7
TOTAL COLOR...	356,433*	306,945	+16.1	365,004*	15,936,291*	13,870,854	+14.9
DIRECT-VIEW.	350,966*	302,914	+15.9	359,132*	15,746,222*	13,730,243	+14.7
PROJECTION..	5,467*	4,031	+35.6	5,872*	190,069*	140,611	+35.2
MONOCHROME....	93,889	99,891	- 6.0	94,789	4,818,142	5,583,737	-13.7
TV EXCL. PROJEC.	444,855	402,805	+10.4	453,921	20,564,364*	19,313,980	+ 6.5
HOME VCR.....	273,465*	139,357	+96.2	234,377*	7,320,034*	3,997,471	+83.1
COLOR CAMERAS...	17,023	18,353**	- 7.2	15,598	469,079*	403,359	+16.3

Color TV (direct-view) 5-week moving average: 1984--377,615\*; 1983--326,898 (up 15.5%).

Home VCR 5-week moving average: 1984--250,781\*\*; 1983--126,822 (up 97.7%).

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

**COLECO PULLS PLUG ON ADAM:** In completion of action it started telegraphing last fall, Coleco last week formally announced it was discontinuing Adam home computer system, taking witedown that will result in sizable losses for 4th quarter and full 1984, unloading inventory through liquidator at less than cost.

Coleco said it wouldn't detail size of loss on Adam until 1984 financial results are released in March but indicated it could well exceed \$100 million pretax it expected to earn from Cabbage Patch Kids line. Analysts are looking for writeoff and operating loss in neighborhood of \$200 million. That, while sizable, still is substantially less than \$360 million it cost Texas Instruments to quit field in 1983 or Warner's Atari writeoffs and losses last year of nearly \$600 million, including reduction of carrying value of notes it received from Jack Tramiel in exchange for Atari assets.

Payments to Coleco for Adam hardware and software inventory, including equipment still being assembled from parts on hand, will be made on monthly basis throughout year, with final payment due in 1986. Estimates are Coleco will unload up to 200,000 Adams, or about same number it has sold to date. Coleco identified buyer only as "a U.S. retail chain." It's believed to be Odd-Lot Trading, which financed formation of Intellivision to acquire Mattel's inventory of electronic computers, videogames and toys last year, and is disposing of that, along with vast stock of game cartridges for various formats from different suppliers, through its retail outlets.

Coleco said it would maintain service for Adam and provide new software. It's understood Coleco will bring out some new true computer programs that it's already paid for, but beyond that future offerings are likely to be restricted to game cartridges. Adam uses same cartridges as Colecovision videogame that Coleco is continuing.

Speculation Coleco was looking to unload inventory in preparation for dropping Adam surfaced last Oct. when it cut wholesale price, lowering retail by \$200 to \$500. That Adam was on way out appeared certainty just month later when word leaked out Coleco had terminated printer purchase contracts with its U.K. and Japanese suppliers.

Adam has been headache from start for Coleco. It missed planned Feb. 1983 introduction by 5 months, primarily because move from unique endless loop tape drive to more conventional cassette format required extensive changes in system's built-in software. Adam package, which included printer and recorder, was still smash hit when unveiled at Summer CES that year, but Coleco then ran into production problems. By fall, when it was getting limited quantities of properly working Adams into stores, computer and game market was falling apart. Atari reported massive losses, TI dropped out, host of independent game makers were folding, and both Mattel and Timex were getting ready to quit.

Coleco blamed high costs of Adam for \$35 million loss it posted in 1983, although its electronics sales that year were up 8.1% to \$403.9 million. Electronics volume for 1984 was \$175 million. At same time, its sales of nonelectronic toys more than tripled to \$625 million, 80% of that coming from Cabbage Patch Kids.

Dropout of Coleco leaves just Atari and Commodore as active majors in low-priced home computer field. But that market is shrinking, as evidenced by Commodore's recent acknowledgment of decline in 4th-quarter demand, and both plan to add more powerful and expensive models this year. That will bring them head to head with Apple and IBM, which are enjoying something of sales boom as consumer interest shifts to models in \$800-\$1,200 range that offer more professional quality performance.

**SUPER BETA DUE BY MIDYEAR:** "First major improvement in basic home VCR picture quality since the invention of the Beta format in 1975" was scheduled for demonstration on eve of Jan. 5 Consumer Electronics Show opening in Las Vegas, and Beta group announced recorders would be available by mid-1985.

As forecast here last April, Super Beta system uses high-band recording technology together with other techniques to achieve horizontal resolution of over 300 lines, as compared with about 250 for conventional VCRs. Picture resolution is claimed to be 20% better than conventional Beta models. Beta group insists new system is completely compatible with current Beta recorders -- that is, "tapes recorded on Super Beta can be played back on conventional Beta recorders, just as previous Beta tapes can be played back on new Super Beta VCRs."

Super Beta recording system shifts carrier signal frequency upward by 800 KHz, resulting in wider luminance (brightness) bandwidth, permitting recording of sharper picture with more detail. In addition, video noise reduction and emphasis circuitry is added for edge sharpening and crispening -- understood to be version of sophisticated broadcast VTR processing circuit licensed from Yves Faroudja Inc.

Super Beta seems to walk compatibility tightrope. Video carrier signal frequency is moved to 4.4-5.6 MHz from 3.6-4.8 MHz, which Sony admits is maximum shift that can be made without jeopardizing compatibility. Playing tape recorded in Super Beta format on conventional Beta recorder could result in some deterioration, video engineers believe. Super Beta VCR has hi-fi stereo sound, 2 recording speeds (BII and BIII).

Even before demonstration, VHS group members were raising question of whether Super Beta was truly compatible with existing Beta system. One VHS marketer told us Super VHS was "long way off," largely because of efforts to solve compatibility problem, and accused Beta group of causing new confusion.

Whether Sony will propose that duplicators use Super Beta format for prerecorded material -- and whether it's willing to help seed new slave units as it did in Beta Hi-Fi -- wasn't clear at press time. No prices were announced for Super Beta products.

Introduction of Super Beta at CES demonstrates Sony's determination to continue to fight for Beta system, combat VHS with "something better." Official Beta Group news release now

lists Aiwa, NEC, Pioneer, Sanyo, Sony, Teknika and Toshiba as members. Of that list, 4 members also sell VHS recorders, Aiwa is affiliate of Sony and Pioneer is relatively inactive in VCR, doesn't sell them in U.S.

At same time as it was cosponsoring showing of Super Beta, Teknika (Japan's General Corp.) was introducing its first VCR line in U.S. -- all VHS, as forecast here last year (details elsewhere in this issue). Beta Group also is introducing 3rd version of Betamovie, this one with CCD pickup, weighing 5.4 lb. In its elaborate theater exhibit, Sony is showing digital TVs it introduced in Japan (TVD Oct 22 p12), including 2 component systems with noninterlace scanning systems, doubling line density, and one with "home management" feature, including alphanumeric keypad, latter for introduction in U.S. this year.

Meanwhile at CES, Panasonic announced first U.S. TV receiver incorporating teletext decoder. Designed for NABTS standard, 20" monitor receiver has data grade tube, MTS adaptor jack, will list at \$999 in April. Also, Zenith will be showing its first own-brand monochrome monitors to be offered to consumers. (Details on new products at CES are elsewhere in this issue).

Note: RCA denies that its upcoming VHS camcorder will be priced under \$1,000, as we speculated last week, and that it will weigh as much as 7 lb. We believe, however, that Hitachi is aiming at under \$1,000 for own-brand model that may differ from RCA's.

**1985--BOOM EXTENDS THROUGH 3RD YEAR:** Boom that started in 1983 and picked up momentum in 1984 will continue through 1985, although pace won't be quite as breakneck as last year. Unlike TV manufacturers, whose forecasts were printed here last week (TVD Dec 31 p9) -- and EIA consensus as delivered at CES in Las Vegas and reported elsewhere in this issue -- we see strong record performance by most major segments of video business.

Last year in this space we did better than most other industry prognosticators (TVD Jan 2/84 p11), forecasting 1985 would be first year of more than 20 million TV sales, 15 million color sets and 6 million VCRs, at time when industry was looking for 14.2 million color and 5.2-5.5 million VCRs. In our annual limb-climbing exercise, here's how 1985 looks to us in numbers:

Product	1985 (forecast)	1984 (estimated)	1985 vs. 1984	1983	1984 vs. 1983
Total TV.....	21,950,000*	21,181,500**	+ 3.6%	19,832,039	+ 6.8%
total color...	17,450,000*	16,196,500**	+ 7.7%	14,129,598	+14.6%
direct-view.	17,200,000*	16,002,000**	+ 7.5%	13,986,092	+14.4%
projection..	250,000*	194,500**	+28.5%	143,506	+35.5%
TV excl. proj..	21,700,000*	20,987,000**	+ 3.4%	19,683,533	+ 6.6%
monochrome....	4,500,000	4,985,000	- 9.7%	5,697,441	-12.5%
VCR.....	11,500,000#*	7,505,000**	+53.3%	4,091,321	+83.4%
color cameras..	450,000#	486,000**	- 7.4%	413,614	+17.5%

\* Projected record. \*\* Record. # Camcorders are included in VCR, but not in camera figures; VCR total also includes videocassette players.

Other numbers look less exciting -- namely, profit figures. With costs continuing to escalate, there will be no letup in competitive price wars among manufacturers, and consumers will continue to get big bargains in electronics. As for specifics:

**Color TV:** Direct-view color sales will grow by at least another million in 1985 -- not as impressive as 2 million gain in 1984 but still exciting as they push beyond 17 million. We think wide variety of color sets available -- and low prices -- make them almost irresistible bargain

to public. The half-million falloff in b&w sales will be directly reflected in color sales increases, as 13" begins to occupy same commodity status as b&w.

**VCR:** We can't accept industry's forecast of 9 million sales for 1985. If VCR continues to grow, its gains will be at least 50% more, for more than 11 million. Hi-fi and camcorders will increase acceptance at high end, and low price will overwhelmingly swell tonnage moved at low end. Yes, Koreans and Taiwanese will enter this market, and yes, prices will continue to fall rapidly. Last year we forecast that by Dec. "floor prices will be below \$299." Make that \$199 by Dec. 1985. And perhaps 70 brands of VCRs, at that.

**Color cameras:** You'll notice we foresee decline in color cameras sold separately -- but our VCR figures include at least a million camcorders. With camcorders dropping below \$1,000 -- not much more than price of a good camera alone -- we see them quickly beginning to take over portable field.

**Projection TV:** Another good increase, bringing unit sales up to quarter-million mark -- assuming continued availability of credit. Although smaller rear-projection units with 35-40" screens will continue to increase market share, they may start meeting formidable competition from jumbo-sized direct-view color tubes. Although Mitsubishi was first to show, as CES opened last week (TVD Nov 26 p9), same glass is available to others, and we're pretty certain you'll see more manufacturers getting into jumbo tube business, with RCA likely candidate as next one.

**TV imports:** Even though Korean and Taiwanese color producers have joined Japanese counterparts and built up strong U.S. manufacturing bases, there will be no easing of import competition in 1985. What decline there may be in imports of complete color sets from all-time record of 6 million in 1984 will be more than offset by rising shipments of kits for assembly in foreign-owned plants here, and produce banner sales year for U.S. picture tube makers. Look for other marketers, both U.S. and foreign brand, to follow GE's lead and switch to offshore sourcing for high-volume, low-profit 13" models.

**Computers & games:** This will be a year of rebirth for home computer business, with Commodore, and Atari if it decides to stay the course, making headway at low end, Apple and IBM becoming firmly established as suppliers to upscale buyers. You can expect IBM to re-re-target its PCjr and again put emphasis on sales to consumers. Hardware pricing will stabilize by midyear, but software shakeout will continue to rage. Return to market sanity will serve as springboard for launch of Japan's MSX system here in limited way by year's end.

**Audio:** Digital audio CD player boom will literally explode in 1985, bringing back fond memories of days of compact stereos. Slippage in leader pricing to well under \$200 will create mass market. Rack systems will provide some growth for hi-fi makers, while in portable audio, steadily declining prices will chew into profitability. This could be rough year for autosound marketers, as Detroit automakers beef up quality and variety of stereo systems offered as original equipment on new cars.

**Video software:** Like VCR manufacturers, major software suppliers and duplicators are being overly cautious about 1985. Estimates top out at 37 million recorded cassettes, 50% ahead of 1984, but we think year-end total is more likely to hit 45 million. That's consistent with industry track record lately -- predictions last year were 10 million under actual sales of 25 million. Big thrust in 1985 will come in under-\$30 music and children's titles and low-budget public domain titles selling in \$10-\$20 range; many of latter could be borderline quality as suppliers fight for price advantage. Don't expect much change in prices of major movies, still in \$60-\$80 range, except for special promotions. Rental business is now big enough to support high-ticket items, which often as not are shipped in range of 100,000-150,000 units.

\* \* \* \* \*

Looking just a little closer at some specific areas:

**Multichannel TV sound:** Startup year -- about 100 stations getting equipped for stereo and/or bilingual, plenty of sets available, but shortage of program material. Mid-to-high-end color sets will come with built-in MTS decoders as matter of course later in year, but first full year's results will be disappointing because of lack of network programming.

**Audio-video "marriage":** Over anticipated, over publicized, over populated, under attractive. Rack systems with TV sets won't be rebirth of either audio or video. There will be healthy sales of major brands with strong features -- but certainly no mass market. Since there probably will be room for only one rack system brand per dealer, by year's end field could be ready for a minor liquidation. Smart producers will build only against orders. Pseudo systems, equivalent of compact stereo with matching color TV thrown in, will show up by year's end, tend to cheapen whole concept in mind of buying public.

**New VCR formats:** Super-VHS will be groomed quickly as competitor to Super Beta, and at year's end Japanese will have formidable tool (in super formats) to help restore sales and profits, compete against Korea and Taiwan. 8mm Video will have moderate success, particularly among former film camera buffs, but 1/2" formats will strongly dominate camcorder market. Nonrecording videocassette players will have some appeal, but they'll suffer price disadvantage compared with low-end recorders and thus will account for only about 300,000 sales at most.

**Videodisc players:** Any true acceptance will continue to await their use as computer peripherals. Impending sales of super-VCRs with sharply improved picture and hi-fi sound should further dampen demand for disc players for prerecorded entertainment programs.

**Digital TVs:** They will start coming in this year, with all sorts of gimmicks and gadgets to make them stand out from run-of-the-mill (and lower priced) high-end color sets. Eventually, they will take over large portion of TV market but in 1985 they will simply be widely publicized curiosity.

Pres. Reagan overruled International Trade Commission last week, refused to give import protection to Dart & Kraft's Duracell Battery Div. ITC had found D&K was facing unfair import competition from unauthorized 3rd-party imports of Duracell batteries made by D&K subsidiary in Belgium, and recommended that exclusion order be issued. In turning down any relief, President said ITC decision was contrary to both Treasury policy and court rulings on legality of parallel, or gray market, imports. Question of problems created by such imports is being reviewed by Commerce and Treasury so it would be premature to take any action on issue until study is completed and any policy change recommendations are considered, President said.

Consumer Reports, in tests of 13" color TVs, finds Sony best set overall, with low-priced Montgomery Ward model close 2nd. Its Jan. issue found good models "could reproduce color with almost the same accuracy as a laboratory monitor." On basis of 1984 member questionnaire, CR listed Hitachi, Panasonic, Sharp, Sony and Toshiba 13" sets as requiring fewer repairs than most.

GM's Delco Div. plans to build \$29.4 million 298,000 sq ft. automotive electronics plant in Reynosa, Mexico. Due to go on stream in first quarter of 1986 with about 600 workers, facility will produce autosound equipment, electronic controls, possibly ICs.

Kahn Labs is asking Justice Dept. and FTC to investigate "activities of Motorola and Harris [Corp.] relating to AM stereo." Last month, Harris dropped own stereo system and announced plans to offer equipment and modifications for Motorola's C-QUAM system (TVD Dec 24 p14). Leonard Kahn, proprietor of competing Kahn system, said last week he had retained Phillips, Nizer, Benjamin, Krim & Ballon law firm "to vigorously pursue this matter so that broadcasters and the public will be free to make use of modern and superior AM stereo technology." Motorola officials were unavailable for comment at press time.

Video software retailing pioneer Fotomat has returned to field, is promoting Rent-A-Hit cassettes for \$3 a day at 50 outlets in N.J., Manhattan and Nashville. Selection is limited to 40-50 top hits, supplied by Video Service of America, Houston-based distributor Fotomat once owned. Fotomat was first national retail chain in tape rental in 1978. Though software effort was success, company dropped out in 1982 after suffering financial problems in film processing operation, though it retained film-to-tape transfer business.

Samsung moves next month to 301 Mayhill St., Saddle Brook, N.J. 07662. New facility includes 13,800 sq. ft. of office space plus 186,000 sq. ft. warehouse... Webcor Electronics has moved to 107 Charles Lindbergh Blvd., Garden City, N.Y. 11530.

**NEW TATUNG PLANT:** Taiwan's Tatung becomes full-scale U.S. color TV producer within next 2 weeks when it expects to start assembling at new plant in Atlanta, according to Senior Vp George Chen. It's actually 2nd color plant for Tatung, which has been assembling limited quantities of 25" consoles in Long Beach, Cal. since 1980.

In contrast to Cal. operation, where annual production is understood to run 15,000-20,000, Atlanta facility, which will employ about 250, will have capacity to turn out more than 180,000 19" and 25" sets a year. But production will start at much slower rate, beginning with 25" this month. Output of 19" isn't slated to start until April or May, and Chen estimates Atlanta plant won't hit stride until midsummer. For present, he said, RCA is plant's sole color tube supplier.

Though color production start is new, 100,000 sq.-ft. plant isn't. Tatung announced purchase of 17-acre Atlanta site in 1980, following imposition of now discontinued quota on Taiwan's color set exports to U.S. Though building went up on schedule in 1981, sluggish market and intense price competition caused company to put color plans on hold. Instead, plant has been used for assembly of electric fans and other appliances.

That was poor period for U.S. color production expansion. Same year, Taiwan's AOC and Korea's Samsung also canceled plans for U.S. plants, and while Sony announced in 1981 it had picked site in Columbia, S.C. for its 2nd U.S. color plant, facility was never built.

At WCES, Chen said, Tatung is expanding its involvement in VCRs, showing 2 new VHS models. Company already has 2 VHS recorders in line, which it assembles in Taiwan from parts sourced from Japan's JVC. New ones, slated for delivery in June, will have more Taiwan content. Also new will be Tatung's first microwave ovens. Chen said ovens will be sourced from Taiwan for now but noted that production could be shifted to Atlanta when sales volume warrants.

**VCP SELLOUT FOR PVI:** Newest offshoot of home video industry, videocassette players, got off to good start in 1984 according to Portavideo International, which is expanding its line at WCES to include TV-player combination. PVI at present is only active VCP marketer, holds exclusive U.S. distribution rights to VHS VCP produced by Japan's Funai.

PVI said it sold more than 15,000 VCPs last year -- essentially all of its scheduled Aug.-Nov. imports. PVI said sales approached \$5 million in 1984, predicted they would hit target of 150,000 players at about \$40 million in 1985. That indicates PVI received average of about \$330 each for its VCPs in 1984, but sees that slipping to about \$265 this year.

PVI, which says it has been "substantially

profitable" since actual sales started, trimmed prices significantly last Sept. It now has wholesale list of \$299 on players sold with protective plastic carrying case, \$260 without, and offers discounts to volume buyers.

At WCES, PVI is introducing one-piece system that combines VCP with 12" color monitor in 37-lb., 12" wide x 17" high x 14" deep package. Unit, aimed at sales, education and training markets, carries \$1,295 list, will be sold through audio-video specialists, PVI said.

PVI also announced it has agreement for long-term financial backing from ITT Commercial Finance. PVI said support is big enough to "finance all future inventory commitments."

Though it's now going solo in VCP market, PVI isn't expected to be alone in promoting concept much longer. Gold Star is introducing its first VHS VCP at WCES in Las Vegas this week, and Samsung, which displayed version at last Summer CES in Chicago, is expected to announce marketing plans. Also, GE has been showing Matsushita-made VCP to prospective customers, should be making decision on introduction soon.

**VHS-PROJECTOR COMBO:** Major cosmetics company has placed order for 2,200 portable combination VHS recorders and projection TV systems for use by its district managers, according to marketer Display Sciences Inc. It's understood firm had considered Sony Vidimagic Beta system (TVD Sept 10 p12) as well.

DSI portable is shaped like large attache case, weighs 31 lb., about same as Sony unit, contains single-tube (5" TV projector), VHS recorder, audio cassette deck, combination wired remote unit and microphone. System is designed to be placed on table top, along with companion 50" projection screen. System includes tablecloth with markings for location of projector and screen stand.

VCR is 4-head direct-drive JVC transport that DSI Chmn. Vincent Donohoe says is sourced from Zenith; remote control is by Zenith. Lens is f0.95 acrylic. System is assembled by Electronic Assistance Inc., Long Branch, N.J. for DSI and is designed so that one person can carry both projector and screen. List price for total system is \$3,595, about same as Vidimagic.

Donohoe told us DSI also has been named to sell new low-cost, ultra-bright 3-tube Zenith projection system outside North America and in worldwide OEM market. New unit, with liquid cooled, liquid coupled tube-lens system, is designed to project picture onto wall or flat screen, is expected to be introduced formally by Zenith in Feb. at list of about \$1,895 (TVD Dec 31 p12). Don Havens is pres. of DSI, David Parse is mktg. and sales vp. Company's hq is at 141 E. 56 St., N.Y. 10022, 212-308-0152.

**NEW PRODUCTS AT CES:** Sony's lavish display features products and concepts of present, near and far future. Present products include Trinitron XBR line of monitor receivers reported here last month (TVD Dec 24 p15). For near future, Sony is displaying its series of digital TVs (TVD Oct 22 p12). Coming in 2nd half of this year is first TV set with alphanumeric keypad. The 25" digital TV can be used as "electronic memo pad," lets users program names, dates or events, reminds them a week in advance.

"Multi-Scan" digital monitors in 13" and 20" sizes, capable of utilizing noninterlace scan converter and effectively boosting scanning lines to 1,050 from standard video input, are being shown without price or introduction date. In Japan, 13" monitor is \$500, scan converter about \$800.

New Betamovie employs 2/3" CCD chip in place of 1/2" Trinicon pickup, weighs 5.4 lb. without battery, or 0.4 lb. less than tube type Betamovie. It has autofocus, 25 lux sensitivity, consumes 6.2 watts maximum (vs. 9.5 watts for tube Betamovie).

Panasonic teletext TV set has 20" tube, monitor inputs and outputs, with wireless remote that operates TV, teletext and compatible Panasonic VCRs. Company again showed its unpriced digital TV set with picture-in-picture, scheduled for March introduction; it was displayed at June CES in Chicago.

In addition to its VHS camcorders (TVD Dec 31 p7), Panasonic is showing these additions to VCR line: Leader top-load model at open list; 4-head Dolby stereo at \$950; 2-head VHS Hi-Fi with 2-week 4-event program at \$900. Panasonic introduced TV multichannel sound adaptor for its 9 adaptable sets at \$149, and new MTS tuner-switcher with wireless remote to convert monitors into 139-channel cable-compatible receivers.

Quasar, Panasonic's sister company, introduced TV MTS stereo adaptor at \$130, along with trio of adaptable remote sets -- 25" console at \$1,000, pair of 37" projection TVs at \$2,650 & \$2,850. Company was among those showing full-sized VHS camcorder (TVD Dec 31 p7), said it wouldn't be making deliveries until 2nd half. It also joined ranks of those offering videocassette players, showing AC 12-volt model for March delivery. Pricing wasn't available. Elsewhere in video, Quasar added 5 remotes to its line of open list 10" color sets in pastel cabinets, introduced 5" b&w TV-FM-AM clock radio-telephone combo at \$180.

GE is appearing at show with whole new business plan, as well as sprinkling of new products, following Jan. 1 formation of independent consumer electronics marketing unit responsible for both audio and video products. GE is showing pair of TV firsts in 7-set collection. Table model and 5 consoles all are first with GE's new square-cornered (curved face) color tubes and first with built-in MTS stereo decoders. Until now GE has taken adaptor approach to MTS.

GE also was among VHS group members to show camcorder -- no pricing given -- and introduced videocassette player. On VCP, due for delivery at end of first quarter, GE indicated price would be about \$50 below that of leader VCR, said it sees software rental dealers, rather than consumers, as primary market. In addition, it expanded computer peripheral line, which now includes color monitor-receiver and data cassette recorder, with low-cost thermal printer and modem.

Zenith will be showing privately pair of 12" high-resolution monitors, with choice of amber or green display, 40/80 character per line switch, listing at \$140, or \$30-\$50 less than those of leading competitors. Upcoming is 13" color monitor with built-in audio amplifier.

Magnavox has moved into tinyvision with trio of pocketable b&w portables that presumably use Sony's flat picture tube. TV only with 2" display is \$160, step-up with stereo FM-AM radio is \$220, as is 4" TV-only model.

Canon priced its noncamcorder 8mm Video VCR deck at \$900, lists matching plug-in tuner-time at \$300. Package, at \$1,200, is same as Sears will be charging for similar Sanyo-made system.

Teknika, entering VCR market, unveils 4 VHS models: Front-load leader with wired remote and 2-event 14-day programmability at \$400 list; 107-channel stepup with 4-event programmer, 15-function wireless remote at \$449; similar unit with 17-function remote at \$549; 2-head VHS Hi-Fi at \$800.

Teknika also is showing "monitor look" TV line, including 13" at \$299, remote version \$369 and 19" with audio video input and comb filter at \$499, and line of monitors, along with keypad tuner to convert monitors to TV receivers.

Automated home of near future is subject of Mitsubishi display at CES. System, including digital TV, features automatic security system that takes photos of anyone ringing doorbell in absence of occupant. Digital set, already shown in Japan, divides screen into 9 windows, one for each available channel. Color video printer provides photos of anything on screen. In hotel suite at CES, Mitsubishi is showing prototype of its TV set with 35" direct-view picture tube (TVD Nov 26 p9).

Samsung upped list on leader VHS VCR by \$50 to \$399, making it exact match for Gold Star's leader. Prices on Samsung's step-ups were left unchanged from those announced in Nov. (TVD Nov 19 p8).

Add Gibraltar to continually growing list of secondary color TV brands. Line of leader models, produced by Sampo on contract basis in its Atlanta plant, is being bowed by Atlanta-based Gibraltar in Las Vegas this week during CES at suite in Flamingo Hilton.

**RCA LAST U.S. B&W MAKER:** U.S. lost last domestic b&w TV production base in 1982, and in 1984 it was down to single company with captive production source -- RCA -- as Zenith completed phaseout of monochrome production in Taiwan.

That Zenith had stopped making own b&w sets, and shifted to supplier in Korea, came to light only last week as part of report on fire that swept through company's Taiwan plant New Year's Eve and raged well into next day. Set up in 1971 as b&w TV and color parts facility, plant now is used exclusively for production of data displays and monitors for Zenith's own computers and for OEMs. Last year, Zenith moved all its monochrome monitor production there from Chicago.

Zenith said fire caused no injuries or structural damage to 220,000 sq. ft. building, but equipment damage was said to have run into millions of dollars. Zenith indicated it expected to resume limited operations soon, estimated it would take month for full recovery. In meantime, company said it was notifying customers and working on alternative production arrangements.

**Cause of fire hasn't been determined.** Zenith Taiwan Gen. Mgr. Ray Kunavich was quoted as saying sabotage wasn't suspected, though company recently had completed layoff of 500 workers in connection with winding down b&w production. Indications are that Daewoo has won contract to become Zenith's new primary b&w supplier.

RCA, through its plant in Taiwan, is now sole U.S. producer of b&w TVs. GE, last domestic manufacturer, halted b&w output at Portsmouth, Va. plant in 1982, has since been sourcing most of its b&w TV from Korea's Gold Star. Shortly after GE's move, North American Philips closed b&w plant it acquired from GTE, along with most of rest of Sylvania & Philco consumer electronics operations, and began buying from Korea's Samsung.

**Japan's R&D spending on electronics, communications and measuring equipment rose 21.3% in year to March 31, 1984 to \$3.8 billion, according to study by govt. Management & Coordination Agency. Nation's total R&D outlay rose 10% to \$28.7 billion, against \$83.3 billion for U.S. in calendar 1983.** Japan's R&D spending represented 2.58% of GNP, slightly under 2.65% for U.S. Japan got \$1 billion back in form of technology licenses, with U.S. as biggest customer, accounting for \$214 million, followed by China at \$117 million and Korea at \$68 million. At same time, however, Japanese spent \$1.1 billion to acquire foreign technology.

ITA passed out 99 Golden Videocassette Awards to U.S. video software marketers in 1984, exactly triple number given in 1983. In Canada, ITA and Canada's Home Video Board made 83 awards last year, up from 47. Titles need net postreturn revenue of \$1 million at factory to qualify for award in U.S., \$150,000 in Canada.

**INDUSTRY'S OUTLOOK:** Highly cautious view of video industry's growth prospects for 1985 are reflected in consensus forecast figures collected by EIA and released on opening day of WCES in Las Vegas Jan. 5.

Prediction of very modest growth for color TV and sharp slowdown in growth rate for VCRs is in line with conservative forecast expressed in results of our industry survey that ran last week (TVD Dec 31 p9), and significantly less optimistic than our own outlook (see report elsewhere in this issue).

Along with minimal growth, EIA survey shows industry expects competitive pressures to continue in 1985, and that's reflected in flat-to-down average pricing indicated for most key products. Indicated price rise for portable VCRs presumably results from inclusion of camcorders, while price increase for videodisc players stems from RCA's 1984 discontinuation of low-cost CED system.

Here's how respondents to EIA survey see 1985 shaping up:

	Units		\$ Value		Avg. Price*	
	1984	1985	1984	1985	1984	1995
Total TV	20.89	20.63	6,100	6,180	--	--
color.....	15.80	15.90	5,370	5,410	340	340
projection	.19	.23	350	425	1,842	1,889
b&w.....	4.90	4.50	380	345	78	77
VCR	7.30	9.30	3,410	4,250	--	--
table.....	6.30	8.30	2,665	3,320	423	400
portable#.	1.00	1.00	745	930	745	930
Camera.....	.48	.48	340	315	708	656
V'disc plyr.	.20	.13	45	40	225	308
V'cassette..	114.50	155.00	1,270	1,675	--	--
blank....	92.50	122.00	610	750	7	6
recorded..	22.00	33.00	660	925	30	28

\* Units & value in millions, value and pricing at factory level. # Portable VCRs include camcorders.

Korea will lift all restrictions on imports of electronic products and components by 1988 as part of pre-Olympic trade and investment liberalization program. Economic Planning Board said move reflects its confidence in ability of domestic electronics industry to meet open foreign competition. EIA-Korea said it expects final figures to show value of nation's electronics exports rose 36% last year to \$4.7 billion, is predicting 17% rise to \$5.5 billion for 1985. Officials said sharply increasing overseas demand for ICs and computer-related products will offset any decline in consumer electronics exports.

World competitive position of U.S. semiconductor industry is being investigated by International Trade Commission. ITC said study will include world production and trade patterns, technology transfers, movement of companies. Agency, which is launching study on its own initiative, will hold public hearing in Palo Alto in June, says it expects to complete project by Sept.

## Consumer Electronics Personals

William Smith, ex-Mura pres., returns to GE Consumer Electronics Business Operation as mgr. of business development, in Portsmouth... Thomas Gleason promoted at Portavideo from finance vp to exec. vp-COO... Stephen Pistner resigns as Montgomery Ward pres. to join Rapid American as senior vp and chmn.-CEO of its McCrory retail chain... Chaim Edelstein named chmn.-CEO of retailer Abraham & Straus, succeeding John Burden, promoted to vice chmn. of parent Federated Dept. Stores.

Martin Gerber, ex-Quasar Microsystems, Sanyo and Sharp, joins Grundig autosound distributor GR Electronic as vp; Robert Wolf advanced to engineering and product development vp... Paul Miller, ex-Gold Star, one-time Maxell & Konica, is now consulting sales and services dir., Net Space, Englewood, N.J.-based affiliation of commercial warehouse and transportation operations.

Jonathan Dolgen, who resigned last month as pres. of Columbia Pictures domestic operations and pres. of Payable and Home Entertainment Group, joins 20th Century Fox as senior exec. vp with responsibility for telecommunications, studio, music and legal dept. activities... Gordon Bossin promoted at Vestron Video to sales and mktg. vp of its new alternate title marketing operation Lightning Video... Michael Bowerman named mgr. and John Turner asst. mgr. of Source Video branch in Anchorage... Phillip Hermann promoted to vp-treas., Walt Disney Telecommunications and Disney Channel... William Edwards appointed new business development vp, B. Dalton Bookseller, new post that includes videocassette sales.

Joseph Gorman advanced at TRW to pres.-COO, succeeding Stanley Pace, now vice chmn... Juergen Strube advanced at BASF (Germany) to exec. dir., and will become head of North American operations Aug. 1, succeeding Detlef Dibbern, who then becomes corp. human resources dir. with responsibility for plants in Germany and Belgium... Donald Brooks advanced at Fairchild Camera & Instrument from North American Semiconductor Group vp to pres., succeeding Thomas Roberts, on leave of absence to pursue personal interests... Liston Rice promoted at Texas Instruments to corp. communications vp, new post.

—

American Video Exchange is opening 3rd Pa. Nickelodeon store, where customers rent videocassettes, have option of taking them home or paying extra for use of in-store viewing room. Aveco Pres. John Leonard said company isn't concerned with public performance copyright violation found against Maxwell's Video Showcase, which has been running similar operation (TVD Dec. 10 p16). Difference, he maintains, is Aveco broader operating scope. While Maxwell's customers have to watch on premises, Aveco offers straight rental option, even allows room renters to bring in tapes from outside.



(ISSN 0497-1515)

### PUBLISHED BY TELEVISION DIGEST, INC.

Television Digest, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Connections: World Communications Report (with The Economist of London), Public Broadcasting Report, Space Commerce Bulletin, Television and Cable Factbook, Telecom Factbook and other special publications.

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

### EDITORIAL & BUSINESS HEADQUARTERS

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

MCI Mail: TELEFACTS Facsimile (Group 3): 202-291-3435

### WASHINGTON HEADQUARTERS

Albert Warren	Editor & Publisher
Paul L. Warren	Assoc. Pub. & Sr. Ed.
Dawson B. Nail	Executive Editor
Jonathan Miller	Senior Editor
Daniel Warren	News Editor
Steven Tuttle	Managing Ed., Wash.
Mary Crowley	Associate Editor
Mike Schwartz	Associate Editor
Arthur Brodsky	Associate Editor
Frances Seghers	Associate Editor
Melinda Gipson	Assistant Editor
Theresa Foley	Assistant Editor
Deborah Jacobs	Info. System Mgr.

#### Business

Roy W. Easley III	Controller
Gary Maderer	Marketing Director
Chery Grun	Advertising Dir.
Betty Alvine	Circulation Mgr.

#### NEW YORK BUREAU

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

David Lachenbruch	Editorial Dir.
Robert E. Gerson	Managing Ed., N.Y.
Seth Goldstein	Senior Editor
Rich Zahradnik	Assistant Editor

#### JAPAN REPRESENTATIVE

(Editorial & Business)

Richard E. Varner

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

### Television and Cable Factbook

Michael Taliarferro	Managing Editor
Mary Appel	Editorial Director
Barbara E. Van Gorder	Sr. Supv. Editor
Anthony M. Townsend	Sr. Supv. Editor
McIndra M. Lukasz	Senior Editor

### Factbook Research, Inc.

Lynn R. Levine	Director
----------------	----------

**Video software notes:** Vestron Video said it shipped more than 120,000 copies of *Do They Know It's Christmas?* at \$9.95, with bulk of proceeds going to Ethiopian Relief Fund (TVD Dec 10 p14). Effort is being aided by MTV, which is donating nearly \$100,000 in ad time. Tape apparently is having some retail impact... Paramount is putting another spin on pricing. It's releasing *Star Trek 3: The Search For Spock* in Feb. at \$30 for tape, \$25 for disc. It also will offer first 10 episodes of *Star Trek* TV series at \$15 each, start releasing other episodes on regular basis... MGM/UA Home Video is using digital enhancement technique developed by Marshall Electronics to upgrade mono sound track of *Gone With The Wind* for cassette release. MGM has own trademarked approach called Videophonic to convert enhanced audio to stereo for playback stereo VCRs. MGM expects to ship at least 220,000 copies of movie in March, worth about \$12 million at wholesale, \$20 million at retail... RCA/Columbia Pictures Home Video begins marketing *Musievision* videos on cassette in Feb. Opening catalog will have 36 titles at \$15-\$30... CBS Records has started distributing full CBS/Fox Video software line to U.S. music dealers... National Video planned to announce deal to acquire affiliates of rival video software retail franchisor and separate agreement to run leased software depts. for mass merchandiser, active in U.S. and overseas, at WCES news conference.

# TELEVISION DIGEST®

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

With Consumer Electronics

JANUARY 14, 1985

VOL. 25, NO. 2

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**BAD NEWS FOR BEER AND WINE ADS:** INTV told Congress will approve ban if issue goes to floor. Must-carry will stay, 3 commissioners say. (P. 1)

**CIA FAIRNESS COMPLAINT DENIED** by FCC, which finds no basis for action against ABC. (P. 3)

**TV MINORITY OWNERSHIP AID** rejected by FCC, which concludes licenses can't be mortgaged. (P. 4)

**USCI BOARD MULLS 3 BIDS:** Viacom reportedly is newest company talking about acquiring ailing DBS firm. (P. 4)

**HELMS TO BE 'DAN RATHER'S BOSS'?** Senator urges conservatives to buy CBS stock. (P. 5)

**7.6 MILLION HOMES WATCH C-SPAN**, with 20.5 million viewers monthly, study says. Average viewer watches 12 hours a month. (P. 6)

**CABLEVISION LOSES FRANCHISE** in Sacramento to partner Scripps-Howard as it fails to raise its half of equity. (P. 6)

**NATPE CONVENTION OPENS** with 4,100 attending. Govt. panel covers broad issues. (P. 8)

**NETWORK RATINGS RACE STILL CLOSE**, according to ABC's Erlicht. (P. 8)

**LEGISLATORS WARN OF BAN ON BEER AND WINE ADS:** Broadcasters are way behind in efforts to retain beer and wine ads on TV and radio, according to panel of congressmen at last week's INTV convention in L.A. And 2 of them -- Reps. Swift (D-Wash.) and Tauke (R-Ia.) -- agreed that if issue ever gets to floor of House and Senate, both bodies will vote to prohibit such ads. At another INTV panel, 3 FCC commissioners predicted that must-carry rule will remain on books for foreseeable future and is likely to encompass multichannel TV sound (MTS).

Proponents of ad ban have started "a snowball that is small now, but once it starts downhill you're not going to be able to stop it," according to Rep. Leland (D-Tex.): "I would urge you to act quickly... You're already well behind." He said proponents of ban have developed "constituency" that broadcasters don't have. Mothers Against Drunk Drivers already has prepared petitions to present to Congress with more than one million signatures, he said.

### Consumer Electronics

**1984 SALES:** 16,277,800 color sets, 7,615,800 VCRs. Good Yule sales bring Dec. surge. (P. 10)

**CES OVERCOMES** lack of excitement, produces record attendance, full order books (P. 10)

**SONY'S 2 FACES:** 8mm is launched with fanfare in Japan as Super Beta is stressed in U.S. (P. 11)

**JAPAN'S VCR EXPORTS** to U.S. doubled to 1.34 million in Nov. Color, b&w shipments rose. (P. 12)

**U.S. GOVT. BACKS JAPAN** in asking Supreme Court to review and overturn Appeals Court's reinstatement of Zenith-NUE antitrust suit. (P. 12)

**JAPANESE KEEPING BUSY** filling influx of orders for TV and VCR plants for China. (P. 13)

**HITACHI FORMS** own finance company for inventory financing, adds Industrial Div. (P. 13)

**CES HIGHLIGHTS:** Survival in era of profitless prosperity is theme of talks, interviews. (P. 14) **ATARI, COMMODORE** and computer wars. (P. 15) **LEADING-EDGE** video products. (P. 17) **EIA PREDICTS** audio, phones, computers. (P. 17)

**COLOR TV TUBE IMPORTS** up in first 9 months, Commerce figures indicate. (P. 18)

Rep. Oxley (R-O.) said threat of congressionally mandated ban is "very real" even though he thinks such prohibition would be "clearly unconstitutional." Tauke and Swift said broadcasters' only hope to stop drive is to concentrate on committees and subcommittees that have jurisdiction to try to keep any bill from going to floor. (Sen. Hawkins [R-Fla.], chmn. of Senate Alcoholism & Drug Abuse Subcommittee, has tentatively set Feb. 7 for hearing on issue.) Back in Washington, Coalition on Smoking Or Health said it will launch campaign in Congress to win ban on snuff and chewing tobacco, wants TV ad ban and on use of prominent athletes in tobacco ads. Coalition is aided by American Cancer Society and American Lung Assn. Public Citizen also has petition before FTC seeking ad ban.

FCC must-carry requirement for cable TV is likely to be applied to MTS, and overall rule generally will remain on books for long time, FCC Comrs. Quello, Dawson and Rivera said at another INTV panel. Asked by moderator Eugene McCurdy, INTV chmn., if must-carry would stay on books, Dawson responded "you're talking to 3 of us" -- referring to majority of FCC members. "Mimi is right up front," responded Quello, while Rivera said there's FCC "consensus" to retain must-carry.

MTS must-carry prediction by 3 caused NCTA Pres. James Mooney to say in Washington: "It's unwarranted by the facts and totally contrary to the marketplace thrust of this Commission. I hope they don't do it... If they do, we may be forced to ask the Commission to eliminate the must-carry rules entirely."

Responding to Mooney's statement, NAB Senior Assoc. Gen. Counsel Michael Berg said attack by cable industry on must-carry would imperil its compulsory license: "What [Mooney] has said is completely illogical because it suggests the cable industry doesn't care whether it has a compulsory license [to retransmit TV stations], which a number of commissioners have recognized is premised in part on must-carry."

FCC Chmn. Fowler is known to be opposed to must-carry for MTS, pulled item from recent Commission agenda proposing implementation in 4 years (TVD Dec 17 p2). Comr. Patrick apparently sides with Fowler in internal Commission debate. Item isn't on agenda for next FCC meeting Jan. 18.

In opening remarks to convention, INTV Pres. Herman Land praised NAB for its efforts in beer and wine fight. He said major issue for INTV will be to retain must-carry rules. (Same subject was major topic at closed meeting of station managers). "We intend to be heard where it counts and when it counts," Land said.

Registration at INTV was 1,125 (not counting sale of one-day passes), large increase over preregistration of 779 in 1984 at Biltmore Hotel in L.A. However, there's still considerable grumbling by most of 4 dozen program exhibitors because of close proximity to NATPE convention in San Francisco, which opened Jan. 10 (see story elsewhere). Another complaint by programmers was light traffic in their suites caused by 2 NFL playoff games. They have asked INTV to avoid Sun. next year if it will conflict with football playoffs -- INTV plans now to return to Century Plaza in 1986 -- starting on Sat. because New Year's Day falls on Wed.

Moderator James Hedlund, INTV vp-govt. relations, asked congressional panelists why there's animosity toward TV networks -- and all 4 members agreed there's hostility. "The networks are perceived the way they are because they are arrogant... and they work daily at it," according to Swift. Oxley said he realized that "I had a latent hostility" toward networks during fight over permitting them to have financial interests in domestically syndicated programs. He said networks "continue to step on themselves," citing controversy over election projections.

McCurdy, WPHL-TV Philadelphia, who chairs committee to pick successor for Land, who has announced retirement at end of year, said Assn. hopes to make choice by April to provide smooth transition while Land is still on board. Land has headed INTV, originally on part-time basis, since it was organized in St. Louis in 1972.

As for permitting TV networks to obtain financial interest in domestically syndicated programs, Quello said at INTV that "it's going to be on the back burner for a long time." Rivera agreed, and Dawson said she didn't see it as FCC agenda item "in the foreseeable future."

Commissioners were more optimistic than congressmen on broadcasters' efforts to forestall move in Congress to ban beer and wine ads. "Prohibition didn't work," Quello said. Rivera warned independent stations not to take threat lightly because attempt to ban ads is like "motherhood [and] apple pie... I would be concerned about the alcohol industry abandoning you" -- as was case when cigaret ads were banned from TV-radio.

On question of allocations, Rivera said "the UHF spectrum is under intense attack" (TVD Jan 7 p1). He said pressure on FCC to reallocate channels not being utilized is heavy, and land mobile advocates are very actively seeking more space. He said it would be difficult for FCC not to approve more VHF drop-ins that are technically feasible. But Quello said he doesn't expect there to be any more drop-ins, although staff is studying situation. "As of now, I don't support drop-ins," said Dawson.

**CIA'S FAIRNESS COMPLAINT DENIED:** In ruling hailed by broadcasters, FCC Jan. 10 dismissed Central Intelligence Agency complaint that ABC violated fairness doctrine and personal attack rules, presented intentional news distortion by alleging that CIA plotted to kill a Honolulu businessman (TVD Nov 26 p3). Mass Media Bureau Chief James McKinney, who signed order, said CIA allegations "fail to establish *prima facie* complaints sufficient to initiate a Commission inquiry or sanctions."

"No extrinsic evidence demonstrating that ABC knowingly distorted news programming has been provided" by CIA, McKinney said. CIA's complaint "is deficient in several regards," he added, including evidence showing controversial nature of subject, viewing data to support Agency's conclusion that ABC didn't present contrasting views, plus other procedural faults. He said CIA has 30 days to appeal to Commission.

At issue were World News Tonight reports on Sept. 19, 20 & 26 and Nov. 21 alleging that CIA had tried to assassinate Honolulu investment counselor Ronald Rewald, who claimed he was CIA covert agent and that his company was CIA front. Assassination allegation came in interview with ex-prison guard Scott Barnes, who claimed CIA had asked him to kill Rewald. ABC on Nov. 21 somewhat backed off story after CIA asked for retraction, saying in World News Tonight segment that network couldn't corroborate Barnes's story and that he had been asked to take lie detector test but refused.

CIA refused comment on FCC action. Said ABC News Pres. Roone Arledge: "We are pleased by the ruling of the FCC staff dismissing the CIA complaint... and we are particularly gratified that the ruling recognized the importance of the First Amendment and free and robust news coverage."

"The FCC did the right thing," said RTNDA Exec. Vp Ernie Schultz, whose group was among several media interests filing strongly worded comments opposing CIA complaint, which many said was unprecedented. "The only thing we don't like," Schultz said, "is that a system exists where such a complaint would have to be considered." "We see this as a good example of how the fairness doctrine works," said Media Access Project's Robert Gurss. "Here was a case where a complainant made a big ruckus... and ABC didn't have to lift a finger [to rebut charges]. It proves that the doctrine works quite well by screening out frivolous complaints."

Other developments in fairness doctrine last week: (1) For 5th time in 5 Congresses, Sen. Proxmire (D-Wis.) offered bill to eliminate equal time rule and fairness doctrine. He argued rules are self-defeating because they "promote the 'sameness' of ideas." Bill (S-22) also would repeal program objectivity standard and political editorializing ban for public broadcasters. S-22 makes clear that "term 'public interest, convenience, and necessity' cannot be construed

to give the FCC jurisdiction to require that any person be provided broadcast time, or to require that any viewpoint be given broadcast time," Proxmire said.

(2) WTVH Syracuse, which FCC said violated fairness doctrine by failing to present adequate contrasting viewpoints about economics of nuclear power plant being built in area (TVD Oct 29 p1), told Commission Jan. 9 it will petition for reconsideration of decision in 30 days. (3) Commission said it will hold hearings Feb. 7-8 as part of general inquiry into fairness doctrine (TVD April 16/84 p1). (4) U.S. Supreme Court denied review of lower court ruling, as sought by American Security Council, that CBS didn't violate fairness doctrine in 1981 documentary on Defense Dept. titled *Defense of America*.

**FCC REJECTS MORTGAGING LICENSES:** Since broadcast licenses aren't owned they can't be mortgaged, FCC concluded Jan. 9 in ending rulemaking exploring new ways to help cash-strapped minorities buy stations. Proposal by Advisory Committee on Alternative Financing for Minority Opportunities in Telecommunications (TVD Dec 6/82 p5) would have worked this way: Station owner selling to minority -- and lending some or all money for acquisition -- could hold reversionary interest in license as collateral. If minority owner defaulted on loan, license would revert to lender/original owner.

Allowing so-called mortgaging of licenses was further step proposed by advisory committee chaired by Comr. Rivera. Other committee suggestions were adopted by Commission and Congress, including expanded use of distress sales and larger tax credits for station owners selling to minorities.

Among commenters supporting rules change were CBS and NRBA. CBS contended that permitting reversionary-interest sales wouldn't amount to creating property right to license, concept strictly forbidden by Communications Act, would merely establish priority position of seller upon default by minority buyer. NRBA supported relaxed seller-financing practices for all buyers, not only minorities.

National Assn. of Black Owned Bcstrs. had some misgivings about proposed changes, saying in its comments that allowing seller to hold interest in license might weaken independence of minority owner. NAB also opposed change, citing Communications Act prohibitions.

Proposal was never given much chance of adoption in light of case law and Commission practice. U.S. Supreme Court in key 1945 case, *Ashbacker Radio vs. FCC*, held that station owner has no property right to license. As far back as 1940, Commission ruled that "the extraordinary notion that a station license... is a mortgageable chattel in the ordinary commercial sense is untenable."

Milestone in HBO's scrambling plans was marked last week when first cable affiliate received and installed descrambler unit: Tribune's Cable TV Puget Sound, Tacoma system with about 50,000 subscribers. Richard Erwin, system's vp-gen. mgr., said installing descrambler took 30 min. "It was as easy as hooking up a VCR," he said.

**USCI BOARD MULLS 3 OFFERS:** USCI board was meeting Jan. 11 to consider 3 offers to take over company from current owners -- which include Prudential, General Instrument and real estate developer Francesco Galesi. Long meeting continued after our deadline.

Third and newest bidder for USCI, we learned, is Viacom, 10th largest MSO and part owner of Showtime/Movie Channel and Lifetime. Viacom spokesman would only say company has policy of not responding to questions concerning acquisitions. As we reported (TVD Jan 7 p3), other bids are from Galaxy Best. Services (GBS) and joint offer from TCI and GI.

USCI Pres. Nathaniel Kwit said acquisition talks continue and parties have lawyers at USCI hq doing due-diligence work. While not saying who's involved in talks, he insisted GBS remains out of picture. Things don't look good for TCI, either.

TCI Chmn. Robert Magness confirmed that company hasn't recently had any contact or meetings with USCI on bid. "I didn't even know they were having a board meeting," Magness said. He didn't say whether company was still interested in DBS service or what its plans for USCI had been. On reports TCI is considering selling cable programming to satellite TV system owners, Magness said company is trying to stay aware of what's going on in field, but there's "nothing new and imminent."

Decision on fate of USCI will have to come in next few days, it appears. Company must reach agreement in principle soon or start "figuring out a way to wind down the business," Kwit said. He held out hope USCI might get enough money from current owners to last out this week, adding: "[There's] a better chance that that will happen than it won't happen."

Cable penetration has hit 43.7%, according to Nielsen estimates for Nov. Penetration has grown 8% since Nov. 1983, when 40.5% of nation's TV households had cable, Nielsen said. There are 37,290,870 cable subscribers, ratings company said. San Angelo, Tex. continues to be most heavily cabled market, with 86% of TV households subscribing. There now are 14 markets where penetration is at least 70%, Nielsen said, and 45 markets where it's at least 60%. Since Nov. 1979, cable penetration has more than doubled. It was 19.8% then, Nielsen said.

**HELMS URGES CBS TAKEOVER:** In letter to be mailed Jan. 21, Sen. Helms (R-N.C.) will urge one million conservative supporters to buy stock in CBS so they can "become Dan Rather's boss" and end what he calls "most anti-Reagan" reporting among networks. "It's vital to put an end to CBS bias forever," letter says, urging conservatives to "if necessary... take control of that network."

Five-page letter was supposed to be secret, Helms organizer said. It was obtained and published Jan. 10 by Raleigh News & Observer. Paper said letter accuses network of biased reporting and said if each recipient "shifts enough of his or her savings or investments to buy just 20 shares of CBS stock, we would have enough votes [at shareholders' meetings] to end CBS' bias forever." Letter said CBS was picked as target because it was "most anti-Reagan." To avoid possible conflict of interest that might be construed as violation of Senate ethics rules, Helms assures in letter: "I'm not giving economic or investment advice." He urges recipients to seek stockbroker advice.

Letter also asks for contributions to new Fairness In Media (FIM) group, which in follow-up SEC filing said it's mounting "national crusade" to urge conservatives to buy CBS stock. Helms letter says FIM needs \$277,000 for "nationwide campaign, very much like a presidential campaign, to end liberal bias at CBS." FIM told SEC it would request meeting with CBS officials to seek to change what it considers network's "liberal bias in its news coverage of political events, personages and views." FIM was formed Nov. 13 by N.C. lawyers and 3 close Helms associates: Carter Wren, exec. dir. of National Congressional Club, which was set up in 1972 to help pay Helms's campaign debts; Thomas Ellis and James Cain.

Conservatives have talked about acquiring control of major TV network for more than decade. Washington political observers said Helms effort was probably more for publicity and fund-raising than serious attempt to gain control of CBS. Even if response is widespread, effort is likely to fall short. Merrill Lynch spokesman said there are 29.7 million shares of CBS stock held by 24,000 registered stockholders and that it would cost \$1 billion at current prices to buy half of shares. William Paley, former CBS chmn., is largest individual stockholder with 6.55%. If 2% of letter recipients respond (which direct mail experts said is good response rate for mass mailing) by buying stock, they still would control only slightly more than 1% of shares. But effect on stock value was evident already: On day letter was made public, CBS shares rose about \$1.38 to nearly \$73.88.

Helms, champion of conservative new right Republicans and frequent critic of news media, refused to comment. Wren said none of principals will return telephone calls. CBS vp for corporate information, Mary Boies, denied that network slants its news reports. "CBS News reports the news as

accurately and fairly as it can, independent of any political point of view," she said. "To seek control of a corporation for the sole purpose of subjecting its news operations to political influence contradicts the traditions of a free and independent press."

NBC began satellite delivery of all programming to affiliates Jan. 8, Michael Sherlock, NBC exec. vp-operations and technical services, told TV critics meeting in L.A. last week. NBC chose Ku-band system -- over C-band favored by CBS and ABC -- because receive stations could be smaller and located at affiliate's studio, Sherlock said. Network's contract with Comsat General guarantees maximum outage won't exceed 50 min. a year. Agreement is for 10 years, calls for leasing up to 10 transponders on SBS satellite. By end of 1986, RCA Americom will provide additional 4 fulltime transponders. NBC has uplinks at 10 locations, with master stations in N.Y. and Burbank, and 6 transportable uplinks for news and sports. Ground stations are in place at 120 affiliates, with another 50 expected shortly, Sherlock said.

Group W's Dubuque system must black out all duplicating ABC network programming on must-carry channel KCRG-TV Cedar Rapids-Waterloo (Ch. 9) for another year, FCC ruled. Action is intended to protect another ABC affiliate, KDUB-TV Dubuque (Ch. 40), which also is must-carry signal for cable system. KDUB-TV originally was given 2-year blackout protection by Commission after station contended that duplicating network programming by KCRG-TV was eroding its audience and hurting station's profitability. KDUB-TV has lost money since 1979 when it was bought by Lloyd Hearing Aid Co., FCC said. Blackout protection won't be extended beyond this year, Commission said, adding that in only one other instance has it granted such help -- to KMIR-TV Palm Springs.

Thomas Wheeler, ex-NCTA pres., whose NABU Network cable software downloading company failed recently (TVD Nov 19 p3), has begun new business, Washington Communications Consultants. But he's still receiving -- and considering -- offers to rejoin cable industry in some executive capacity, he told us last week. Wheeler said he's operating business out of offices adjacent to his home, 6409 Walhong Rd., Bethesda, Md., 301-229-4810. Wheeler said that most of clients are in cable in some way, that he continues "to explore bringing NABU back."

FCC is asking for comments on rulemaking (85-2) to eliminate requirement that broadcast licensees file copies of network affiliation and transcription contracts. Commission said it's great burden to receive and process such filings.

NAB will host 20th annual engineering management seminar Feb. 3-8 at Purdue U. Fee of \$875 includes tuition, teaching materials, 6 nights' lodging, some meals. Information: Tonia Ballard, 202-293-3557.

**C-SPAN IN 7.6 MILLION HOMES:** C-SPAN's audience is upscale, educated, male and less likely to vote Republican than cable viewership nationwide, according to study by Media Access Project Dir. Michael Robinson. Study released Jan. 8 puts monthly C-SPAN audience at 7.6 million homes, 20.5 million viewers. It's carried by 2,000 cable systems in U.S.

Study was funded with \$5,000 grant from Benton Foundation and done in cooperation with 270 cable companies in 41 states. Companies provided random selection of subscribers' names and telephone numbers -- something C-SPAN admits would be impossible now under privacy provision of new cable law (PL 98-549). Telephone survey of 959 cable subscribers nationwide was conducted in week after national elections.

Robinson found 61% of subscribers interviewed had heard of C-SPAN, 38% had watched it at least one hour a month, with average viewer watching 12 hours a month.

Survey found C-SPAN viewers are disproportionately male, affluent, well educated, compared with cable viewers generally: 44% have college degrees; 42% are men; 48% of household incomes exceed \$30,000. Viewership broke down to 52% who said they watched 1-5 hours a month, 35% 6-20 hours and 13% up to 100 hours. C-SPAN viewers also watch TV news 50% more than cable viewers nationwide, are about twice as likely to read newspapers during week. They also are more active politically than cable watchers: 93% said they voted in 1984 general election -- 18% higher than cable watchers in general, 40% higher than national voter average.

C-SPAN viewers also are more informed about American politics in general, House politics and current events. Robinson said he found 55% of C-SPAN viewers voted for Reagan-Bush ticket vs. 63% for national cable audience.

Independent TV stations are dominating "video dogfight of '80s," Embassy Telecommunications' Norman Lear told INTV convention last week. He said independents "have the power to remake the face" of TV, urged them not to fall into what he called conservative programming trap followed by networks. Lear said long-term health of networks "grows bleaker every year with erosion of their market share [and] trapped in the same short-term mentality, there is virtually no room to experiment or incubate a new idea in network television... This is why the networks, in my opinion, may be going the way of the dinosaur."

ABC will close-caption Super Bowl play-by-play, pregame and postgame shows Jan. 20. Network has scheduled 6-hour block for game and sidelights. Captioning is by National Captioning Institute, paid by Ky. Fried Chicken and Ford.

**CABLEVISION LOSES FRANCHISE:** Scripps-Howard Cable Jan. 7 exercised option to "terminate the interests" of Charles Dolan's Cablevision Systems in their joint venture to build and operate huge Sacramento cable system. Action was triggered by Dolan's failure to raise \$34 million for his required equity investment. In next couple of weeks, Scripps will decide whether to go it alone in 330,000-home franchise serving city and county or take in another partner, officials said.

Sacramento Cable Commission Exec. Dir. Robert Smith told us panel voted to transfer franchise to Scripps if company agrees to comply with all commitments. Scripps-Howard Cable Vp Jay Kerekes said his company expects 20-year franchise will be transferred officially Jan. 17. Franchise calls for 88-channel system estimated to cost \$166 million, was granted about a year ago (TVD Nov 28/83 p3).

Cablevision Systems owned 47.5% of partnership, as did Scripps, with River City Cable -- group of 70 local investors -- holding remaining 5%. Partnership agreement, with Dolan as managing general partner, called for \$70 million in equity to be invested by Dec. 31 (\$34 million each by Cablevision and Scripps), mainly as collateral to borrow \$98 million in debt financing. When Dolan failed to meet deadline for his share, Scripps exercised option to push him out. Dolan had planned to raise money through sale of limited partnerships but obviously didn't find enough takers, observers said.

Dolan probably ran out of potential investors, several cable executives observed: During 1983, his Cablevision Systems Development was awarded franchises in 2 N.Y. boroughs, Bronx and most of Brooklyn, plus Boston (which also is in financial straits), all being funded through sale of limited partnerships. Sacramento "probably was last on his list of franchises to fund," one executive said. "The well ran dry," another said.

Search for House Telecom Subcommittee staff dir. continues, with Chmn. Wirth (D-Colo.) looking beyond present employes for David Aylward successor. In Jan. 4 internal memo, Wirth said new dir. will focus more on Subcommittee's finance jurisdiction, with other senior aides assuming greater responsibility for communications policy. Successor won't be either counsels Thomas Rogers or Howard Symons, who are becoming senior counsels, chmn. said. Aylward is seeking private sector job in wake of resignation of wife, Cary Caton, from Wirth personal staff.

NAB's quarrel with Las Vegas Convention Bureau is easing, NAB Pres. Edward Fritts said. Problem is that NAB's April 14-17 convention coincides with Marvin Hagler-Thomas Hearns middleweight championship fight. Fritts said Jan. 10 that while fight still is scheduled, Bureau officials have assured him there will be no shortage of rooms.

Rates charged by Warner Amex in Cincinnati and 22 suburbs have been vindicated by 3-person arbitration panel. Rates of \$13.95 for Qube basic service and \$11.95 for expanded tier are "better calculated to enable [WA] to earn a fair return on its investment," panel said in ending WA's year-long dispute. On arbitration panel were WA Exec. Vp Richard Berman, Washington attorney Nicholas Miller (representing cities) and Hofstra Law School Dean Eric Schmertz (neutral person chosen by Berman and Miller).

Warner Amex Security Systems, cable burglar alarm division of Warner Amex Cable, has been sold to Rollins for \$5.8 million. Company offering home security services via cable plant has about 16,000 customers in Columbus, Cincinnati, Dallas, Houston, St. Louis.

Responding to concerns in Congress that public broadcasting stations don't hire enough minorities, CPB Jan. 11 voted to withhold federal money unless stations certify that hiring practices aren't discriminatory. CPB also budgeted \$50,000 for undefined national job bank in public broadcasting and pledged to try harder to get stations to hire minorities.

FCC will extend for one year 76 CPs filed by PBS for ITFS applications that would be used in National Narrowcast Service (NNS). Sixteen were approved by Jan. 4, remaining 60 to be approved by end of month.

Carl Smith, veteran broadcast engineer, will receive NAB's 1985 Engineering Achievement Award during convention April 16 in Las Vegas.

### Where the satellite industry is going

## SATELLITE SUMMIT 85

**The Annual Congress for Industry Leaders  
Organized by Satellite Week**

**Four Seasons Hotel • Washington, D.C. • April 1, 1985**

Make plans now to attend the satellite communications industry's most important annual forum for senior management: The 1985 Satellite Summit Conference.

Satellite Summit 85 is a one-day, intensive briefing by industry leaders on the state of the industry and its future direction. Strategic issues to be explored include satellite broadcasting, creative financing, competition, trends in regulation, the opportunities for new services, international developments, and earth-to-space transportation.

Faculty at the Satellite Summit Conference include **Jennifer Dorn**, director of the office of commercial space transportation, U.S. Department of Transportation; **Jing Zhaoqian**, space representative, Embassy of the People's Republic of China; **Steven Dorfman**, president, Hughes Communications; **Clay Whitehead**, president, National Exchange; **William English**, general counsel, Satellite Business Systems; and **Anthony Rutkowski**, international policy advisor, Federal Communications Commission. Others, of equal eminence, will be announced soon.

Space at Satellite Summit Conference 85 is limited. Please make your reservation early.

**For Instant Reservations Call Jane Merkin at 202-638-4146  
Or Clip and Return the Coupon Below**

### RESERVATION GUARANTEE — SATELLITE SUMMIT 85

Yes, please reserve me \_\_\_\_\_ places at SATELLITE SUMMIT CONFERENCE 85 at \$695 per person, including conference materials, meals and refreshments.

Check enclosed  Please bill me  Please bill my credit card (specify)

American Express  MasterCard  VISA  Card Number \_\_\_\_\_

Expiration \_\_\_\_\_ Signature (credit card orders) \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_

Organization \_\_\_\_\_

Mailing Address \_\_\_\_\_

Phone: \_\_\_\_\_ State or Country \_\_\_\_\_ Zip or postcode \_\_\_\_\_

Return to: Jane Merkin, Details, Inc., 1750 Pennsylvania Ave., N.W., Washington, D.C. 20006.

Make checks payable to Television Digest, Inc.

**TELEVISION DIGEST**  
**40**  
**YEARS OF EXCELLENCE**

**4,100 AT NATPE:** Opening feature at NATPE convention in San Francisco Jan. 11, where 4,100 were registered, was panel of 3 FCC members, Sen. Wilson (R-Cal.) and Washington attorney John Lane. Asked about threatened ban on beer and wine ads on TV and radio, Wilson said he hoped move doesn't get "a head of steam" in Congress, said he's "doubtful in the extreme" that ad ban would have any favorable impact on reducing drug abuse.

Wilson praised FCC, and commissioners praised Wilson for their respective roles in Commission's decision expanding TV ownership limit. Comr. Rivera said new rule was almost everything he wanted. Wilson said FCC Chmn. Fowler demonstrated statesmanship in negotiations and "was willing to compromise." Wilson had wanted 22-1/2% cap while Fowler favored 27-1/2%. Senator gave Comr. Dawson credit for putting together compromise.

Commissioners said FCC isn't likely to revisit financial interest and prime-time access rules for very long time. Lane said 2 rules restricting TV networks in programming, adopted in 1970, have had tremendous impact on industry, leading to 3 strong networks, huge growth of independent stations, healthy and competitive programming business.

Rivera said Commission is wasting resources and "antagonizing Congress" with its inquiry into equal time and fairness doctrine. Wilson, however, said inquiry is well founded and useful. Comr. Quello said doctrine "should be repealed... My guess is it won't be."

Rivera, Patrick and Lane questioned legality of permitting UHF commercial stations to exchange channels with VHF noncommercial stations in same market, as proposed by Quello. Quello said he would re-form Temporary Commission on Alternative Financing for Public Telecommunications (TCAF) that he chaired to make recommendations on proposal.

Broadcast executives were warned by MPAA Pres. Jack Valenti that increasing cable penetration and boom in VCR sales means their stations must compete with host of video alternatives. He predicted: (1) By beginning of next decade, there will be 55-60 million cable subscribers. (2) Within 10 years, there will be 50-60 million VCRs in use.

Valenti said pay-per-view cable soon will become "an alluring way" for film producers to keep control over product, as opposed to sales of prerecorded videocassettes, which he called "stunted" area of home video market.

**Scripps-Howard Bestg.'s acquisition of KNXV-TV Phoenix from New TV Corp. for \$26 million was approved by FCC Jan. 8. Commission also ruled that Scripps must sell KMEO-AM-FM Phoenix in 18 months. Independent UHF station becomes Scripps's 7th (5 are network affiliates).**

**ABC ISN'T CONCEDING 3RD PLACE:** Lewis Erlicht, pres. of ABC Entertainment, who admitted he turned down Bill Cosby Show (runaway hit on NBC), told TV critics in L.A. last week he's not ready to concede that ABC will finish 3rd among TV networks in prime-time ratings this season. "I think it is so close that one big hit could really change the face of the standings going into the last half of the season," he said.

ABC has dropped 12% in prime-time ratings since Sept., is running poor 3rd and has only 4 series in top 20. Network also has canceled 5 of 9 shows it premiered last fall. Said Erlicht: "We recognize we have problems [and] we're trying to solve them." He promised ABC will show "marked improvement" in first quarter 1985.

Speaking to critics later in week, NBC Chmn. Grant Tinker said: "I sympathize with Lew Erlicht... [They're] having a tough time right now, but we all go through it." Tinker said 1983-84 prime-time season (when all of NBC's new shows were cancelled by Jan.) was "NBC's Lew Erlicht year."

NBC Entertainment Pres. Brandon Tartikoff told critics: "We're 1.2 points ahead of ABC" for prime-time season ending in April. "We look in good shape" to remain 2nd behind CBS -- which took over critics at end of week.

"It's a competitor, it's a player here to stay," Tinker said of cable TV, but he said it wasn't threat to TV networks. He said that cable has been only one factor in decline of network TV audience, that independent stations and VCRs also were having impact.

Tinker said NBC TV network profits were up 50% in 1983 over 1982, were "very healthy" for 1984 but not up that much. "We are chasing the other guys [ABC and CBS] as fast as our little legs will carry us," he said. Tinker said that NBC will be looking to buy TV stations in major markets under new FCC maximum of 12 stations and that network will move as rapidly as it can into TV stereo.

NBC News Pres. Lawrence Grossman announced that network plans 4 prime-time White Papers through July.

Repeatedly broadcasting lottery information has resulted in FCC fine of \$500 for WVOW(AM)-WTAK(FM) Riverton, Wyo. and \$1,000 for WVIS(FM), St. Croix, V.I. Also, KISA(AM) Honolulu was fined \$2,000 for not responding to FCC notification that it violated rules. KCLR(AM) Ralls, Tex. was fined \$500 for not making equipment performance measurements.

FCC has settled Wis. pole attachment dispute by ordering Wis. Power & Light to reduce rate it charges 16 cable companies from \$4 per pole to \$1.56 and to make refunds for some contracts dating back to June 1982.

## Personals

Edson Spencer, Honeywell, elected a CBS dir., increasing board to 13; James Parker promoted to senior vp-corporate development, planning & law; George Vradenburg advanced to vp-gen. counsel... John Wolters, ABC asst. comptroller, adds vp title; Larre Barrett promoted to sports sales vp... Jadz Janucik advanced to NCTA association affairs vp... Raymond Oglethorpe, ex-Puritan-Bennett, appointed Harris mktg. vp... Kevin Curtis advanced to KBHK-TV on-air promotion dir... Ward White, Senate Commerce Committee senior counsel, resigns to become vp-govt. & public affairs, U.S. Telephone Assn., new post... Robert Klingensmith advanced to vp-video distribution, newly formed Paramount TV production and video div.

Susan Korbel promoted to mktg. mgr., Harte-Hanks Bestg. & Entertainment Div... Tom Reiff, ex-KPRC-TV Houston, appointed exec. vp-gen. mgr., WESH-TV Daytona Beach... Joseph Indelli promoted to pres., Columbia Pictures TV Distribution; Kenneth Lemberger advanced to senior vp-corporate operations & external affairs, Columbia Pictures Industries; Peter Kells promoted to exec. vp... Jeff Alvis promoted to planning & acquisitions mgr., Nielsen Mktg. Research Group USA; Steven Beck and Neil Jefferson advanced to Nielsen asst. controllers... FCC Comr. James Quello discusses FCC decision in Hart, Mich. case, now under appeal at U.S. Supreme Court, Jan. 24 at Communications Task Force of National Conference of Black Lawyers luncheon, Washington Mariott... Myron Hyman, ex-Cannon Group, named Tomorrow Entertainment pres... Myron Karlin promoted to exec. vp-international affairs, Warner Bros.; Richard Fox, advanced to succeed him as Warner Bros. International pres.

Lawrence Spungin promoted to a vp, MCA... Marilyn Sonn advanced to partner in Washington law firm Arent, Fox, Kintner, Plotkin & Kahn... Fred Cohen, HBO International pres., adds HBO Enterprises senior vp and Time-Life Films pres., shifts from London to N.Y... Mel Parker, ex-CBN Cable Network, appointed pres., Media Consultants International... Yolanda Perez advanced to community relations dir., KNTV San Jose, succeeding Gay Crawford, who joins Santa Clara County United Way... Harvey Reinstein advanced at Prime Time Entertainment to exec. vp-syndication... Mark Blitz, ex-USIA, joins staff of Sen. Lugar (R-Ind.) as senior member responsible for reauthorization of State Dept., USIA funding.

Larry Anderson promoted to vp-gen. mgr., WGR(AM) & WGRQ(FM) Buffalo; Richard Aaron, who had been interim gen. mgr. at WGR, becomes sales mgr... Barbara McMahon advanced to dir.-affiliate acquisition & development, RKO Radio Networks, succeeding Peter Marcus, who resigns... Peter deVaux, Young & Rubicam senior vp-finance, adds exec. vp of Young & Rubicam USA Div... N.S. (Buddy) Hayden, ex-L.A. Herald-Examiner,

Published Weekly Since 1948

# TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Television Digest, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Connections: World Communications Report (with The Economist of London), Public Broadcasting Report, Space Commerce Bulletin, Television and Cable Factbook, Telecom Factbook and other special publications.

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

**EDITORIAL & BUSINESS HEADQUARTERS**  
1831 Jefferson Place, N.W., Washington, D.C. 20036  
Phone: 202-872-9200 Telex: 467268  
MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435

**WASHINGTON HEADQUARTERS**

Albert Warren	Editor & Publisher	Business	
Paul L. Warren	Assoc. Pub. & Sr. Ed.	Roy W. Easley III	Controller
Dawson B. Nail	Executive Editor	Gary Maderom	Marketing Director
Jonathan Miller	Senior Editor	Chery Grund	Advertising Dir.
Daniel Warren	News Editor	Betty Alvine	Circulation Mgr.
Steven Tuttle	Managing Ed., Wash.		
Mary Crowley	Associate Editor		
Mike Schwartz	Associate Editor		
Arthur Brodsky	Associate Editor		
Frances Seghers	Associate Editor		
Melinda Gipson	Assistant Editor		
Theresa Foley	Assistant Editor		
Deborah Jacobs	Info. System Mgr.		

**TELEVISION AND CABLE FACTBOOK**

Michael Tafanero	Managing Editor	NEW YORK BUREAU
Mary Appel	Editorial Director	475 Fifth Ave., N.Y. 10017
Barbara E. Van Gorder	Sr. Supv. Editor	Phone: 212-686-5410
Anthony M. Townsend	Sr. Supv. Editor	
Melinda M. Lukasz	Senior Editor	

Factbook Research, Inc.

Lynn R. Levine

**JAPAN REPRESENTATIVE**  
(Editorial & Business)

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

appointed pres.-CEO, Ad/Sat, new joint venture of Robert Wold Co. and Mitsui & Co. to transmit national ads to newspapers via satellite; Robert Wold is chmn.

New Radio Marti Dir. Paul Drew, ex-RKO, resigns in policy dispute... James Spears promoted to acting asst. attorney gen., Justice Dept. Office of Legal Policy, which handles Freedom of Information Act... FCC Calendar: Jan. 16 -- Edward Minkel, FCC managing dir., takes part in Pacific Telecommunications Council on development of fiber optics and satellite facilities, Honolulu. Jan. 17 -- Minkel addresses Hawaiian Chapter of Armed Forces Communications & Electronics Assn., Honolulu.

FCC has denied review of 1982 cable pole attachment rate decision, sought by Southwestern Electric Power, ordering utility to reduce charges to Warner Amex to \$2.42 per pole from \$4.

Tribune Media Services has bought National TV Log Inc., which sells ads for newspaper TV listings. Terms weren't disclosed.

MBS will create new telecommunications division to offer FM subcarrier services including electronic mail.

# Consumer Electronics®

A Section of *Television Digest* with *Consumer Electronics*

## STATE OF THE INDUSTRY

EIA's figures on total 1984 video sales to dealers are scheduled for release next week. For preview, see below.

**1984 SALES--16,277,800 COLOR, 7,615,800 VCR:** Color TV and VCR sales ended 1984 higher than most recent estimates, including those EIA used at CES last week. Official EIA figures, to be released this week, are expected to show dealers bought 16,277,800 direct-view color sets, 15% increase over 1983, and 7,615,800 VCRs, up 86.1%.

Surge of sales in Dec. produced big numbers, and month was best in history for both color and VCR. In color, Dec. was first month ever to show sales in excess of 1.8 million units. In VCR, it was first to top million -- almost 1.2 million, actually. In smashing windup to 1984, final week's VCR sales, at 195,200 (up 108%), were best of any week to date, completely contrary to historical patterns, indicating large post-Christmas orders by dealers.

**WINTER CES--NO STARS, BUT A HIT:** At first glance, 1985 Winter CES didn't seem to have much going for it. Industry leaders were offering up forecasts for only modest sales growth and warning that getting profits would be tougher than ever. No really new product was on hand to promise billions of dollars in new sales. Without large contingent of videogame and videocassette software exhibits, excitement of show biz hoopla was absent. Attendance by nontrade media was lightest in years. And who said it never rains in Las Vegas?

In face of all that, show drew 101,665 attendees, beating out 1984 WCES by 10,420, even eclipsing all-time CES record of 98,271 set last summer in Chicago. Exhibitors actually were pleased with CES's return to no-nonsense business atmosphere, and mainstream companies said dealers were rebuilding Christmas-depleted inventories with vengeance and were significantly less interested in price than availability.

Show had new face. With such majors as GE, Hitachi, Magnavox, Panasonic and Quasar moved into private locations off main exhibit floor, displays by Korean trio of Daewoo, Gold Star and Samsung were among flashiest of TV exhibits on Convention Center floor, though they weren't drawing crowds as large as those that packed Fisher-Sanyo displays and elaborate Sony theater with its associated kiosks.

Buyers who came looking for down-&-dirty VCR pricing from Koreans went away empty-handed. Representative at Gold Star told us "if we can't make a profit [on VCRs], we won't sell them." But retailers were skeptical about staying power. "At these prices I don't need them," one dealer told us. "Let's see what they'll be asking in the spring when they have to start delivering."

VHS camcorder, Super Beta, 8mm Video and spate of new videocassette player (VCP) introductions provided more than enough excitement in video area, though without any really unanticipated innovation. VCP market could well turn into rat race in 1985. Dozen firms, including GE, Gold Star, Panasonic, Quasar, Samsung and bunch of smaller importers all were showing them, with dealer costs starting at \$199. One small importer was offering first Beta VCP, sourced from Daewoo. Japan's Funai, which started market, distributed fliers inviting retailers to its off-floor display at Desert Inn, where it was selling in competition with its

exclusive U.S. distributor Portavideo -- one of whose officials noted Funai's price was higher.

Color TV became mainstay adjunct for audio marketers at show. Importer Lloyds, now subsidiary of Bacardi, was showing off its new financial strength with full-line display of Korean-made color portables, plus VCRs sourced from NEC and Samsung, promising it would be strong competitor of Emerson. Low-fi market leader Soundesign, company that originated audio rack systems, offered collection of video-audio systems, with starting prices of \$499 for unit with 13" color monitor and \$799 for 20".

At higher end, Harman-Kardon, Marantz and Symphonic were among audio component companies to introduce color monitors, while Fisher announced it would have MTS stereo as standard feature on all its VHS Hi-Fi VCRs this year. Video switchers, enhancers, tuners and multichannel TV sound were showing up as components in increasing numbers of audio systems.

Details on product highlights, comments from industry leaders, reports on show seminars and news conferences can be found elsewhere in this issue.

**THE 2 FACES OF SONY--SUPER BETA AND 8mm:** Sony was involved in 2 major news conferences in span of 5 days: (1) In Las Vegas, as prime mover in Beta group manufacturers' announcement of Super Beta system, "the first major improvement in basic home VCR picture quality." (2) In Tokyo, where parent company held its biggest press event in 3 years to announce start of sales of 8mm camcorder and cassettes there.

Las Vegas news conference didn't mention 8mm but did demonstrate new version of Betamovie with CCD pickup at around \$1,600 from Beta manufacturers. Tokyo conference also showed new Betamovie and, almost as afterthought, demonstrated "High Band Beta," name it uses there for Super Beta. In U.S., Sony says it hasn't decided when it will introduce 8mm, but parent company Pres. Norio Ohga said in Japan that American debut "definitely" would be this year. Sony displayed 8mm camcorder in Las Vegas hotel suite but not at its exhibit. In addition to Ohga, 8mm conference in Japan drew all top Sony luminaries, including Honorary Chmn. Masaru Ibuka and Chmn. Akio Morita.

Sony's Video 8 camcorder weighs 4.34 lb. without battery or tape, less than 5.1 lb. with, will list at about \$1,100 when it goes on sale Jan. 21. Camera section has CCD image sensor with 250,000 pixels (apparently same one used in CCD Betamovie), 1" electronic viewfinder, with complete playback system including search and freeze, has accessory tuner-timer. Sony said it developed new LSIs for system to reduce required voltage to 5 volts, cut mechanism and circuit board size by 40% as compared with smallest portable Betamax.

Sony announced it would offer 8mm metal particle cassettes in 30-, 60- and 90-min. sizes this month in Japan, followed soon by 2-hour cassette. In addition to own brand, Sony is heavily committed to OEM market for 8mm camcorders, to be sold under brands of Aiwa, Fuji, Pioneer and Yashica. Reports in Japan indicate Eastman Kodak, whose camcorders are made by Matsushita, is talking with Sony about further 8mm supply.

Super Beta recording system, as shown at CES, produced finer, more detailed picture -- but at about 300 lines of resolution and 45dB signal-to-noise ratio, it fell short of what many had predicted for such super VCR systems. Most impressive demonstration was potential for home editing and dubbing, in which 4th-generation tape made on super machine was better than 2nd generation from standard Beta.

Super Beta is scheduled for availability by midyear from Beta group members. Although prices weren't mentioned, implication was that new recording system would be feature of top-of-line machines. From their comments, it was unclear whether Sony or any other Beta group members really planned to push duplicators to convert their operations to Super Beta.

Although it was stated at presentation that Super Beta was completely compatible with standard Beta system, Sony officials conceded that there may be some deterioration in picture when tape recorded on Super Beta machine is played back on very old Beta machine that had wide head gap. VHS group members said new generation of high-end machines due this spring would have performance comparable to Super Beta. Super Beta (or High Band Beta), incidentally, received virtually no mention in Japanese press.

New 8mm format turned up at 6 CES exhibits. Three of these were compact decks -- the already reported Sanyo and Canon (TVD Jan 7 p14), with prototype shown by Samsung. Canon says it's making own 8mm VCR, not buying as it has for VHS. As expected, 8mm camcorders were shown by Kodak, GE and Polaroid. Polaroid starts marketing its \$1,650 camcorder March 1 in Tampa-St. Petersburg-Sarasota area, plans to be nationwide in 2nd half of 1985. Meanwhile, TDK announced it would start shipping own-brand 8mm metal particle cassettes in 30- and 90-min. lengths in U.S. during first quarter.

**JAPANESE DOUBLED VCR EXPORTS IN NOV.:** Japanese made sure there would be no Christmas VCR shortage here by shipping to U.S. more than twice as many as in same year-earlier month, along with higher levels of color and b&w TVs, Finance Ministry figures show.

Month's VCR shipments of 1.34 million were up 110.2% from Nov. 1983 and fell just short of all-time monthly high of 1.37 million hit in Oct. Exports for 11 months were up 123.9% to 10.7 million, easily exceeding 10.3 million combined total shipped in 3 full years of 1981-83.

Total Nov. TV exports of 184,100 were up 41%, as color rose 39.9% to 138,500, b&w increased 44.9% to 45,600. Total TV shipments gained 82.6% for 11 months to 2.35 million, with color up 78.3% to 1.82 million, b&w up 98.7% to 534,400. In color, exports of complete sets rose 17.1% in month to 85,100, for 11-month total of 1.11 million, up 86.6%. Color chassis and kit exports jumped 102.5% in Nov. to 53,400, to put full period at 708,500, up 66.7%.

**U.S. BACKS JAPAN IN ZENITH-NUE SUIT:** Citing both legal and international trade considerations, Reagan Administration last week urged Supreme Court to review and overturn Appeals Court order that \$3 billion Zenith-NUE antitrust suit against Japanese consumer electronics manufacturer go to trial.

Recommendation was in brief filed by Solicitor Gen. Rex Lee in response to Court's invitation for submission of view issued when current term opened last fall (TVD Oct 8 p12). That came shortly after Court accepted for consideration filing by Japanese govt. Case, brought 14 years ago, was dismissed by U.S. Dist. Court, Philadelphia, in 1981, then reinstated on appeal in Dec. 1983. Supreme Court is deciding whether to accept Japanese petition for review.

Calling Appeals Court decision incorrect, Solicitor Gen. said it has "significant practical implications for both antitrust policy and the conduct of our nation's foreign trade policy." On question of law, he said Court departed from precedent in accepting circumstantial evidence that Japanese conspired to sell TVs at low prices in effort to drive U.S. makers out of business. Although Japanese exporters did sell at dumping prices here, and gave hidden rebates to some U.S. buyers, that could be "more reasonably viewed as the result of independent business decisions" by companies involved "than as the result of collusion," brief said. While such behavior "might support a claim for damages" by Zenith and NUE under Antidumping Act, it's in itself "insufficient to support a finding of conspiracy" under current antitrust standard, according to brief.

Brief also supports Japanese bid for dismissal on grounds they were acting under govt. orders when they agreed to establish minimum export pricing and limit sales here to no more

than 5 customers per exporter. In disregarding Japanese govt. assurances that such rules had been enforced, brief stated, Appeals Court "failed to accord the proper respect due a foreign govt." and so "threatens to do serious damage to the foreign trade relations of the United States."

"The courts have properly recognized that anticompetitive private conduct that is compelled by a foreign sovereign does not give rise to antitrust liability under U.S. law," brief said. Should Appeals Court ruling stand, "foreign governments understandably may be reluctant to accommodate" future U.S. requests for trade restraint or voluntary quotas, and so "deprive [U.S.] of a tool that has proved valuable" in resolving trade problems. In addition to Japan, govt. of Australia, Canada, France, Korea, Spain and U.K. "have formally advised the Department of State of their serious concern" about impact on trade relations that may stem from Appeals Court "treatment of the sovereign compulsion issue."

**MORE CHINA ORDERS:** Japanese electronics manufacturers seemingly are working overtime to fill China's demand for plants, technology and key components needed to expand consumer electronics production.

JVC received contracts worth \$18.7 million to supply China with technology, equipment and parts for 13" & 17" color sets at 2 plants. One, in Beihai Economic Development Zone, is for new plant slated to start production of sets at 50,000 annual rate in March, increase to 150,000 rate by Aug. Other is designed to triple capacity of Wuhan TV to 150,000 sets annually by Aug. Contracts bring number of Chinese color plants aided by JVC to 15, with combined capacity of 2 million annually. JVC said China is estimated to have absorbed more than 2 million color sets in 1984, and outlook is for production of 4.5-5 million this year.

Sanyo said it has \$30.7 million color TV order. It calls for delivery of production line to 2 different factories, plus 103,000 kits and equipment for assembling flybacks, focus resistors and tuners. Included in deal are 500,000 color kits for 2 other factories.

Matsushita says it has accord to set up plant and supply parts for assembly of 30,000 VHS VCRs annually. Production is slated to start in July.

Sharp has sold technology for production of hi-fi equipment to be assembled at 5 factories. Company said it will supply parts for 30,000 units monthly, eventually expand that to 60,000.

To help fill TV orders, Japan's 2 major TV glass makers are expanding. Asahi raised monthly output in 1984 by 500,000 to 2.5 million, will increase that to 3 million by end of this year. Nippon Electric Glass will raise output to 3 million monthly level by March. Primarily on strength of demand from China, Japanese expect demand for color TV bulbs to jump to 34 million this year from 30.5 million in 1984.

Panasonic will pay \$1 million bonus to pro golfer winning all 3 of Bob Hope Classic, Bing Crosby National and Panasonic International tournaments.

**HITACHI'S NEW PROJECTS:** Hitachi America is setting up 2 new businesses -- finance company and Industrial/Commercial Div. -- and Exec. Vp Robert O'Neil called them part of company's plan for "profitable survival."

Finance company, "a first in the U.S. for a Japanese company," will function principally to finance Hitachi products and is slated to operate from 160 facilities nationwide. O'Neil said inventory financing will help dealers carry full Hitachi line. He said growth of Hitachi Sales Co. of America in last 5 years to status of largest subsidiary of Japanese parent is primary reason for formation of finance firm.

Industrial Div. will handle advanced products, which "eventually will become consumer products," O'Neil said. First products will be series of monitors, specialized video cameras, 2 optical videodisc player models and Hitachi's electronic still camera. Industrial Div. will be managed by David Fukuda. New divisions were formed, according to O'Neil, in answer to profit problems in consumer electronics industry. "The answer is diversity, value added, custom applications," he said. "A company without products and services outside the commodity area can't survive."

Stereo TV every day is promised by NBC starting in June, to be available to all affiliates connected by satellite and definitely to be broadcast by its owned WNBC-TV N.Y., KNBC L.A. and WRC-TV Washington. At first, Johnny Carson and Friday Night Videos will be in stereo, to be followed shortly by David Letterman and Saturday Night Live. NBC Chmn. Grant Tinker said last week in L.A. that network will move as rapidly as it can in stereo, where lack of equipment is major handicap. NBC last week began 100% satellite delivery to affiliates, 120 of which now have ground stations, with 50 to be added shortly. Currently, satellite delivery is required for network transmission of stereo programs.

Pioneer Video says it expects to sell 50,000 Laservision players here this year, bringing total in consumer hands to about 200,000. Sales of \$1,200 LV-Compact Disc unit are seen accounting for 50% of 1985 total.

**CES CONFERENCES:** While phone market is beset with problems, dealer interest remains high, as evidenced by 350 who turned out for CES seminar, about same number as showed up for one on computers, and 2nd in size only to 700 that heard video hardware panel.

Industry is suffering now from consumer dissatisfaction with flood of low-quality one-piece electronic phones that poured in in 1983, and result is buying shift back to standard phones and to equipment supplied by AT&T, according to Richard Lindenmuth, ITT Telecom Business and Consumer Communications Div. pres. Basics, he said, account for as much as 60% of market, and competition is forcing manufacturers and retailers to accept "razor-thin margins." He said 45% of homes own phones, additional 10% intend to buy, but 35%, because of disillusionment with performance of cheap phones and other reasons, "are hanging on to their leased phones."

During panel session on phones, Dynascan Telephone Products Dir. John Ehrisman observed there were "a lot less telephone suppliers" on show floor than at event in Chicago last June. Many of dropouts, he said, were specialists in other product areas and had added phones to get in on new market. But what's happened so far is only tip of shakeout iceberg, according to Webcor Vp Lawrence Reichenstein. Much bigger one involving larger companies is on its way and will start within 90 days, he predicted.

Cellular phones offer no hope of near-term salvation for industry either, according to speakers. They agreed that some 2 dozen firms at WCES showing cellular phones or accessories were drawing lots of lookers but little in way of buyers. Louis Antoniou, vp of Audiovox's Audiotel Div., said that while market is expected to grow from 70,000 in 1984 to about 180,000 this year, cellular phones won't be consumer market factor until mid-1990s. None of other panel members challenged his contention that consumers won't buy until monthly cost, including amortization of equipment and installation as well as operating fee, is less than \$100.

Mura Pres. George Hardy agreed that monthly service charge is primary stumbling block but put less stock in need for steep equipment cost reduction. He pointed out that automotive sound systems priced in same \$1,000 class as cellular phones are selling well. He said coming generation of transportable phones, which need no installation and can be shifted from car to car or used as battery portables, will be next major market thrust for cellular.

At workshop on satellite earth stations, Channel Master Vp Don Berg said population is 800,000-1 million, put 1990 potential at 9-10 million homes in territories where cable isn't available. Amplica Sales Dir. Asa Baird thought cable areas should be included as well. "There are 100 million homes," he claimed. "Can cable compete with us?" Berg shrugged off

impact of scrambling by pay-TV services, said he doubts "consumers are going to care," given number of other channels available. In any event, HBO and Showtime/Movie Channel eventually will be selling to home owners, panelists concluded. They also had answer for DBS competition: "Our industry today is DBS," said one. Consensus was that present 6-8-ft. dishes will be shrinking and that more powerful satellites aren't only way to reach consumers. "We are selling rabbit ears," said Baird -- "ours just happen to be round."

Tone for audio seminar was set by keynoter Don Palmquist, Yamaha exec. vp., who told audience CD market is going to be bigger and grow faster than most people think. He cautioned against discounting players "even before they are in adequate supply." He predicted this would be year AM stereo starts making inroads, predicted strong demand for audio components from buyers of stereo video equipment.

**'SURVIVAL'S THE STORY':** "I don't think that at this Jan. CES the story is product. It is price. Survival will be at stress at the retail, wholesale and manufacturer level. Profitable survival is the story for 1985."

Hitachi Exec. Vp Robert O'Neil was sounding a kind of keynote at news conference on eve of CES opening in Las Vegas -- one that was to be echoed in comments, formal and informal, by many others as show progressed.

Jubilation over 16 million color set sales in 1984 "hides the fact that 13-in. is now 25% of the mix," up from 15-16% 2 years ago, while 19-in. has fallen from 50% to 43%, said O'Neil. Pointing out that industry color TV capacity is now 20 million units, he added, "we could be lulled to sleep in a 15-16 million year." O'Neil forecast 1985 VCR sales at 8.5 million -- "but the industry could bring in 11-12 million units. We've got an overcapacity problem, and we'll be under price pressure all year."

"The business is the toughest I've seen in the last 30 years" in terms of price competition, O'Neil told us later. Biggest problem, he said, is competing against majors who are offering sharp discounts to buying groups and large retail chains.

\* \* \* \*

"Remember 1982?" asked GE Consumer Electronics Business Operations Vp Jacques Robinson in interview at CES. "Record revenues, record losses. This year could be a repeat. If the economic pickup is slight, I see serious problems. They're out there already, particularly in TV pricing." GE, he said, has "planned for '85 to be a tough year... Every element of cost is going under the microscope."

Last year was "good, but not great," said Robinson. "The year didn't finish with a bang -- Christmas sales were mixed." He sees growth rate continuing to slow in 1985. In VCR, sales will total about 9.5 million, although industry capacity is much

greater -- "they can push it to 12 million if they try." Robinson sees "plenty of pressure on the Koreans to keep [VCR] prices up -- it would be a national problem for Japan if that industry falls over."

GE is continuing to explore "niche" businesses, according to Robinson. One of them is 8mm -- "dealer takeup has been good and now we're checking on sellthrough. Our decision last year was not to buy many -- it's not a home-run business, but a small thing grossly overblown by the press." Deal under which Berkey Photo handles GE sales to camera stores is "working out well -- we're happy with it."

Robinson's views on other subjects: Super VCR -- "We can get up to 400 lines and maintain compatibility, but there are other measures of picture quality besides resolution." Digital TV -- "You must have features that clearly justify the price premium... Studies show noninterlace [picture] is overrated." Camcorders -- "won't replace the portable... It will reawaken interest in moviemaking and start driving the 2-piece units as well." Stereo TV sound -- "Picking up momentum, but still chicken and egg. I'm not sure 1985 is the turnaround year; too many people still don't know about it. By the year's end, stereo might be running 10% of color TV sales. Teletext -- "It's on the shelf now. We'll come back and look at that in 3 years." Computers -- "We have no plan to go into computers. We're in peripherals in a limited way; we'll only go into areas where we have strengths." Videocassette players -- "Currently a rental contract-type business."

\* \* \* \*

"I don't think the end of our industry is near at all," said Group Vp Jack Sauter at RCA press dinner during show. He said better understanding of industry is required, and key elements are technology, competition and situation at retail.

Technology's advance in last 2-3 years "has been overwhelming and difficult to manage." Important question is how to get consumer to pay for it -- industry can't just charge for the extras "because the dealers are stuck on price points." Later, at video seminar, Sauter cited "history of being wed to magic price points," added: "We'll have to break away and convince consumers new products are worth more."

On offshore competition: "We can't stop it... The country is not in favor of restrictions on imports." Importers aren't really doing that well, anyway -- according to Sauter, they've overestimated market and have large inventories. They "found that sharp pricing didn't sell the numbers they thought it would... They will have to change or find they might not be able to survive."

On retailing: "The industry was not totally prepared for the changes" that occurred. "Major chains and super retailers don't want to be part of national sales programs," and manufacturers must find ways to deal both with them and smaller dealers.

Forecasting 16 million color sales for 1985,

Sauter thinks first quarter will appear to be slow because of high numbers chalked up in same 1984 period, but "consumer purchase rate is very high and showing no signs of diminishing." As for VCR, "I don't know how far it will go, but I certainly look for a good year," possibly 9-10 million. Commenting on Japan's need to unload excess capacity in face of Korean competition, he said: "If the Japanese push for higher VCR sales on price they may not be happy with what they get."

\* \* \* \*

Economic health of industry also dominated CES video seminar. NAP Consumer Electronics Vp Gary Thorne said color TV prices have slipped 5-6% annually for last 5 years, but he saw 1985 as "turnaround" year when prices will hold. He forecast that major changes in distribution were imminent.

Zenith Sales Co. Mktg. Vp Bruce Huber urged "better relation between cost and price" through emphasis on stepup product. Although he said industry has more color TV production facilities than it needs, in discussion about VCR capacity he reflected: "That 12 million capacity may not be so scary" because sales could go much higher than many forecasts this year.

Toshiba National TV-Video Mktg. Mgr. Jay Yancy joined call for "more creative selling," urging industry to stop trying to "merchandise hi-tech product like leaders." He conceded Japanese manufacturers have been force-feeding U.S. VCR market. "The manufacturers are concerned about this" and plan to curtail exports, he indicated. "Now, with Korea and Taiwan coming in we are particularly concerned" -- forecast of product glut and price collapse "could be a self-fulfilling prophecy."

**WCES COMPUTER SCENE:** Though video games were essentially dead issue, and demise of Coleco's Adam cast pall over home computers, Atari and Commodore pulled out all stops at WCES in Las Vegas to demonstrate continuing commitment to industry and its long-term future.

**Power Without The Price** was Atari's theme as it took wraps off new family of XE computers, including trio compatible with current 800 models, priced at \$120 for 65K memory, \$140 for 131K. Promised for later delivery was 65K portable with built-in 5" monitor and 3.5" disc drive. Long-awaited pair with 16/32-bit MPUs offer Apple-like windowing capability and designated as ST series will go for about \$300 for 131K version, \$600 for 524K. Along with that, company unveiled new 3.5" and 5.25" disc drives, color monitors, printers and modem. Atari said complete 131K ST system, with monitor and drive, would sell for less than \$800.

Commodore's spotlight was on dual-mode 128 model, switchable to handle either model 64 or standard CP/M software. It comes with 128K memory, expandable to 512K, will sell for about \$250, go for about \$750 when packaged with monitor

and drive. New 32K lap computer with U.S.-made 80-column 16-line LCD and built-in software is expected to retail for about \$500. Heralded 16/32 bit Amiga model wasn't show publicly, is expected to be unveiled in 2nd quarter.

Both companies went to great lengths to drum up needed outside support for their hardware marketing efforts. At party for media, Commodore announced whole new approach that included more open communication for that normally close-mouthed company, wind-down of in-house software development to level needed to back up hardware sales, and opening of strong support effort for 3rd-party software and peripherals producers. With new computers, Commodore will be going after broader distribution, is looking to about double its dealer base to 23,000 this year, company said.

Atari Chmn. Jack Tramiel, addressing Software Publishers Assn., said Atari needs aid of 3rd-party software producers and will support them with "technical help, financial help, any kind of help" they need. He said Atari plans to ship 5 million computers in 1985. Atari also announced it would be marketing software and peripherals for other computer systems. In addition, Tramiel told local news media he was looking at sites in Reno area for computer plant that would represent multimillion-dollar investment and create hundreds of jobs.

Commodore was making no secret about end of market it was seeking: Its trade ads announced 128 model with headline "Bad News For IBM and Apple." Atari ad, featuring favorable quotes on company prospects following its acquisition by Tramiel, included one saying "Mass merchants definitely want an alternative to Commodore," attributed to Clive Smith, who last month left Yankee Group to join Commodore as planning and development vp.

Truth of Coleco's insistence its pre-WCES decision to drop Adam was made at last minute was verified by its sizable, though essentially deserted, computer exhibit at show. Also, company had full-page ads in dailies distributed at show headed "Adam Means Business," promising bigger things to come, and had half-dozen new software titles on display. In back room, Coleco was showing prototype of more advanced, Apple-compatible computer it has under development, told some visitors it already had lined up name brand marketer for system in U.S. and was looking for licensee to handle production and overseas sales. Unheralded casualty of Coleco's pullout was its joint venture with AT&T to develop phone-fed computer software delivery system.

MSX group was on hand with product display, featuring computers made by variety of Japanese producers and Dutch Philips -- Korea's Gold Star and Daewoo had MSX computers in their own booths -- but attracted little interest, as no firm delivery date promises were being made.

On software front, pricing continued to drop in

preschool area, CBS making its 2nd set of slashes in last 6 months, and Spinnaker reducing lists on its Fisher-Price lines. Foot traffic was relatively light in West Hall, where nongame software makers, as well as many peripheral producers, were located. But most those who made trek were buyers, so there were no complaints. Star Wars owner Lucasfilms, which had software development deal with Atari, has switched sides, will supply programs for marketing by Epyx. Most talked-about WCES party was Infocom's mock-murder affair held at private home downtown. Guests figuring out who done it, and why, received prizes.

Computer seminar shed no light at all on how industry will reverse its sagging fortunes. Tone was set by Radio Shack U.S. Operations Pres. Bernie Appel. Following upbeat keynote presentation by Atari Pres. Sam Tramiel, Appel scoffed at EIA-compiled industry consensus estimates for 1984 sales. "I don't know how you could have sold 10% more computers at 10% higher prices," he said, pointing to mass liquidations at deeply depressed pricing by TI and Timex and steep price cuts adopted by Atari and his own company.

Panel was badly put together. Appel was only computer maker on it, and Radio Shack doesn't sell to outside retailers -- and none of the 3 software members was in mainstream action game area. When panel discussion bogged down over question of whether hardware or software makers have responsibility to provide financing to support extensive consumer education effort still needed to develop mass buying interest, Appel said "the industry has to be healthy before you can do these things." Of 8 publicly held computer companies, he said, "one is profitable, 2 are marginal and 5 are in the red."

IBM and Apple, because of their position as targets for Atari and Commodore, were dominating computer presences at show, but neither exhibited -- though they're strongly picking up consumer market sales. Meanwhile, 2 former hardware majors are preparing for comeback. Osborne, which started personal computer business and is under new management, said it will emerge from bankruptcy this week. Franklin Computer says it has submitted reorganization plan to Bankruptcy Court under which it would give creditors 15-24% in cash, plus 16% stock interest, to settle its \$13 million debt. Plan has support of creditors' committee.

3M is No. 1 in blank videocassette sales, company claimed at meeting with media last week in Las Vegas, where it also announced it had new small-particle coating formulation in development and would be introducing it on high-performance videocassette later this year. It forecast blank tape sales would jump from 115 million units in 1984 to 160 million this year and 250 million in 1989. Retail value of tapes sold will hit \$160 million this year, up from \$115 million in 1984, grow to \$250 million in 1989, 3M predicted.

**NEW VIDEO AT CES:** Leading-edge video products were previewed at CES under many brand names, but there were very few surprises -- all major new items had been widely expected or shown earlier elsewhere.

Show marked U.S. debut of camcorder taking full-sized VHS cassette, made by Matsushita (TVD Dec 31 p7), to be available this spring at \$1,600-\$1,800 list from GE, Magnavox, Panasonic, Quasar and others. Unit is slightly heavier than Japanese version we described 2 weeks ago, weighs about 6 lb. without battery or cassette, just over 7 lb. with. It records at SP speed, for 2 hours 40 min. on T-160 cassette. As reported elsewhere in this issue, Beta group introduced 3rd version of Betamovie, this one with CCD pickup and autofocus, at about \$1,600.

Digital TV was still in future for all exhibitors except Toshiba, which is delivering its 20" model. Panasonic and Quasar showed 20" sets with picture-in-picture, due for marketing here in spring. Sony demonstrated 2 digital component systems (13" and 20") with noninterlace scanning (TVD Oct 22 p12), due later this year, providing impressively sharp picture, along with 25" set that automatically "remembers" events such as birthdays, etc. Mitsubishi showed set that displays 9 slow-scan pictures to let viewer choose which to view.

First 35" color tube was demonstrated by Mitsubishi alongside its 36" projection set -- which took courage, because one of them was sure to suffer in comparison (it was the projector, from our standpoint). Picture was excellent in set due for marketing this year at \$3,000-\$3,500 (TVD Nov 26 p9). Other manufacturers are expected to adopt similar giant tubes now that glass is available from Asahi.

In hotel suite, Zenith demonstrated commercial projection monitor designed to throw 8-ft. picture on screen or white wall. To list at \$1,895-\$1,995, it will be sold in consumer market through Zenith distributors and through special distribution for other markets (TVD Dec 31 p12).

Rabbit, carrier current system that takes video and audio outputs from VCR, converts them to FM for transmission to TVs throughout house via electrical wiring was undisputed gadget hit of show. Marketed by Envision Systems, Santa Monica, Cal., basic Rabbit package of transmitter and receiver will sell for \$100, extra receivers \$40 each. Also on view was Videocaster, \$120 home TV transmitter from Salt Lake City accessories marketer Quantec International. It connects to RF output of VCR, videodisc player, computer, videogame, etc., boosts signal so it can be received on any TV up to 40 feet away. Reception is best on TVs equipped with rabbit ear antennas, QI says.

Thorn EMI said operating earnings from consumer electronics sales and rentals fell 23% to \$35.9 million in fiscal first half to Sept. 30. Consolidated net, at \$22.4 million, also was down 23%.

**INDUSTRY 1985 FORECAST:** Total consumer electronics sales by domestic manufacturers and importers will increase 9.2% to \$24.9 billion this year, according to industry consensus compiled by EIA and released at Winter Consumer Electronics Show.

Sales improvement will come hard way, as average prices of most audio and communications products will decline somewhat, following same general trend of video products, forecasts for which appeared here last week (TVD Jan 7 p15). In that report, we overstated industry's sales value prediction for projection TVs. Total for 1985 should have been \$415 million, up from \$350 million, putting average value at \$1,844, slightly up from \$1,842. Not included was estimate that videodisc sales would decline 50% this year from 6 million to 3 million and factory sales would fall to \$60 million from \$90 million. Average disc price is seen rising to \$20 from \$15, primarily because sales of lower cost discs for RCA's discontinued CED system are expected to account for much smaller share of mix.

Here's EIA-developed 1985 outlook for nonvideo products:

	Units		\$ Value		Avg. Price*	
	1984	1985	1984	1985	1984	1995
Audio systems	1.10	1.30	460	525	418	404
Components...	--	--	1,200	1,200	--	--
Compacts.....	2.50	2.40	410	385	164	160
CD players...	.23	.40	70	105	310	265
Home radios..	40.00	40.00	570	570	14	14
Port. rcdrs..	10.50	9.50	300	280	29	29
Radio-recdrs.	16.60	18.90	870	925	52	49
Headset audio	19.00	20.00	515	520	27	26
Autosound....	--	--	2,500	2,600	--	--
Audio cass...	260.00	280.00	280	300	--	--
Computers....	5.10	6.00	2,250	3,000	440	500
C'ptr. s'ware	58.30	75.00	930	1,200	16	16
V'games.....	3.00	2.00	165	85	55	43
Game carts...	54.50	40.00	765	520	14	13
Total phones.	30.30	34.20	1,250	1,370	41	40
corded....	24.00	28.00	790	925	33	33
cordless..	6.30	6.20	460	445	73	72
Answerers...	3.00	4.00	230	305	77	76

\*Units & value in millions, value and pricing at factory level.

Videodisc-computer system for business training, information delivery and point of purchase is being offered by NCR Corp., uses touch screen, combines moving and freeze-frame video with text, graphics and voice. "NCR InteractTV" combines Pioneer LV player, special personal computer, audio module and pair of speakers at \$8,730, will be marketed through direct sales force and through "value-added resellers."

Zenith VCR sales in 3rd and 4th quarters last year each exceeded totals for any full year, company says in preliminary prospectus for \$75 million offering of 10-year 12.125% notes. Zenith said it would use sale proceeds to reduce its \$80 million short-term debt.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Chris-Craft Industries 1984-qtr. to Nov. 30	47,882,000	3,789,000	.53
1983-qtr. to Nov. 30	44,265,000	2,726,000	.38
MGM/UA Entertainment 1984-qtr. to Nov. 30	170,863,000	1,695,000	.03
1983-qtr. to Nov. 30	192,182,000	10,961,000	.22
MGM/UA Home Entertainment 1984-qtr. to Nov. 30	40,108,000	6,746,000	.23
1983-qtr. to Nov. 30	43,797,000	10,337,000	.35
Movielab 1984-9 mo. to Sept. 29	3,287,544	8,484	.01
1983-9 mo. to Oct. 1	2,416,339	(1,313,366)	--
1984-qtr. to Sept. 29	1,046,229	436,904	.27
1983-qtr. to Oct. 1	747,649	(317,711)	--
Rogers Cablesystems*			
1984-year to Aug. 31	294,779,000	(30,247,000)	--
1983-year to Aug. 31	250,561,000	(15,066,000)	--
TCA Cable TV 1984-year to Oct. 31	27,888,000	4,015,000	.60
1983-year to Oct. 31	21,684,000	3,132,000	.49
1984-qtr. to Oct. 31	7,846,000	1,136,000	.17
1983-qtr. to Oct. 31	5,922,000	844,000	.13
United Cable TV 1984-6 mo. to Nov. 30	82,098,000	4,314,000	.30
1983-6 mo. to Nov. 30	67,039,000	4,556,000	.34
1984-qtr. to Nov. 30	42,349,000	2,213,000	.15
1983-qtr. to Nov. 30	34,524,000	2,518,000	.19

Notes: \*Adjusted. \*In Canadian dollars. \*After special charge. \*\*Restated.

## Consumer Electronics Personals

Ronald Stoltenberg, ex-Sylvania vp-brand mgr., joins Sharp Consumer Electronics as video gen. mgr... William Ulewicz advanced at Magnavox from Northeast Div. gen. mgr. to video sales vp... Allan Riggs appointed Curtis Mathes field operations vp, new post... Robert Mainiero promoted at Kloss Video from regional sales mgr. to asst. national sales mgr.; Earl Evans named national training dir... Henry Werch advanced at JVC from Hi-Fi Div. midwest sales mgr. to midwest branch mgr... Russ Walker promoted at Sony Video Communications from L.A. district mgr. to west coast region mgr.; Jason Farrow advanced at Sony Communications Products to ad and communications dir... Steven Peterson promoted at Montgomery Ward to catalog merchandising vp.

Hiroshi Sawano, exec. dir., TDK Magnetic Tape Div., to become pres. of TDK's U.S. subsidiary, succeeding Rocky Kawakami, returning to parent in Japan... Richard Buckley promoted at PD Magnetics from national sales mgr. to operations and mktg. vp... Jerome Ruzicka resigns as dbs mktg. and sales vp, effective Jan. 30... David Fukuda named mgr. of Hitachi's new Industrial Div. in U.S., with technical staff headed by Jiro Oi... Jack Wayman, EIA senior vp, inducted into NEA's Electronics Industry Hall of Fame.

**TUBE IMPORTS UP:** Total U.S. picture tube imports jumped sharply in first 9 months of year, but bulk of rise came as combination of shipments of color tubes included with set kits and tubes for projection TVs, Commerce figures show.

Imports of standard tubes as individual components slipped 1.2% to 711,200, as 13.8% rise for color to 557,500 was offset by 33.3% decline for b&w to 153,700. However, tube-inclusive imports of color TV kits gained 33.5%, putting overall color tube total at 1.03 million, up 22.2%, and standard tube total at 1.19 million, up 10.3%. Addition of projection tubes puts overall imports at 1.45 million, 28% increase.

Color tube imports seem to be making little headway in U.S. market. Overall color tube imports, including those entering with set kits, were equal to only about 8.1% of U.S. color set factory consumption in first 9 months, down from 8.6% in same 1983 period. Even that gives overblown view of import penetration, as many imported tubes, it's believed, were destined for data display rather than consumer use.

In addition, largest shipment increases came in specialty sizes, 12"-&-under and 14-17", not considered mainstream products by U.S. producers. Increase in 20" and over, mostly from Japan, possibly reflects shipments of square-cornered tubes, assumption supported by boost to \$69.90 from \$63.09 in average unit import value.

Overall value of tube imports in period, excluding those shipped with kits, rose 37.5% to \$47.6 million, with most of gain coming from projection tubes. Value of standard tubes was up 10.4% to \$35.5 million, with color up 16.4% to \$32.7 million, b&w down 30.5% to \$2.87 million.

Here's rundown on tube imports by screen size:

### U.S. 1984 9-MONTH PICTURE TUBE IMPORTS

#### Total TV

Type	Units	% chg.	\$ Value	% chg.
<b>Color</b>				
12" & under	40,201	+48.3	2,187,129	+25.5
13".....	94,940	-24.2	4,000,840	-28.4
14-15".....	110,382	+104.1	5,285,588	+99.8
16-17".....	19,896	+234.7	1,155,405	+66.2
18-19".....	157,795	-1.3	10,637,790	+6.7
20" & over.	134,302	+14.2	9,388,980	+26.5
w/TV kits..	479,070	+33.5	n.a.	--

#### Monochrome

12-16"...	63,363	+100.4	1,003,231	+72.5
Other....	90,341	-54.5	1,870,111	-47.4

#### For projection TV

255,732 +407.6 12,116,208 +491.0

# TELEVISION DIGEST®

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

With Consumer Electronics

JANUARY 21, 1985

VOL. 25, NO. 3

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**NAB CAL. MEETINGS ARE SERENE:** Beer and wine ads by far major issue. Budget of \$11.3 million income, \$10.6 million in expenses approved. Ford is big hit. (P. 1)

**NATPE ATTRACTS RECORD 6,882** in San Francisco. TV networks have smooth meetings with affiliates. (P. 3)

**MOONEY AND VALENTI SPAR** over copyright at IRTS lunch. Ueberroth says superstations hurt baseball. (P. 4)

**NETWORKS WON'T USE EXIT POLLS** to project outcomes in any state until polls there close. Lawmakers to consider uniform poll closing bill to make promises stick. (P. 5)

**MUST-CARRY CONFUSION CREATED** by expansion of Orlando-Daytona Beach TV market, cable executives charge. Comr. Patrick dissent says decision 'defies logic.' (P. 6)

**NORMAN LEAR SELLS MSO** for about \$150 million to venture of TCI and key executives of Lear's cable company. (P. 6)

**BAN ON 'SCARE ANNOUNCEMENTS'** lifted by FCC, which also launches rulemaking to scrap network clipping, other broadcast business rules. (P. 7)

**BEER AND WINE ADS MAJOR ISSUE AT NAB MEETINGS:** In sharp contrast to rough meetings last year in Maui, last week's sessions of NAB board in Palm Springs went very smoothly. Most of time, by far, was taken up in discussing strategies to ward off threatened congressional ban on beer and wine ads on TV-radio.

**NAB took to golf course** to defend beer and wine ads to members of Congress who were in town playing in Bob Hope tournament, which began day before start of NAB board meetings. And NAB Senior Vp Shauri Sheehan met in Dallas with leaders of Mothers Against Drunk Driving (MADD) to propose joint NAB-MADD public service campaign against alcohol abuse.

**Among members of Congress** to whom NAB Pres. Edward Fritts (and, in some cases, NAB Exec. Vp John Summers and individual board members) pitched broadcast position on beer and

### Consumer Electronics

**1984 -- RECORD YEAR** for every major video product. VCR sales exceeded total of 3 preceding years. Over 21 million TVs sold. (Pp. 9 & 13)

**CELLULAR PHONE GLUT** could stem from mounting inventories, ITC report shows. It puts new supply at 143,000 in first 9 months of 1984. (P. 10)

**2-CHANNEL TV OPPOSED** by EIA CEG in unanimous decision. Proponent Sanyo joins majority. CEG meets with FCC. (P. 12)

**ARCADE VIDEOGAME MAKERS SUFFERING** from continuing market slump. Williams posts loss, Bally slates write-off, Centuri quits. (P. 12)

**GE EARNINGS UP** for 1984. VCRs paced Matsushita gains. Emerson rides electronics. Certron has deficit for year. (P. 13)

**NEW PRODUCTS AT CES** -- first TV lines by KTV, Lloyd's. Two new brands debut, KTV and Lloyd's. Other brands feature drop-ins. (P. 14)

**OCT. COLOR IMPORTS EDGED UP** only slightly as decline in shipments from Korea and Singapore balanced gains by other source countries. (P. 15)

**SHUGART AND MEMOREX** are latest U.S. firms to drop out of computer disc drive market. (P. 15)

wine controversy: Sens. Hart (D-Colo.), Hollings (D-S.C.), Kasten (R-Wis.) and Trible (R-Va.), House Speaker O'Neill (D-Mass.), Reps. Michel (R-Ill.) and Rostenkowski (D-Ill.).

Sheehan invited MADD Pres. Candy Lightner to participate in NAB convention in April and she's expected to accept. He proposed series of TV public service spots against excessive drinking to feature Fritts, Lightner and members of Congress.

Recent congressional reforms have made that body "inefficient and unable to do its job," former President Gerald Ford told NAB board Jan. 16 at dinner honoring retiring board members. Of Rep. Wirth (D-Colo.), chmn. of House Telecom Subcommittee, Ford said: "Tim Wirth is not one of my favorite people." He didn't elaborate.

At closing sessions Jan. 18, joint board adopted resolution saying NAB "hereby pledges to accelerate its ongoing nationwide awareness campaign on alcohol misuse and illicit drug use." Assn. said it will "solicit the active support" of all TV and radio stations in that campaign and will coordinate efforts with MADD and other groups. NAB said totality of broadcasters' efforts to fight drug and alcohol abuse "remains undocumented" with political leaders and public and that it will request "written commitments [for programming against drug and alcohol abuse] from broadcasters for all nonentertainment programming by time period... Entertainment programming which addresses these problems will also be included as well as off-air community outreach programs."

Joint board approved budget for fiscal year beginning April of \$11.3 million income, \$10.6 million expenses, with only minor changes from proposals by exec. committee (TVD Jan 7 p2). One change involved adding new position in govt. relations dept. to work on grassroots lobbying. Job is expected to go to Thomas McCoy, former NRBA exec. vp.

Theme for April convention in Las Vegas will be "Take Part in Bestg.; Take Pride in America." TARPAC plans major drive for contributions at convention, with reception Tues. night for contributors of \$250-\$1,000.

Board voted to reduce seats NAB supports (at \$750 per year) on board of Electronic Media Rating Council (EMRC) from 5 to 2 over next 3 years. NAB said it would help EMRC recoup funding from other corporate sources. NAB board meeting Jan. 19, 1986 will be held in Caribbean; 1987 sessions are expected to be at new Laguna Biltmore Hotel near San Diego.

At Jan. 17 meeting, TV board reviewed status of cable must-carry at FCC, courts and Congress. NAB wants rules codified in legislation, but won't push issue because it realizes it would have to give up something in return -- such as legislated EEO rules. NAB said it will negotiate with NCTA and other cable interests before pushing legislation.

In other actions, TV board: (1) Approved membership committee recommendations to change definition of "broadcasting" in bylaws to limit voting membership to stations providing primary service -- thereby restricting LPTV stations to associate classification. Board also replaced \$250 special LPTV membership fee with \$350 dues under new classification. (2) Told staff to survey NAB members who also own cable systems in attempt to come up with definition for "saturated" systems. (3) Discussed at length proposal to permit commercial UHF stations to trade channels with noncommercial VHF's in same market. No action was taken, but consensus clearly was against proposal. (4) Approved 5% increase in 1985 payment to TIO.

There was extended discussion by radio board of whether industry should "go all out" for radio-only deregulation bill in current Congress. Decision: "Introduction of such a bill would be premature at this time." Reps. Tauke (R-O.) and Tauzin (D-La.) had told joint board Jan. 15 that they plan to reintroduce deregulation bill covering both radio and TV. Board also told staff to avoid meeting date conflicts such as in Sept. with RTNDA convention in New Orleans and NAB-NRBA radio conference in Dallas.

As is usually case at winter meetings, politicking began in earnest here for leadership spots on NAB board. Only race to develop so far is for TV vice chmn. -- successor to William Turner, KCAU-TV Sioux City, Ia., who's unopposed for post of TV chmn. -- with Wallace Jorgenson, WBTV Charlotte, running against Peter Kizer, Detroit Evening News stations. On radio side, Clyde Price, WACT-AM-FM Tuscaloosa, is seeking chairmanship, and Bev Brown, KGAS(AM) Carthage, Tex., is running for vice chmn.; neither is opposed to date. Ted Snider, current radio chmn., also is unopposed for joint board chairmanship to replace Gert Schmidt, Harte-Hanks.

NAB dirs. leaving board: Radio Chmn. Ted Snider, KARN(AM)-KKYK(FM) Little Rock, who currently is only candidate for joint board chmn.; TV Chmn. Jerry Holley, Stauffer; William Faber, Media General; Edward Giller, WFBG-AM-FM Altoona; William Hansen, WJOL(AM)-WLLI-FM Joliet; John Hyde, KDHL-AM-FM Faribault, Minn.; Walter May, WPKE(AM)-WDHR(FM) Pikeville, Ky.; Paul Olson, KLEM(AM)-KZZL(FM) Le Mars, Ia.; Dean Sorenson, KCCR(AM)-KNEY(FM) Sioux Falls, S.D.

**NATPE ATTRACTS RECORD 6,882:** Using theme of The Next Horizon, NATPE's 22nd annual conference closed in San Francisco Jan. 14 with record attendance of 6,882, vs. 6,400 at same Moscone Center site last year but just shy of 7,000 predicted by Exec. Dir. Philip Corvo. Record was set, too, by program exhibitors, with 220 renting 128,000 sq. ft., vs. 85,000 sq. ft. last year. Actor Alan Alda won NATPE's prestigious Award of the Year, with President's Awards going to FCC Comr. Quello and Metromedia Pres. Robert Bennett.

TV networks had uneventful meetings with their affiliates as adjunct to convention. Lowest-rated ABC stressed sports and sales, with TV network Pres. James Duffy saying: "We have been taking some pretty good raps in the press recently... The fact is, 1984 was the best year ever for ABC" with more than \$3 billion in billings -- first TV network to reach that level. He said network is 98% sold out for 3rd quarter.

Richard Kozak, vp-affiliate relations, said ABC is committed to doing whatever is necessary to regain prime-time leadership it lost to CBS 4 years ago. John Severino, pres.-ABC TV, confirmed that network has cancelled planned 3rd phase of expansion of commercial time (agreed to during meeting with affiliates' board in Dec.). "You've got to put things in perspective," he said. "We plan to win the Feb. sweep and the May sweep this year." He said ABC has contract with USFL for spring-summer football games and "we intend to hold them to it." If league switches to fall games in 1986 as announced, he predicted issue will end up in court.

NBC TV network Pres. Pierson Mapes said that "we have a lot of momentum" and that NBC is in best competitive position since 1976. "We're in quite a football game now, and we have a lot going for us," he said. Entertainment Pres. Brandon Tartikoff said network "is not just sitting back or complacent but is plunging ahead."

CBS session with affiliates featured Research Vp David Poltrack, who said network's performance has become stronger since Nov. sweeps -- when NBC and CBS were virtually tied. He predicted that by end of 1986, "effects of cable on network viewership will level off and will usher in a more stable competitive environment."

At session on children's TV, all but one panelist said govt. shouldn't require stations to air programs directed specifically toward children. FCC Comr. Rivera -- who advocates such requirement -- said he was surprised broadcasters are "so exercised [because] this issue is dead at the FCC... for the moment. I don't think you have a great deal to worry about... except on the Hill, perhaps."

Broadcasters Lew Klein, pres. of Gateway Communications, and Thomas Dargan, KATU Portland, Ore., argued that broadcasters generally are doing good job in programming for children but aren't getting their story across to public. "Where's the agitation [for mandatory children's programming] coming from, Mr. Rivera? It's not coming from my community... All

we get are compliments," Dargan said. Syndicator John Claster said children's TV programming "is a tough sale. If there was more of a marketplace reception for children's programming, there might be more of it produced," but TV stations don't buy it.

Crawford Rice of Gaylord Bestg. and chmn. of NAB Children's TV Committee (which jointly sponsored panel with NATPE) opened session by saying NAB's goal "is quite simple. We want to encourage local stations to devote some portion of their imagination, budget and professional experience to programs which appeal to and serve the children in their communities."

**MOONEY AND VALENTI SPAR:** Peace between Hollywood and cable industry isn't going to "break out overnight," NCTA Pres. James Mooney told IRTS luncheon in N.Y. Jan. 16. Mooney was right. Minutes later he and fellow luncheon speaker Jack Valenti, MPAA pres., were sparring over cable's treatment under copyright laws.

If cable goes to Congress looking for reduced royalty payments, Valenti said, MPAA should then ask Congress to lift "heavy burden" of compulsory license from backs of copyright owners. "Cable cannot attempt to pay less than a fair price for the programming it uses and without which it couldn't have a business," Valenti said.

Copyright law's first purpose is to ensure free flow of information, not protect copyright owners, Mooney said. Valenti insisted that cable deregulation should spread to copyright so owners of programming can negotiate for what market is willing to pay.

Also participating was new Baseball Comr. Peter Ueberroth, who sided with Valenti, said that free market should decide price of programming. Ueberroth said network contracts could be open for renegotiation since they were signed before he came to post. Controversy over cable superstations' impact on leagues "has torn baseball apart," he said, but he predicted peace will come as superstation owners negotiate for payments that will go to team owners.

Raising same allegations as CIA did in agency's unsuccessful complaint against ABC (TVD Jan 14 p3), American Legal Foundation (ALF) is asking FCC to find network violated fairness doctrine, distorted news and attacked agency in reports alleging CIA wanted to kill discredited Honolulu businessman Ronald Rewald. ALF Gen. Counsel Michael McDonald said his complaint is much better than CIA's because ALF's is procedurally correct. "If ABC thinks it's out of woods on this matter, they're badly mistaken," he said. ABC spokesman Jeffrey Tolvin said network wouldn't comment on ALF filing.

Meredith Corp. has bought KVVU-TV (Ch. 5) Henderson-Las Vegas independent for \$27.5 million from group headed by 30%-owner Johnny Carson. It brings Meredith holdings to 8 TVs -- 5 V's, 3 U's. Carson group bought it in 1979 for \$5.5 million.

**Community Bestrs. Assn.** has been formed through merger of 3 other groups representing low-power TV interests. Pres. of CBA is Lee Shoblom, who owns LPTV station in Lake Havasu City, Ariz. and is member of NAB radio board; he also is officer of defunct Community Bcstrs. of America. Cecil Fuller, pres. of National Assn. of Community TV, is vp; Rick Hutcheson, pres. of American Low-Power TV Assn., is secy.-treas. CBA board will consist of 4 persons from each of 3 former associations, plus 3 seats representing programmers, equipment and research industries; John Kompus of Kompus-Biehl research firm fills last-named seat.

CBS has lured Atlantic Coast Conference (ACC) away from ABC, with conference signing 2-year, \$3.5-million contract for rights to 14 ACC football games. Another defector from ABC is Army-Navy game, which goes to CBS for \$675,000 (down \$125,000 from last year and off \$825,000 from 2 seasons ago when NCAA dictated packages). CBS also renewed football contracts with Big 10 and Pacific-10 conferences, paying \$18.5 million for 28 games. U. of Miami also is expected to defect from ABC to CBS. Meanwhile, CFA has approved 2-year football contract with ABC that is mostly same as last fall's.

TV and radio STL and ICR facilities received break from FCC Jan. 18 when it opened 944-947 MHz in 50 states and 942-947 MHz in Puerto Rico for such uses. Action mostly grants petition by NAB, which said STL/ICR facilities have grown from 50 in 1956 to 2,447 in 1981, are projected to reach 4,400 this year. Commission grandfathered 50 special temporary authorizations for STL/ICR stations operating in 942-944 MHz, frequencies recently reallocated to land mobile users. FCC said allocation of 944-947 MHz should allow for 1,400 new STL/ICR stations.

Providence (R.I.) Journal has sold WEAN(AM) & WPJB(FM) to Eastern Bestg. Corp. for \$5 million cash. Journal owned stations 30 years. Storz Bestg. has sold WHB(AM) Kansas City to Shamrock Bestg. for \$3.5 million. Shamrock, owned mostly by Roy Disney family, owns 5 TVs, 8 radios. Blackburn & Co. brokered both transactions.

Comedy is stronger trend in pay-cable programming, with Showtime ordering 50 more episodes of Brothers sitcom and Cinemax planning 11 new episodes of Comedy Experiment.

**NO MORE EXIT POLLING:** Saying battle is half over, Reps. Thomas (R-Cal.) and Swift (D-Wash.) of House Elections Task Force announced at Jan. 17 news conference that networks have agreed not to characterize or project future election races based on exit polls. Lawmakers said commitments clear way for Congress to consider uniform poll closing proposals that would give commitments meaning. Task Force, which by then may be subcommittee, plans hearings, probably in March.

Swift, who chaired Task Force and expects to chair new House subcommittee on elections that's expected to be formed this week when Congress organizes, sought commitments from networks last month and received last of 3 okays Jan. 17 from CBS, according to dates on network letters to lawmakers. ABC had made commitment in Nov. (TVD Nov 12 p1), repeated it in mass mailing to Congress in Dec.

ABC, CBS and NBC said in letters they wouldn't project outcomes of races in a state until polls there close or use exit polling to "characterize" election results. Letters were signed by News Presidents Roone Arledge (ABC), Edward Joyce (CBS) and Lawrence Grossman (NBC). Joyce letter reflected tenor of others: "In recent years [networks] have developed the capability of using... exit polls to arrive at characterizations of the likely outcome prior to the time the polls have closed," which many have said affects voter turnouts and election results. "CBS News will no longer use election day exit polls to characterize races before the polls close in the states involved."

But in exchange for promises, networks want Congress to enact uniform poll closing law that would allow them to use exit polling data in speculating about races as votes are tallied or to provide fast reports of results as new technologies make it possible. Arledge said: "If Congress will act swiftly, we need never again have an election in this country where controversy arises over election results from one section." But unclear in letters is what networks will do in next federal elections (1988) if Congress doesn't enact proposal. Networks were firm in promising they wouldn't project races in a state while polls are open, but they didn't say whether they'd also avoid characterizations.

Said NBC Vp Timothy Russert: "NBC News will, of course, continue to report in a timely manner news releases, statements or interviews by candidates, high campaign officials or others that provide newsworthy information." Appearance of contradiction troubled House Telecom Subcommittee Chmn. Wirth (D-Colo.): "The networks refuse to show restraint in this area. Instead, they want the Congress to enact a uniform poll closing time law. I question whether it is necessary to rewrite every state's elections laws and ask an entire nation to alter its voting habits and tradition to accommodate a handful of network executives."

Letters were result of negotiations between

networks and Swift and Thomas (latter is senior Republican on task force) for "firm, explicit, public, corporate commitment not to use exit poll data." Swift said he had faith in pledges, said "corporate" commitment was sought so that if networks tried to back out later, "they'll be plenty embarrassed." He said pledges clear way for Congress to consider constitutionally feasible companion solution so that polls nationwide can be closed simultaneously to permit networks to provide timely reports without using exit polls or characterizations.

Uniform poll closings, possibly in form of 24-hour span, national holiday or Sun. voting, more likely in form of simultaneous EST/PST closing hours, will be considered by Swift panel. He gave legislation excellent chance of passing, said he was inclined toward simultaneous poll closings idea of kind advanced by Rep. Wyden (D-Ore.). Draft Wyden proposal would require simultaneous poll closings across time zones, with polls open 15 hours: 5 a.m.-8 p.m. PST in West, 8 a.m.-11 p.m. EST in East.

"Path from the newsroom to the courtroom... has become all too common in American journalism," CBS News Pres. Edward Joyce said in recent speech to Va. Assn. of Bestrs. Recounting several libel cases against news organizations, Joyce said that, while he isn't suggesting there is "some kind of organized conspiracy," he nonetheless sees disturbing trend: "The impulse to strike out against the press with the intent of crippling it is more prevalent now than at any time in my memory, and more organized, and more threatening." Not only lawsuits, but threat of them, is beginning to influence news organizations, Joyce said: "At what point does the risk of a potentially devastating libel suit result in a decision not to publish or broadcast?" He said CBS News "will not be deterred by these threats."

More manufacturers are moving into TV stereo. Latest is Leaming Industries, Costa Mesa, Cal., which has launched FMT615C stereo generator for cable systems. Audio modulator is designed for systems using M/A-Com Linkabit Videocipher 2 scrambling technique employed by Cinemax, HBO, Movie Channel and Showtime. Modulator features full output frequency agility, directional output coupler and enclosure shielded from interference. No price was quoted.

Sen. Helms (R-N.C.) launched war Jan. 18 on "liberal bias" of CBS News in cooperative effort with organization called Fairness In Media (FIM). Helms, who said conservatives have started buying CBS stock, also said he and FIM may seek to conduct proxy battle to elect conservatives to CBS board. He confirmed plans to send one million letters to conservatives urging collective effort to buy enough stock to control network (TVD Jan 14 p5).

Independent TV Sales becomes rep for KDTU-TV Tucson.

**FLA. TV MARKET CHANGE RIPPED:** It's example of must-carry gone wild, cable executives charge: Cable systems being told by FCC to carry TV stations located so far away that some can't be received off-air and must be brought in by microwave. And these new stations qualifying for must-carry status may continue to be defined by Copyright Office as distant signals for which thousands of dollars in royalties must be paid.

Unusual situation is result of expansion, effective Feb. 19, of Orlando-Daytona Beach TV market to include Melbourne and Cocoa, only 2nd time since 1972 that Commission has altered boundaries of top 100 TV market. Cablers say change in Fla. market boundaries puts them in Catch-22 situation: Action creating new must-carries in 55th TV market isn't binding on Copyright Office and Copyright Royalty Tribunal (CRT), which distinguish between local and distant TV signals according to FCC rules in effect in 1976. Under those rules, Melbourne and Cocoa stations apparently remain distant signals for Orlando-Daytona Beach area cable systems, and vice versa.

Commission in order released Jan. 11 reasoned that Melbourne and Cocoa stations compete for ads with their neighbors to the northwest, that all stations in region generally rely on same audience, and that Grade B contours of some stations in region somewhat overlap. Group W Bestg. & Cable, which owns cable system in Haines Beach, has filed petition for reconsideration.

Expansion of market creates odd must-carries: Independents WMOD Melbourne and WTGL-TV Cocoa apparently gain mandatory carriage rights on cable system in Flagler Beach 105 miles to north. Vero Beach system apparently will have to add WESH-TV Daytona Beach-Orlando, 114 miles away, according to Comr. Patrick.

Perhaps hardest hit are cablers in Melbourne area, who apparently will have to add 4 Orlando stations and one in Daytona Beach. Micro Cable in Vero Beach complained to Commission those most-carries potentially will cost more than \$100,000 in additional copyright fees.

Decision was sharply criticized by Comr. Patrick in dissent. He called majority's decision "wrong both as a matter of law and... policy," said it departs from precedent "not once but several times." Decision, in which Comrs. Quello and Dawson concurred with Chmn. Fowler, "defies logic," Patrick said.

FCC said its view is that new must-carries should be considered local signals. But "our interpretation of the Copyright Act," FCC admitted in order, "is not a mandatory opinion which binds" CRT. "The Tribunal could conceivably rule the other way" -- that new must-carries are distant signals -- Patrick said.

Some cable executives allege that politics may

have influenced Commission, pointing to fact that pres. and 32.1% owner of WMOD, which sought expansion of Orlando-Daytona Beach market, is Louis Frey, former ranking minority (Republican) member of what is now House Telecom Subcommittee, who now is a Washington communications attorney. Our attempts to reach Frey were unsuccessful.

There may be upside to market expansion for cablers, who view it as weighty ammunition for possible attack on must-carry rules. Said one CEO: "It's the perfect smoking gun to show that must-carry, while it's a noble idea, is becoming unworkable in today's complex marketplace."

In dissent, Patrick voiced fear that decision may prompt flood of similar requests, mostly from TV owners in small towns located near large TV market. Patrick quotes Mass Media Bureau estimate that there may be 445 similarly situated TV stations that would like cable carriage in a neighboring community. He said as result of Fla. case Bureau "does expect to receive petitions from a significant percentage" of them.

**NORMAN LEAR SELLS MSO:** TV producer Norman Lear has sold Communications Services (CSI), 38th largest cable operator with 160,000 basic subscribers in 5 midwestern states, to joint venture of TCI and CSI top executives. Parties refused to divulge purchase price, but most such transactions have been in \$1,000-per-subscriber range, making deal worth about \$150 million.

Deal is "one of the largest transactions in the cable industry during 1984" when sale was arranged, said Daniels & Assoc. Vp Ted Taylor, who represented CSI. Said Lear: "We are extremely pleased with the growth of CSI and very confident with the future of the cable TV industry. Simply, our emphasis has now shifted back to [broadcast] production."

MSO has been renamed CSI Assoc., will remain at hq in Junction City, Kan., operated by CSI Management Inc., whose pres. & CEO is Bruce Plankinton, former CSI exec. vp. CSI Pres. Philip Wilcox has been elected to board of CSI Assoc. and will remain consultant to new owners. Other joint venture partner is CSI Liberty, subsidiary of Liberty Communications, unit of No. 1 MSO TCI. Stewart Blair, a TCI vp, was elected to CSI Assoc. board.

Lear's Tandem Communications bought CSI in 1979. It has systems in Kan., Mo., Okla., Tex., La.

New staff dir.-chief counsel has been named to House Telecom Subcommittee. Marc Lackritz, partner in Washington law firm Wald, Harkrader & Ross, replaces David Aylward, resigning to enter private law practice, probably next month. Lackritz specialized in antitrust, labor and FTC law, was deputy chief counsel to Senate Budget Committee and asst. counsel to Senate Watergate Committee.

**FCC CLEARS MORE UNDERBRUSH:** Continuing trend away from content regulation, FCC voted Jan. 18 to eliminate 1966 policy statement urging TV and radio licensees not to broadcast "scare announcements" or to hold contests that might result in inconvenience to public. Commission also deleted 6 policies governing broadcast business practices -- such as distorting audience ratings -- and launched rulemaking to end 3 others, including ban on network clipping.

When adopting 1966 policy, FCC said it was acting on complaints it had received about: (1) Contest that resulted in "vast accumulation" of scrap metal. (2) Contest in which listeners randomly chose names from phone book and called people at all hours. (3) Contests that required participants to travel somewhere quickly, causing traffic problems. (4) Broadcast of "scare announcements" such as "a sudden announcement delivered in a tone of excitement to the effect that 'amoebas' were invading a certain city, implying that amoebas were dangerous creatures."

FCC also eliminated policies against: (1) Licensee distortion of audience ratings. (2) Disclosure of conflict of interest in sports announcer selection. (3) On-air promotion of licensee's nonbroadcast business. (4) Concert promotion announcements. (5) Failure to perform sales contracts. (6) False, misleading and deceptive commercials.

Commission launched rulemaking proposing to delete or greatly modify policies against: (1) Fraudulent billing practices. (2) Network clipping -- inserting local ad in place of network ad. (3) Combination ad rates and joint sales practices.

In Palm Springs last week, NAB radio and TV boards both expressed concern over FCC rulemaking to abolish rules against fraudulent billing. NAB staff was directed not to "support nor oppose" elimination of rules.

Rules governing broadcast business practices aren't needed because they were intended to safeguard parties, such as advertisers and networks, that are well equipped to protect their own interests, Commission said. Local and state laws, as well as federal antitrust laws, are sufficient to prevent abuses, FCC concluded.

Comr. Rivera said he was concerned that repeal of rules would leave Commission no recourse to treat such abusive practices as part of licensee's character at renewal time. Commission has outstanding rulemaking to determine what constitutes character issue, and such questions should be treated in that proceeding, staff and other commissioners said. But Rivera warned staff "not to play a shell game" with character questions. "If you do, I will be a very unhappy commissioner," he said.

In other Mass Media actions, FCC: (1) Renewed

licenses of KPNX-TV Phoenix-Mesa and KPHO-TV Phoenix, denying EEO and other complaints by Ariz. Center for Law in the Public Interest. (2) Upheld staff action approving transfer of 6 Wometco Enterprises TV licenses to subsidiary WBC Bestg.

Dallas, Phoenix and Stamford, Conn. city officials have approached PBS with requests it move HQ to their communities. But \$6-\$8 million price tag to move is roadblock, said Neil Mahrer, PBS Enterprises exec. dir. who is conducting search for space. To get PBS out of Washington would take "a substantial offer," he said. PBS Pres. Bruce Christensen said offers of space outside capital would have to be \$6-\$8 million better than any deals arranged in D.C. area. Talks are under way with Westinghouse on using mostly vacant former Satellite News Channel facility in Stamford, Christensen said. He added that KERA-TV Dallas has offered to house PBS in office building it plans. Phoenix offer is tentative, hinging on unused buildings owned by state.

After 8 years of fighting to activate VHF noncommercial station in Denton, Tex., 2 nonprofit organizations have jointly applied to operate Ch. 2 in Denton-Dallas-Ft. Worth. Channel has been vacant since 1950s and has been subject of litigation between 2 nonprofits since FCC awarded license to Denton Ch. 2 Foundation. But that decision was appealed by KERA-TV-FM. Under agreement, Richard Meyer, KERA-TV pres.-gen. mgr., would head station and 2 nonprofit groups would be melded into N. Tex. Public Bestg.

Presidents of ABC, CBS and NBC can't be required to appear on their networks at least monthly during prime time to explain programming practices to public, FCC said last week. In terminating petition for rulemaking filed in 1981 by individual Gary Shakeridge, FCC cited Communications Act prohibition against directing broadcasters to select or present specific programs.

USA Network has renewed carriage contracts with 3 MSOs representing more than 2 million subscribers, ad-supported basic service channel said. Contracts with ATC, Daniels & Assoc. and Prime Cable cover more than 100 systems that offered USA last year.

Black Entertainment TV celebrates 5th anniversary Jan. 25. Basic cable channel has grown from 2 hours on Fri. nights to 24-hour daily, 7-day weekly, service reaching 8 million subscribers in 40 states. Equity investors include Taft Bestg., TCI and HBO.

Banff TV Festival June 2-8 in Alberta, Canada will present Award of Excellence in TV production to Granada TV. Festival also will present first Marshall McLuhan Award to an industry innovator.

McCaw Communications is buying Rogers Cablesystems' 70% interest in Syracuse cable system, terms undisclosed. System has 36,000 subscribers.

## Personals

**Wilson Wearn**, retiring Multimedia chmn.-CEO and former NAB chmn., will receive NAB Distinguished Service Award at Las Vegas convention in April... **Robert Jones**, KING-TV Seattle, elected NATPE pres., succeeding John von Soosten, Katz; **David Simon**, KTLA L.A., replaces Jones as first vp-treas.; **Debra McDermott**, KNBC-TV Kansas City, elected 2nd vp-secy... **Kathy Meier** advanced to chief counsel, Senate Communications Subcommittee, succeeding Ward White... NBC Chmn.-CEO Grant Tinker receives 1985 Person of Year Award from Best. Ad Club of Chicago April 18.

**Sherman Wildman**, pres., SFN Communications, named chmn., succeeding Walter Windsor, who retires Feb. 1... **Janice Hill**, ex-NTIA assoc. chief counsel, joins Washington office of Cleveland-based law firm Arter & Haden... **John Garziglia**, ex-FCC Mass Media Bureau Enforcement Div., joins Washington law firm Pepper & Corazzini... **Henry Roeder** advanced to NAB dir., conventions and meetings... **Steven Pena**, ex-intern for former FCC Comr. Anne Jones and ex-Washington law firm Lukas, O'Brien & Raiser, moves to Gurman, Kurtis & Blask, also Washington.

**Thomas Biladeau** appointed vp, Gardner Group... **Henry DeVault** promoted to dir.-audience research, ABC Marketing & Research Services. Promoted at ABC: **Joseph Fitzgerald** from investor relations dir. to vp; **Henry DeVault**, to audience research dir.; **Larry Hyams**, to audience research assoc. dir... **Joseph McMahon** and **Roy Harris** from McMahon & Harris, public affairs and public communications firm, 1331 Pa. Ave., Suite 309, Washington D.C. 20004, 202-662-7400.

**Robert Morin** resigns as exec.-vp worldwide syndication, Fox Telecommunications... **Sen. Cranston** (D-Cal.) addresses Jan. 25 lunch of MPAA's Motion Picture & TV Assembly, Beverly Hills Hotel, L.A... **Pat Kinney** promoted to pres., Lorimar domestic TV programs distribution... **Martin Pompadur**, former top ABC executive, joins former colleagues in Rule/Starger Co. as full partner, continues as chmn.-CEO of partnerships owning 5 TV stations... **Burnham (B) Morse**, ex-National Public Radio, named policy analyst, NTIA... **Vince Thomas** advanced to gen. mgr., Tyler, Tex. system, United Cable... **Janet Stott** promoted to international Commonwealth antipiracy counsel, MPAA, new post... **John (Mike) Kittross**, prof. of communications at Temple U., leaves to become dean of Emerson College, Boston... Promoted at Television Digest: **Marybeth Crowley** & **Steven Tuttle** to senior editors; **Theresa Foley** & **Melinda Gipson** to assoc. editors.

**Adrienne Benton**, ex-Primetime Entertainment, named CTW International TV Group assoc. dir... **David Blank** promoted to auxiliary services branch chief, FCC Mass Media Bureau Audio Services Div... **Richard Wirthlin**, pollster and

Published Weekly Since 1945

# TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

*Television Digest, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Connections: World Communications Report (with The Economist of London), Public Broadcasting Report, Space Commerce Bulletin, Television and Cable Factbook, Telecom Factbook and other special publications.*

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

**EDITORIAL & BUSINESS HEADQUARTERS**

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

MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435

**WASHINGTON HEADQUARTERS**

Albert Warren	Editor & Publisher
Paul L. Warren	Assoc. Pub. & Sr. Ed.
Dawson B. Nail	Executive Editor
Jonathan Miller	Senior Editor
Daniel Warren	News Editor
Steven Tuttle	Managing Ed., Wash.
Mary Crowley	Associate Editor
Mike Schwartz	Associate Editor
Arthur Brodsky	Associate Editor
Frances Seghers	Associate Editor
Melinda Gipson	Assistant Editor
Theresa Foley	Assistant Editor
Deborah Jacobs	Info. System Mgr.

**Business**

Roy W. Easley III	Controller
Gary Maderom	Marketing Director
Chery Grund	Advertising Dir.
Betty Alvine	Circulation Mgr.

**NEW YORK BUREAU**

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

David Lachenbruch	Editorial Dir.
Robert E. Gerson	Managing Ed., N.Y.
Seth Goldstein	Senior Editor
Rich Zahradnik	Assistant Editor

**Television and Cable Factbook**

Michael Taliarfero	Managing Editor
Mary Appel	Editorial Director
Barbara E. Van Gorder	Sr. Supv. Editor
Anthony M. Townsend	Sr. Supv. Editor
Melinda M. Lukasz	Senior Editor

**JAPAN REPRESENTATIVE**  
(Editorial & Business)

Richard E. Varner

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

**Factbook Research, Inc.**  
Lynn R. Levine Director

adviser to President Reagan, addresses FCBA Jan. 31 luncheon, Capital Hilton... **George Nelson**, Warner Communications dir.-N.Y. publicity, ads and promotion dept., elected a vp of parent Warner Bros... **Stuart Powell** moves from KSHB-TV Kansas City to gen. mgr., KNXV-TV Phoenix, succeeding **Edwin Cooperstein**, who continues as pres. of WTTO Birmingham, WQTV Boston and WCGV-TV Milwaukee... **Semir Sirazi** promoted to dir., CATV Communications Products, Zenith... **John Bowen** elected pres.-COO, McHugh & Hoffman; **Peter Hoffman** moves from pres. to chmn.-CEO.

**James Thompson** promoted to sales vp, KYW-TV Philadelphia... **Brian Anderson** promoted to finance vp, Catholic Telecommunications Network, new post... **Nancy Kendall**, ex-Foote, Cone & Belding, appointed program development mgr., Warner Bros. TV... **Johanna Mendelson**, ex-American Assn. of University Women, appointed NPR national affairs associate, succeeding **Margaret Sims**, who moved to Washington law firm Akin, Gump & Strauss.

**Rachel Cramer** becomes associate with Washington law firm Mullin, Rhyne, Emmons & Topel... **Piper Parry** promoted to communications mgr., Council for Cable Information; **Kim Picone**, ex-D'Arcy, MacManus & Masius, mktg. mgr... **Peter Hitt**, ex-Continental Cablevision, Jacksonville, appointed group vp, Comcast.

# Consumer Electronics®

A Section of *Television Digest* with *Consumer Electronics*

## OFFICIAL 1984 SALES FIGURES

Final and official EIA statistics on consumer video sales to dealers for 1984, with 1983 and 1982 comparisons, and for year's final week:

	FULL YEAR 1984	FULL YEAR 1983	% CHANGE	FULL YEAR 1982	DEC. 22-28	1983 WEEK	% CHANGE
TOTAL TV.....	21,186,936**	19,827,039	+ 6.9	17,248,821	432,493	372,448	+16.1
TOTAL COLOR...	16,277,774**	14,129,598	+15.2	11,483,587	341,483*	258,744	+32.0
DIRECT-VIEW..	16,082,580**	13,986,092	+15.0	11,366,334	336,358*	255,849	+31.5
PROJECTION..	195,194**	143,506	+36.0	117,253	5,125*	2,895	+77.0
MONOCHROME....	4,909,152	5,697,441	-13.8	5,765,234	91,010	113,704	-20.0
TV EXCL. PROJ...	20,991,732**	19,683,533	+ 6.6	17,131,568	427,368	369,553	+15.6
HOME VCR.....	7,615,791**	4,091,321	+86.1	2,034,797	295,757**	93,850	+215.1
COLOR CAMERAS...	488,849**	413,614	+18.2	295,949	19,770*	10,255	+92.8

Color TV 5-week moving average: 1984--365,306\*; 1983--308,401 (up 18.5%).

Home VCR 5-week moving average: 1984--258,675\*\*; 1983--120,359 (up 114.9%).

\* Record. \*\* Highest figure on record.

**1984--DIMENSIONS OF RECORD-BREAKING YEAR:** Every major video product set new all-time record in unit sales to dealers last year, according to final and official EIA figures (see box above). Dec. was best month in history for most products, bringing home VCR sales above 7.6 million, direct-view color close to 16.1 million, projection to 195,194 and color cameras to 489,000.

VCR sales for entire year were up 86.1%, total of 7,615,791 exceeding sales of 3 preceding years combined. Year closed with some sensational numbers. Dec. sales totaled nearly 1.3 million, up 115% from Dec. 1983, and final week of year set all-time record for any week -- 295,757, up 215% from same 1983 week. Year ended with 6 consecutive 200,000-plus weeks, quite an accomplishment when it's considered that weekly sales never totaled as much as 100,000 until last week in July 1983. Every week in 1984 set new weekly record, and going rate (5-week moving average) was at all-time high of 256,675 as year ended.

Dec. VCR sales were higher than those of entire first quarter, and 4th-quarter sales (2,818,319) exceeded those of year's first half. While annualized sales rate for first 11 months totaled only 7,431,000, Dec. ran at breakneck rate of 8,675,000 units on annual basis -- enough to bring year past magic 7.5 million figure. Actually, 2nd quarter was hottest on seasonally adjusted annual basis, sales running then at rate of 7,836,000; final quarter was close behind, at 7,766,000, with first quarter at rate of 7,485,000 and 3rd at 7,335,000.

Sales were hot at retail in Dec., too. Our Early Warning Report on retail sales activity in year's final month, mailed to EWR subscribers last week, showed VCR unit sales up 104% over Dec. 1983, biggest increase it has ever shown in any product. N.Y.-area 15-store Crazy Eddie consumer electronics chain reported net sales of \$34 million in Dec., as compared with \$30.7 million for entire fiscal 3rd quarter through Nov.

Cumulative sales of home VCRs since start of marketing in 1975 total just over 17 million. We estimate there are just about 15 million VCR-owning homes, or close to 18% penetration.

Total TV sales came to more than 20 million for first time, the 21.2 million sold being enough to supply one set to every 4 U.S. homes. Record was achieved despite 13.8% drop in monochrome set sales to fewer than 5 million, lowest figure since 1975. Total color TV sales -- direct-view plus projection -- finished at 16,277,774, gain of 15.2%. Color represented 76.8% of total TV sales, up from 71.2% in 1983 and 66.6% in 1982.

Direct-view color pushed past 16-million mark for year, thanks to sensational Dec. -- first month ever to see more than 1.8 million color set sales. Every month of 1984 except Oct. set record in direct-view color -- in fact, monthly records were set in 21 of last 22 months, and each of last 17 months saw more than million unit sales. Weekly records were set in 42 of year's 52 weeks, and 5-week moving average set new high every week of year.

Dec. sales of direct-view color were at highest rate in history, working out to seasonally adjusted annual rate of 17,563,000. In color, first quarter was best in sales rate, at 16,452,000, followed by 4th at 16,207,000, with 2nd and 3rd both at 15,757,000. Projection TV also enjoyed best month in Dec., ending year up 36%.

Color cameras, which had their ups and downs in 1984, ended with best month in Dec., total sales for year being up 18.2%. Ten months of 1984 set records for color camera sales, but cameras have failed to keep pace with increase in VCR sales. Last year, one color camera was sold for every 15.5 VCRs, down from one for 10 in 1983 and one for 7 in 1982.

With good Dec. sales, inventories of VCRs and color sets came down but still were well above year-earlier figures. At year's end, pipeline direct-view color inventories were more than 3,254,000, down 10% during Dec. and well below all-time high of nearly 3,770,000 in Oct. but still 34.6% above level at end of 1983. Factory inventories at 2 million units were down 9% in month but up 46.6% in year, while distributors' stocks, at 1,251,000, were down 12.6% in month, up 19.1% over year earlier. Pipeline inventories currently represent about 10 weeks' supply of color sets.

VCR inventories remain above million, with 1,039,000 in pipelines, down 7.3% during Dec. but up 90.1% in year (record was 1,130,000 in Oct.). Factory stocks totaled 595,200 units, up 61.9% in year, down 1.6% during Dec., while distributors held 444,200, up 148.2% in year and down 14% during Dec. If huge increases shown recently by VCR sales should continue, million units in pipelines should last only 5 weeks.

Here are figures on Dec. sales of home video products, based on EIA data:

Product	Dec. 1984	Dec. 1983	% change	Dec. 1982
Total TV.....	2,388,127*	2,104,154	+13.5	1,851,993
Total color...	1,854,843**	1,560,160	+18.9	1,171,731
Direct-view.	1,826,529**	1,542,003	+18.5	1,156,107
Projection..	28,305**	18,157	+55.9	15,624
Monochrome....	533,293	543,994	- 2.0	680,262
TV excl. projec.	2,359,822*	2,085,997	+13.1	1,836,369
Home VCR.....	1,293,373**	601,797	+114.9	331,673
Color cameras...	75,717**	70,242	+ 7.8	43,191

\*Record for any Dec. \*\*Record for any month.

**CELLULAR PHONE GLUT LOOMS:** Mobile cellular phone marketers could find themselves wallowing in vast sea of unsold product if demand doesn't take off this year, according to data from International Trade Commission.

Figures are in ITC's report to International Trade Administration on its investigation that last month resulted in 4-1 finding that imports of allegedly undervalued cellular phones from Japan have caused, or are likely to cause, injury to domestic producers (TVD Dec 24 p12). Probe came in wake of antidumping filing by Motorola, later joined by E.F. Johnson. Positive preliminary injury determination was signal for ITA to launch probe into pricing charges. Case covers imports of cellular transceivers, hand-held control heads and subassemblies. Portable phones and base stations aren't included.

ITC figures show 143,300 mobile cellular transceivers and 147,600 heads were either produced in U.S. or imported in first 9 months last year. U.S. plants turned out 62,500 transceivers, 51,400 heads, while imports were 80,800 and 96,100 respectively -- no figures for earlier periods were given in public version of report. That would give imports 56.4% share of transceiver market at new-supply level, 65.2% share of heads. Probable reason for imbalance in import shares is use of imported heads by some U.S. producers, distributors or installers.

Report says U.S. producers had capacity to turn out 131,000 transceivers, 94,000 heads in period, puts plant utilization at 47.7% and 54.7% for those products. ITC said capacity by end of 1984 was 335,000 transceivers, 255,000 heads. In original complaint, Motorola said Japanese have capacity to ship up to 250,000 complete units to U.S., putting potential 1985 supply at more than 500,000, against demand estimate of no more than 180,000.

Inventory already was starting to build last year, according to ITC. Total factory level stockpile at end of Sept. included 26,800 transceivers, 27,400 heads -- about equal to 33% of estimated total 1984 demand. U.S. plants held 10,400 transceivers, 10,100 heads; importers had 16,400 transceivers, 17,300 heads.

U.S. factories shipped 51,400 transceivers valued at \$74.6 million, 40,600 heads at \$15.3 million. ITC put estimated value of \$66 million for imports of transceivers, of \$19.2 million for heads. Shipment figures include exports, but those are understood to be minimal. That puts average value of \$1,450 for U.S.-made transceiver, against \$816 for an import, and \$376 for U.S.-made head, against \$200 for an import.

Value comparison isn't exact, however. Import value excludes shipping and 6% duty charges, marketing, promotion, warranty and overhead costs incurred in U.S. and profit margin of importers, all of which are figured into selling price of American factories. Factoring those in would bring average pricing on imports up close to average for domestic units. ITC says virtually all sales of cellular phones took place in 1984.

While report doesn't specify import shipments, assuming importers had same supply-shipment ratio as domestic factories, they sent about 67,400 transceivers to distributors, for overall shipment total of nearly 119,000. Industry estimates that 70,000-80,000 phones were installed last year, which means that 39,000-49,000 were sitting on distributor and dealer shelves at end of Sept. That would put total pipeline inventory at 66,000-76,000, or about 40% of what sales are expected to hit this year. Indications are inventory increased at all levels in final 1984 quarter.

Report puts number of domestic cellular phone production-related workers in U.S. at 1,105. It says average labor cost per phone produced was \$325, which it reports declined in each of 2 preceding years. ITC doesn't specifically define size of domestic industry, notes only that GE and Harris, along with Motorola and Johnson, are among U.S. producers. However, it says there were 20 makes on market, and 11 Japanese suppliers, indicating 9 U.S. firms are either manufacturing or acting as own-brand distributors of imports.

While U.S. manufacturers suffered from import price competition, most distributors interviewed by ITC staffers denied that was important factor in their choice of imported product. Phone importers, they generally contended, provided higher quality instruments with lower failure rates, offered longer warranties, were easier to do business with and had better inventories.

In dissenting opinion, Vice Chmn. Susan Liebler said she found any injury was result of normal market factors rather than imports priced unfairly low. Motorola, she said, had "overly optimistic estimates" of market and was "unwilling" to lower its price to the level necessary to sell the quantity it expected" or to reduce output and sit with excess capacity. Company, she said "should adjust to its overestimate of demand."

**EIA FIGHTS 2-CHANNEL TV:** Belatedly, EIA's Consumer Electronics Group has decided to fight FCC's approval of 2-channel TV sets (TVD June 18 p10). At meeting during CES, CEG board voted to reconsider neutral stand and to ask FCC to overturn decision. CEG representatives met last week with FCC officials to voice opposition.

CEG board vote, it's learned, was unanimous -- indication that Sanyo, which filed original petition asking FCC to approve idea of 2-channel sets in 1982 -- has changed its mind. Actually, petition was filed by Sanyo Mfg. Co. (SMC), U.S. firm controlled by Sanyo companies in Japan. SMC formerly held post on CEG board, but position is now occupied by Sanyo Electric, wholly owned U.S. subsidiary of Sanyo. SMC spokesman told us ruling created "so much controversy" company decided to "defer to the judgment of the [CEG] membership and ultimately let the FCC decide" fate of proposal.

Last summer, CEG discussed situation, decided not to take stand because it probably had members on both sides of issue (TVD July 23 p13). When it finally did decide to seek reconsideration, it was too late to file in proceeding, and CEG representatives were limited to direct contact with FCC merely to express opposition. In proceeding, FCC was urged to reconsider by NAB, Council for UHF Bestg., National Black Media Coalition, RCA and Zenith. There were no filings in favor of Commission's ruling.

Commission vote was 3-2 in favor of permitting 2-channel sets, hitherto banned under all-channel rules. FCC ruled that 2-channel set actually wasn't receiver but more like monitor with "extra channel capability." SMC's original idea in petition to FCC was that 2 channels were all that were needed in set designed to be used with cable TV or VCR.

Opponents said 2-channel set isn't monitor at all, and FCC's decision was faulty. RCA argued that ruling would create "2nd-class viewer," and others maintained such a set would be injurious to UHF and low-power TV stations that weren't carried on cable.

FCC staff already has drafted opinion upholding 2-channel action. Only hope of overturning it lies in influencing one of the 3 commissioners voting in majority -- Fowler, Dawson, Patrick -- to change vote.

**Correction:** 3M estimated retail value of 1/2" videocassettes sold this year at \$729 million, said it would approach \$1 billion in 1989. Figures were missstated in our report last week.

**COIN-OP GAME WOES:** Recovery that never came continues to take its toll on coin-op video arcade game makers in form of write-offs, operating deficits and dropouts.

Williams Electronics reported \$14.5 million loss for year to Sept. 30 on 32% sales drop to \$57.5 million. Company said loss included \$4.8 million after-tax charge for reduction in inventory and accounts receivable valuation, \$3 million write-off of goodwill, \$1.1 million reserve for severance payments, all related to videogame business. Substantial drop in royalty income from licensing of rights to home videogame marketers contributed to revenue decline, company said. In possible reflection of change in consumer amusement habits, Williams said interest has picked up in its pinball and shuffleboard games.

Williams said it was switching much of its arcade game electronics manufacturing capacity to producing other types of circuit boards for outside customers. New subsidiary, Williams Innovative Technology, has been set up to handle that business.

Bally said it will take \$150 million 4th-quarter pretax charge to cover losses from game operations consolidation that will include closing of some plants and some arcade locations it runs. Company said anticipated level of demand for new disc-based games hasn't materialized. Company didn't renew its option to market CED disc-based NFL Football arcade game.

Centuri said it's quitting coin-op videogame field, closing another unrelated business, and will take \$2.5 million charge against 1984 results. Company recently alerted holders to move in letter saying: "While we have radically altered our approach to marketing videogames and severely pared operations, the viability of the entire industry is in doubt."

Lovable electronics, called Petsters, are due on market here this spring from Axlon, newest venture backed by Atari founder Nolan Bushnell. Petsters are MPU-controlled furry cats and dogs that move around and respond to voice commands. Axlon will import Petsters from Hong Kong, market them through major chains at mid-to-upper end of toy price scale. Also due is A.G. Bear, computer programmable robot.

Toshiba will boost color TV production at Lebanon, Tenn. plant by 10-15% this year to 500,000. Company said hike is needed to meet demand for sets using its FS picture tube.

**1984 AT-A-GLANCE:** Here are 1984 EIA monthly figures on sales to dealers, with 1983 comparisons:

TELEVISION SALES TO DEALERS  
Direct-View

Month	Total		Color		Monochrome	
	1984	1983	1984	1983	1984	1983
January .....	1,512,066	1,217,771	1,116,649*	870,304	395,417	347,467
February .....	1,502,185	1,352,540	1,168,092*	934,147	334,093	418,393
March (5 wks.)	1,997,478	1,782,904	1,553,618*	1,238,027	443,860	544,877
April .....	1,311,816	1,272,541	1,004,499*	906,130	307,317	356,411
May .....	1,332,056	1,136,646	1,069,245*	830,230	262,811	306,416
June (5 wks.)	1,833,094	1,956,323	1,388,178*	1,310,665	444,916	645,658
July .....	1,345,114	1,432,426*	1,030,670*	965,638	314,444	466,788
August .....	1,650,554*	1,375,776	1,259,099*	1,030,150	391,455	345,626
Sept. (5 wks.)	2,199,293	2,150,738	1,753,658*	1,577,467	445,635	573,271
October .....	1,868,593	1,933,137*	1,371,366	1,402,951*	497,227	530,186
November .....	2,079,661*	1,986,734	1,540,977*	1,379,380	538,684	608,354
Dec. (5 wks.)	2,359,822*	2,085,997	1,826,529*	1,542,003	533,293	543,994
<b>TOTAL .....</b>	<b>20,981,732*</b>	<b>19,683,533</b>	<b>16,082,580*</b>	<b>13,886,092</b>	<b>4,809,152</b>	<b>5,887,441</b>

PROJECTION TV SALES TO DEALERS

Month	1984	1983	Month	1984	1983
January .....	12,275*	11,127	July .....	13,094*	8,944
February .....	12,292*	9,958	August .....	13,214*	10,581
March (5 weeks)	13,989*	10,896	Sept. (5 weeks)	22,301*	16,430
April .....	11,882*	7,430	October .....	19,885*	16,732
May .....	12,151*	8,292	November .....	20,322*	16,288
June (5 weeks)	15,504*	8,671	Dec. (5 weeks)	28,305*	18,157
<b>TOTAL .....</b>	<b>185,194*</b>	<b>143,506</b>			

HOME VCR AND COLOR VIDEO CAMERA SALES TO DEALERS

Month	Home VCRs		Color Cameras	
	1984	1983	1984	1983
January .....	388,318*	216,267	28,812*	24,518
February .....	435,586*	246,797	31,952*	23,403
March (5 weeks)	568,387*	266,501	37,445*	26,497
April .....	432,596*	228,335	25,938*	23,454
May .....	460,788*	272,104	32,300*	25,043
June (5 weeks)	625,238*	348,414	35,734	40,509*
July .....	480,934*	324,197	37,649*	30,762
August .....	532,450*	298,022	32,764*	29,305
Sept. (5 weeks)	873,175*	456,334	69,948*	39,409
October .....	720,183*	398,483	40,793*	39,778
November .....	804,763*	434,070	39,797	40,694*
Dec. (5 weeks)	1,293,373*	601,797	75,171*	70,242
<b>TOTAL .....</b>	<b>7,815,781*</b>	<b>4,091,321</b>	<b>488,848*</b>	<b>413,814</b>

\*Record

**GE 1984 RESULTS UP:** GE said consolidated net rose 13% last year on 4% sales gain (see financial table), noted that revenue gain was 14% on continuing operations basis.

Earnings from consumer electronics were up as result of volume gains and increased productivity, though size of improvement was held down by lower selling prices. GE said battery business also improved, but mobile communications operation continued to show loss.

GE said it's looking for healthy but slower growth in nation's economy in 1985. For itself, it expects real volume increases but sees improvement in earnings stemming mainly from further productivity gains. Strong dollar, it said, is dampening orders for exports and making it easier for imports to compete with U.S.-made products.

Matsushita said parent-only earnings were up 4.5% in year to Nov. 20 to equivalent of about \$437 million on 19.8% sales increase to \$14 billion. Matsushita provides only yen totals when reporting parent company results, which we translated at rate of 233 to dollar. Consolidated sales and earnings figures are due next month.

Company said video segment sales rose 21.9% to \$4.4 billion, paced by 29% increase in VCR products to \$3.2 billion. Color TV sales were up just 3% to \$1.04 billion, as 10% drop in home market volume nearly offset effect of 30% rise in exports. Audio sales, at \$1.2 billion, were up just 0.3%. Company said it's targeting gain of about 6% in parent sales for fiscal 1985. But though pretax recurring earnings were up 24% in 1984, Matsushita said that because of unsettled world economic conditions, its goal is for minimum rise of 6.4% for current fiscal year.

Emerson Radio said it expects to report results from consumer electronics doubled in 3rd fiscal quarter ended Dec. 31. Company said preliminary figures show net from that segment jumped to \$5.4 million from \$2.66 million in same 1983 period, as sales rose to \$107 million from \$53.2 million. Company said it would be moving to larger facilities in N.J. & Cal. to better handle increased business volume expected over next few years.

Certron blamed lower margins needed to meet import competition in video and audio tape for indicated 4th-quarter loss of \$344,000, which was steep enough to result in \$200,000 deficit for year to Oct. 30. Company said blank videocassette price declines, which started in 3rd quarter and accelerated in final period, was responsible for most of loss. To cut costs, Certron said, it has negotiated lower prices with its suppliers of videocassettes and is moving all audio cassette manufacturing to Far East.

MGM/UA Home Entertainment blamed steep decline in pay TV operations results for 34.7% drop in net, 8.4% slippage in revenue in opening fiscal quarter to Nov. 30. Company said that sales and profits from home video were up substantially both in U.S. and overseas, adding that it's continuing to develop public performance licensing of videocassettes as new revenue area.

Craig posted fourfold jump in earnings from continuing operations to \$239,000 in fiscal first half to Dec. 31, though sales were down 31%. For quarter, it earned \$61,000 from continuing operations, against loss of \$57,000 in same 1983 period. Sales were down 51.4%. Net for both periods was boosted by tax credits.

FCC has ordered 3 distributors of cordless phones to pay \$2,000 fine each and to remove certain phones from market because products exceed Commission power requirements. Companies involved: (1) TAD Avanti, distributor of Record-a-Call CAT-100 and CAT-300. (2) Dynascan, distributor of Cobra CP915B. (3) Uniden, distributor of Uniden EX-3100. All 3 firms engaged in "repeated sale" of telephones, Commission said. AT&T earlier at FCC request had removed Nomad 8500 from market because it was too powerful. Because AT&T complied with Commission request, company wasn't fined.

**NEW SETS AT CES:** Two brand names new to U.S. video scene made their debut at CES -- KTV, made by Korea TV, last of Korean TV majors to enter U.S. market, and Lloyd's, old-line lo-fi audio name, now subsidiary of Bacardi Corp. Here are those and other CES introductions:

KTV Inc., with hq at 341 Michele Pl., Carlstadt, N.J. 07072, introduced color line including 5" AC-DC monitor receiver, stepup with FM-AM; two 13" with mechanical tuning, 105-channel model with keypad remote -- monitor terminals and stereo capability optional; 19" line beginning with mechanically tuned model, stepup with ladder tuned remote, topped by keypad remote 105-channel model -- monitor terminals and stereo optional. B&w models are 5" AC-DC, same with FM-AM; two 12" AC, one AC-DC. There are no suggested list prices.

Lloyd's color line starts with 13" mechanical at \$330, ladder-tuned model at \$350, remote versions \$400 and \$430, monitor receiver with 139 channels, stereo amplifier, dockable remote \$550; 19" ladder-tuned leader is \$500, remote versions \$540 and \$580; monitor receiver with stereo amplifier, 139 channels, dockable remote \$670. B&w line has two 5" AC-DC sets at \$79, AC 12" at \$130. Low-end VHS VCR with 7-day one-event timer, wired remote is \$600, 105-channel version with 14 days, 4 events, wireless remote is \$760.

K&K Merchandise Group, 10-27 45th Ave., Long Island City, N.Y. 11101, in prominent booth, was taking orders for Supra brand VHS VCRs and videocassette players (VCPs). Spokesman said VCR was made in Japan, VCPs in Taiwan, quoted dealer prices of \$193 for basic VCP, \$255 for deluxe version, \$275 for VCR, quoting Feb.-March deliveries.

Zenith introduces new version of its 45" rear projection set in pecan veneer at \$2,745; oak model is \$2,495. Also new from Zenith is 13" version with "Hotline" button and connector in front for instant switching from VCR or game to antenna; 19" version was introduced earlier.

Hitachi adds 19" with built-in MTS, comb filter, 139 channels, dockable remote, stereo amplifier and dual speakers at \$739; two 25" sets with 106 channels, keypad remote at \$830 for single-sided model, \$890 for double-sided, 139-channel model with MTS stereo is \$1,030; 45" rear projector with MTS and doors is \$3,295.

Sylvania introduces 25" table model with MTS jack, keypad remote at \$480, console with 125 channels and built-in MTS at \$920. Sylvania adds slot-load Laservision player at \$750 and 14-day 2-event 107-channel VCR with wireless remote, not yet priced.

Philco adds four 25" sets -- table models with keypad and scan tuning, both open listed, roll-about console with video jacks at \$900, and combination with AM-FM stereo, cassette deck, turntable, with

jack for MTS, pull-out storage shelf, at \$1,195.

Magnavox debuts 14-day 2-event VCR with wireless remote and 4-day stepup, both open; new camera with 2/3" Newvicon, 8 lux, with stereo sound, character and stopwatch display with alphanumeric keyboard, 2-speed 8:1 zoom is \$1,500. Magnavox's pocket 2" and 4" flat-tube b&w sets, described 2 weeks ago (TVD Jan 7 p14) are made by Sony.

Gold Star adds its first 5" color with AM-FM, containing audio and video jacks, at \$280; 13" mechanical at \$260, top end with 139 channels, remote, keypad tuning at \$500; 19" with keypad remote is \$430; stepup is \$530, monitor receiver version \$550; company's first 25" sets are 105-channel console at \$650 and 139-channel table model monitor receiver with stereo amp at \$700, both remote. New b&w sets are 5" with AM-FM stereo radio at \$60, AC 12" at \$80 and AC-DC version at \$90.

JVC introduces 13" keypad remote with 108 channels, on-screen display, sleep timer at \$420; 20" version has 142 channels, remote that will work with selected JVC VCRs, at \$599; monitor receiver with comb filter, all deluxe features is \$900. New JVC 4-head VCR has one-event 14-day programmer, sharpness control, wireless remote at \$599.

Elaborate audio video switching system with built-in 4.5" color monitor and 2 small stereo speakers was introduced by Akai. It has 6 video input jacks, accommodates up to 2 video monitors, has bidirectional dubbing capability.

Proton has taken over distribution of Halcyon, RDI Systems' \$2,500 interactive voice activated optical disc game system. RDI Pres. Rick Dyer said companies have no formal agreement, but their product lines are aimed at same well-heeled audience. Proton, which markets audio components in \$1,200-\$3,000 range, supplies monitor for Halcyon. RDI expects to sell 25,000 systems this year, will throw in one of 2 available games as kicker. Animated Thayer's Quest and NFL Football featuring L.A. Raiders and San Diego Chargers, are now out, and others are promised. Games will be priced at \$94.50. Proton Exec. Vp Jay Eagle said Halcyon will be available at 700 outlets run by its 450 dealers, claims "we are in backorder" at present.

Import surcharge was urged to help reduce trade deficit in presentation to NAM by Motorola Pres. John Mitchell. Proposal, which it's claimed could raise up to \$100 billion over next 3 years, calls for 20% levy in first year, dropping to 15%, then 7% in following 2 years before being phased out. Surcharge exceptions would be given some imports from less developed countries. NAM formed working group to study proposal. Motorola is expected to bring issue up at annual EIA board meeting this week in Phoenix, where members also will be briefed by Treasury official on proposed changes in tax laws.

**OCT. TV IMPORTS:** Color TV imports just about held even in Oct., compared with same 1983 month, as decline in incoming shipments from Korea and Singapore nearly offset effect of increases from other leading source countries, Commerce figures show. Slippage in month's color imports from Korea, all of which came in complete sets, kept 10-month total from passing 2 million mark, while shipments from Japan rose sharply.

Following are TV import totals by country for Oct. and 10 months. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

#### Total TV

Month	%chg.	10 months	%chg.
-------	-------	-----------	-------

##### Japan

total...	325,900	+68.9	2,531,400	+79.5
color...	257,600	+80.6	1,883,400	+76.8
b&w....	68,400	+35.8	647,900	+88.2

##### Taiwan

total...	389,800	+36.3	3,245,600	+29.2
color...	162,300	+29.6	1,402,900	+66.5
b&w....	227,500	+41.6	1,842,700	+10.3

##### Korea

total...	468,300	- 6.3	5,038,500	+47.4
color...	195,800	-14.3	1,929,800	+41.4
b&w....	272,500	+ 0.6	3,108,800	+51.5

##### Singapore

total...	42,500	-37.4	570,400	+ 4.6
color...	42,300	-37.8	566,100	+ 8.1
b&w....	200	*	4,300	-80.0

##### Malaysia

total...	14,500	+14.7	191,000	+12.7
color...	14,500	+38.8	179,900	+47.1
b&w....	--	--	11,200	-76.4

##### Hong Kong

total...	25,400	+196.0	135,600	+194.0
color...	20,300	+136.6	120,800	+338.1
b&w....	5,100	*	14,800	-20.2

##### Canada

color...	11,300	+76.1	85,200	+15.2
----------	--------	-------	--------	-------

#### Complete Color

Japan....	131,300	+35.7	1,211,400	+66.5
Taiwan...	133,700	+ 6.8	1,208,500	+50.3
Korea....	163,700	-22.8	1,647,400	+32.1
Singapore	14,100	-23.8	187,300	+18.8
Hong Kong	18,700	+117.9	118,500	+329.7

#### Color Chassis & Kits

Japan....	126,200	+175.4	672,100	+98.9
Taiwan...	28,600	*	194,300	+406.1
Korea....	32,100	+96.2	282,400	+140.6
Singapore	28,100	-43.0	378,800	+ 3.5
Hong Kong	1,600	*	2,300	--
Mexico...	119,100	-43.4	1,314,100	- 6.5

\*No commercial quantities. Note: Some totals may not add up due to rounding.

**DISC DRIVE DROPOUTS:** Beleaguered U.S. computer disc drive industry is losing 2 more marketers -- Shugart and Memorex. Their parent companies announced closings last week.

Xerox said Shugart is being phased down and loss from operations and write-offs will total about \$85 million for 1984. Shugart has been marketing drives to computer OEMs. First output halt will be of 3.5" drives; 8" drives will continue for limited period. Panasonic Industrial has agreed to purchase Shugart's 5.25" drive inventory, take over sales. Terms weren't disclosed. Panasonic's Japanese parent, Matsushita, has been producing those drives for Shugart. Xerox said it's looking to sell other Shugart assets. Shugart currently employs 1,650 in Sunnyvale, Cal., down from 1983 peak of 3,900.

Memorex is closing OEM computer disc drive business, will consolidate production of mainframe drives, which it sells to end users itself and to parent Burroughs, at plant in Winnipeg, Canada. If buyer can't be found, move will result in loss of about 640 jobs at Westlake, Cal. plant. Company, which had been marketing 5.25" and 8" drives sourced from other manufacturers, said it would continue as partner with Control Data in Disk Media, producer of computer discs. Memorex retained brand rights to discs when it sold video and audio tape business to Tandy in 1982.

AT&T cut prices 4-25% on cordless phones and some step-up phones with limited memory dialing capability. Company also announced discontinuance of novelty and most decorator phones, dropping number of models in line to 6 from 36. AT&T said it's reducing cordless prices because of oversupply and price competition, while other cuts and model trimming are reaction to consumer buying patterns. GTE, meanwhile, said it would take \$35 million 4th-quarter charge for restructuring communications product plants in U.S. and Latin America. Company said action stems from intense competition in phone and switching equipment.

**Video software notes:** RIAA said it issued 168 video software gold sales awards and 65 platinum awards last year, up from 146 and 36 respectively in 1983. Gold certification requires sales of 50,000 units or \$2 million at retail list, platinum 100,000 at \$4 million. New category for nonmovie titles that opened this year has standards of 20,000 at \$800,000 for gold awards, double those for platinum.... Republic Pictures is being resurrected by NTA Home Entertainment in new unit, Republic Home Video, with first titles due this spring... CBS/Fox Video is launching 2nd specialty marketing arm this week, is expected to call it Playhouse Video.

Sales of VCRs in U.K. last year dropped 31.8% to 1.5 million from 2.2 million in 1983, Panasonic estimated at London news conference where it previewed PAL version of VHS camcorder. Company said unit would be available in May in Britain and Germany, and added it had no plans to introduce 8mm.

## 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
Certron			
1984-year to Oct. 31	28,339,000	(200,000)	—
1983-year to Oct. 31	25,731,000	371,000	.11
Craig			
1984-6 mo. to Dec. 31	13,942,000	565,000	.32*
1983-6 mo. to Dec. 31	20,204,000	(1,078,000)	—
1984-qtr. to Dec. 31	4,842,000	122,000	.07*
1983-qtr. to Dec. 31	9,967,000	(609,000)	—
General Electric			
1984-year to Dec. 31	27,950,000,000	2,280,000,000	5.03*
1983-year to Dec. 31	26,800,000,000	2,024,000,000	4.45
1984-qtr. to Dec. 31	7,980,000,000	652,000,000	1.44*
1983-qtr. to Dec. 31	7,430,000,000	579,000,000	1.27
Jones Intercable			
1984-6 mo. to Nov. 30	6,180,600	1,031,900	.12
1983-6 mo. to Nov. 30	4,663,600	909,000	.10*
1984-qtr. to Nov. 30	3,161,300	512,300	.06
1983-qtr. to Nov. 30	2,476,600	475,100	.05*
Meredith			
1984-6 mo. to Dec. 31	235,012,000	23,611,000	2.50
1983-6 mo. to Dec. 31	220,616,000	21,386,000	2.27*
1984-qtr. to Dec. 31	121,280,000	13,230,000	1.40
1983-qtr. to Dec. 31	113,180,000	10,933,000	1.16
Orion Pictures			
1984-9 mo. to Nov. 30	154,214,000	3,784,000	.19
1983-9 mo. to Nov. 30	120,587,000	6,156,000	.45
1984-qtr. to Nov. 30	51,774,000	3,003,000	.13
1983-qtr. to Nov. 30	42,581,000	2,093,000	.16
Rollins Communications			
1984-6 mo. to Dec. 31	49,290,245	6,060,960	.41
1983-6 mo. to Dec. 31	41,563,593	5,786,716	.40
1984-qtr. to Dec. 31	25,628,523	3,339,084	.23
1983-qtr. to Dec. 31	21,217,824	2,843,400	.20
Tandy			
1984-6 mo. to Dec. 31	1,489,107,000	113,940,000	1.26
1983-6 mo. to Dec. 31	1,481,695,000	160,880,000	1.54
1984-qtr. to Dec. 31	893,334,000	76,549,000	.86
1983-qtr. to Dec. 31	898,266,000	101,241,000	.98
Westinghouse			
1984-year to Dec. 31	10,264,500,000	535,900,000	3.04
1983-year to Dec. 31	9,532,600,000	449,000,000	2.54*
1984-qtr. to Dec. 31	2,888,700,000	160,600,000	.91
1983-qtr. to Dec. 31	2,597,100,000	136,800,000	.78*

Notes: \*Includes special credit. <sup>b</sup>Restated.

<sup>c</sup>Preliminary. <sup>d</sup>Adjusted.

## Consumer Electronics Personals

Hiro Arimoto appointed Sanyo Electric (U.S.) pres., succeeding Tadahisa Takayama, who returns to parent in Japan... Robert Goodman, exec. vp of Japanese-owned Harman Kardon, leaves post March 11 to join unaffiliated Harman International as pres. of Harman-America, being formed to acquire U.S.-based electronics manufacturer, market JBL speaker line; also leaving HK and joining H-A as vps are Mktg. & Sales Dir. Tom Jacoby and Treas. Mike Russo... Richard Bacci, ex-Perfect Data consumer mktg. vp, joins Recoton in new post of west regional mgr., in charge of new west coast office and warehouses... Ron Colgan advanced from region sales

mgr. to national sales mgr., Sharp Professional Products Div.

Douglas LeGrand shifts at IBM from Entry Systems Div. operations vp to new post of personal computer dealer operations vp at National Distribution Div., which now has responsibility for personal computer sales, support and service operations, while ESD retains manufacturing, development and marketing functions... Kenneth Coleman advanced at Activision from human resources vp to product development vp in realignment; other appointments: Joseph Avery operations & administrative vp, Richard Lehrberg product acquisition vp, Edward Roffman finance vp; Barbara Hazlett treas.; Mike Ayers has left post of corp. communications dir... Richard Wilkus, ex-Dynascan, joins Williams Electronics as finance vp... Mitsuru Ohki, Sony America PR mgr. 1976-1981, named administration & commercial dir., Sony Broadcast, U.K.

Robert Klingensmith promoted at Paramount National TV Production Div. to video distribution exec. vp... David Goodman advanced at CBS/Fox Video from national accounts dir. to special accounts dir., responsible for original programming; Amy Alter, ex-HWH, appointed PR mgr... Dennis Hannon advanced at CBS Records from L.A. branch mgr. to video products sales & distribution vp... Joseph Petrone named national sales mgr., Sony Video Software Operations, replacing Duncan Frederick, moved to Consumer Products Div.; Robert Janeczek and Julia Byrd advanced to national business mgr. and sales coordinator, respectively... Alan Yollin joins RCA/Columbia Pictures Home Video as production mgr... Sandra Thomas joins Vestron's Lightning Video as mktg. mgr.

Len Levy promoted from sales & mktg. vp to new post of senior vp-gen. mgr., International Video Entertainment... Gloria Nicholson named national sales administrator, NTA Home Entertainment... Louise Alaimo promoted to ad & publicity dir., Embassy Home Entertainment... William McMahon resigns as vp-mktg. dir. of K-Tel's disbanded Video Div. to become vp-gen. mgr. of Simitar Entertainment, new program supplier... Howard Kopp promoted to operations vp, Dave Copeland to national sales mgr., Video-X-Pix.

Troy Cooper, ex-pres. of Video Galore franchise chain, joins National Video as regional mdsg. dir... Jack Romanos resigns as publisher of Bantam Books to become pres. of Simon & Schuster's Pocket Books, with responsibility for video publishing group... Richard Banach named asst. gen. mgr., VCA Duplicating Midwest; Ted Tedesco promoted to industrial operations mgr... Stephen Zatuchni named exec. dir., Video Software Dealers Assn.

Harry Miller promoted at North American Philips from Airpax vp to pres. of Kulka Smith, succeeding Arthur Kelly, on special assignment with parent.

# TELEVISION DIGEST®

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

With Consumer Electronics

JANUARY 28, 1985

VOL. 25, NO. 4

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**MTS MUST-CARRY PUT ON HOLD**, we learn in assessing top Mass Media items for quarter. FCC will monitor equipment and set growth before acting on stereo TV must-carry. (P. 1)

**2 TV STATIONS ENOUGH** to restrain cable rates, NCTA, CATA and most MSOs will advise Commission in rulemaking aimed at defining exceptions to deregulation. (P. 2)

**TURNER BASEBALL DEAL REACHED:** Some CATV Brave revenues go to Major League fund. (P. 3)

**RADIO MARTI STARTUP DELAYED** by management problems. Key legislative leaders express outrage, demand Presidential action. USIA's Wick denies charges of bureaucratic bungling leveled against project. (P. 4)

**BYRD DEFENDS SENATE TV PLAN** to Rules Committee without immediate success. Ford still skeptical. (P. 5)

**MUTUAL PLANS TELECOM SERVICES:** Mutualink and Multicomm offerings are expected to account for one-half of firm's revenues by year 1990. (P. 5)

**NO 'IMMEDIATE RISK' SEEN** in Hawaiian radiation study, Environmental Protection Agency says, though window washers got burns near radio towers. (P. 6)

**MASS MEDIA BUREAU OUTLINES AGENDA:** FCC Mass Media Bureau Chief James McKinney said he expects to bring some 60 items up for Commission vote during this quarter -- and about only surprise is report that agency has put debate over cable must-carry for multichannel TV sound (MTS) on indefinite hold. Commissioners had been split on issue, with 3 favoring, 2 opposing, mandatory must-carry after 4-year transition in markets with at least 20% penetration of stereo TV sets (TVD Jan 14 pl).

Chmn. Fowler told us Jan. 25 that it would be premature to require MTS must-carry now because of lack of equipment at stations (for update, see story in Consumer Electronics Section) and few MTS receivers in hands of public. He said commissioners have reached compromise whereby staff will be instructed to monitor: (1) Extent to which TV stations are telecasting in MTS. (2) Penetration of receivers in hands of public. (3) Based on (1) and (2), extent to which cable systems are equipped to carry stereo TV. Staff will report annually, he said.

### Consumer Electronics

**TV STEREO LOGJAM** about to break, as 2 equipment makers promise 300 generators by midyear; 13 outlets now broadcasting MTS. (P. 9)

**VCR AND CAMERA IMPORTS** rose in Nov., but TV shipments declined, Commerce figures show. (P. 10)

**VCP-PRICE COMPETITION** already fierce, though only PVI and Funai actually are selling. Lower priced units on way from Taiwan and Korea. (P. 11)

**RCA, NAP, CORNING** posted improved results for 1984 but say TV price competition held margins down, particularly in 4th quarter. (P. 12)

**HARD-COATED CDs** more resistant to scratches and warpage unveiled by Mobile Fidelity. (P. 12)

**INTERACTIVE VCR** system using standard recorder and control box is claimed to outperform videodisc or computer. (P. 13)

**VIDEO SOFTWARE SALES** grew faster than those of VCRs for first time in 1984, survey shows. (P. 13)

**VIDEO DISPLAY CORP.** claims to be largest U.S. CRT rebuilder, sees big growth coming in display tubes replacement demand. (P. 14)

**2-DECK VHS VCRs** from Sharp marketed. (P. 15)

Fowler also said position of assoc. gen. counsel will remain vacant for foreseeable future to save money. He said that Commission hopes to meet budgetary requirements through attrition and that vacancy isn't so vital it must be filled immediately. Lauren (Pete) Belvin resigned as assoc. gen. counsel in Dec. to move to Kansas City.

McKinney said about half of Mass Media items now are being circulated for vote by commissioners and these aren't discussed in open meetings -- unless they had been on agenda once before and deferred. Fowler said this is because of desire to get items out as soon as possible. Circulated, and denied, last week were requests by Rhoades Productions for waiver of prime-time access rule for 2nd City TV (SCTV) syndicated program (item that was debated at length in Dec. 19 FCC meeting when it was on agenda) and petition by ACT to require warning tone just before commercials come on air in children's programs.

For first time in memory, there will be no cable or broadcast item on agenda for FCC open meeting Jan. 31. About half dozen were sent up from Mass Media Bureau, but none made agenda, with most being pulled by individual commissioners. Among items that didn't make it: (1) Use of private radio frequencies by L.A. County and how soon they will be switched to make room for DBS. (2) Proposal by Comr. Quello to permit commercial UHF stations to swap frequencies with noncommercial VHF's in same market. Proposed rulemaking has been drafted, is lodged in chairman's office. (3) Further implementation of Doc. 80-90, which allocated new FMs to more than 600 markets, and whether to use first-come-first-served basis in accepting and processing applications. (4) Acceptance of new AM applications as related to preferences for minorities and educators -- but as now drafted, not women.

There aren't any surprises in major items due for FCC consideration through March, and several (including some that missed Jan. 31 meeting) will come up Feb. 14. Among them are rulemaking to carry out mandate of cable bill, which passed last session of Congress, to define circumstances where cable operator doesn't have "effective competition" from other video programming sources and so must continue under local rate regulation after 2-year transition period ends (see story elsewhere this issue). Congress gave FCC 180 days to complete that rulemaking. Also as part of cable bill, FCC must begin rulemaking soon to implement EEO provisions of law. Other items due before commissioners in Feb.-March:

(1) Reconsideration of attribution and regional concentration rules. At present, under attribution, if licensee is more than 50% owned by single individual, then interests of other stockholders won't count against them under multiple ownership rules. We're told that liberal interpretation is likely to be cut back. (2) Reconsideration of many technical rules to decide "what stays, what goes, and what gets altered," McKinney said. (3) In March, another look at use broadcasters may make of horizontal and vertical blanking intervals. (4) Use to be made of Canadian and Mexican clear channels recently released for U.S. broadcasters.

FCC has lined up several blue-ribbon panels for en banc hearings Feb. 7-8 on its inquiry into fairness doctrine and whether it was codified into law through 1959 amendments to Communications Act. After panels before commissioners "we'll begin drafting whatever it is we're going to draft," McKinney said, although item won't be ready for Commission consideration for several months.

**2 TV SIGNALS CLAIMED SUFFICIENT TO RESTRAIN CABLE RATES:** Marketplace forces will regulate rates for basic cable service in areas receiving 2 or more off-air TV signals of any type. That's consensus position of most MSOs and industry trade groups, which will make that argument in comments today in FCC rulemaking (84-1296, TVD Dec 10 p5) to define when cable operator has "effective competition" and can be rate-deregulated.

Commission is charged in new cable law (PL 98-549) with setting competition standard that will apply after all municipal control over cable basic rates ends at end of 2-year transition

period. It's expected that Commission will adopt some simple standard -- such as 2, 3, 4 or more off-air TV stations -- so it can be applied easily to the more than 6,000 cable systems.

Number Commission might choose will have major impact: According to estimates we've heard, picking 4 TVs as standard would leave 40% of industry rate-regulated. Picking 2 TVs, as industry proposes, would result in all but 5-15% being deregulated. According to Arbitron data, 25 of 209 TV markets have only one station.

Cable interests also agree, according to our survey, that FCC shouldn't consider presence or absence of affiliates of 3 networks in defining competition. FCC "has no business defining competition based on the receipt of specific programming selected by specific private groups," according to comments by CATA that we obtained. Referring to bid by Sen. Helms (R-N.C.) to buy controlling interest in CBS, CATA said: "What would [Helms] say if he learned that a federal agency was considering a rule saying that there could be no 'effective competition' in the homes of American viewers unless CBS TV reached into those homes?"

If FCC were to require presence of 3 networks before allowing deregulated cable rates, "it would have to require that the first 3 TV licenses granted to that market would have to be network affiliates," NCTA Pres. James Mooney remarked. A cable attorney said: "You can't distinguish, for example, between CBS and Metromedia."

NCTA and CATA will make joint filing covering bulk of issues raised in rulemaking. NCTA's, we understand, will include extensive econometric analysis showing that while there's minor statistical relationship between number of TV signals available in area and ability of cable operator to set rates, marketplace constrains cabler's rate-setting power when 2 or more broadcast signals of any type (including low-power stations) are available. Drafting comments has been major focus of cable trade groups and many Washington communications law firms for several weeks. "This is the culmination of a 4-year battle for deregulation," Mooney said. "We're taking this very seriously." One communications attorney remarked: "We will have 4 attorneys working all weekend to get ours [for a top-5 MSO] ready in time."

National League of Cities (NLC) sharply disagrees with 2-TV standard. We're told that NLC will propose standard that encompasses presence of 4 or more TVs, plus availability of other video programming. At one point during negotiations leading up to cable bill, NLC and NCTA agreed to competition standard of 4 TVs, including affiliate of each network. "That was our compromise position then, and we aren't compromising now," NLC spokesman told us, hinting that cities may ask for 5 or more TV stations.

NLC "doesn't disagree" with Santa Barbara, Cal., NLC spokesman said. City filed comments suggesting "no less than 5 unduplicated Grade B signals," including 3 networks, before cable rates can be deregulated.

Ted Turner has reached agreement with Baseball Comr. Peter Ueberroth under which TBS will pay unspecified portion of revenues from cablecasting Atlanta Braves games into Major League Baseball central fund for equal distribution to all team owners. Agreement announced Jan. 25 covers next 5 years. For his part, Ueberroth agreed to stop lobbying for repeal of cable compulsory license and for attempts to extend cable blackout rule to all baseball games transmitted beyond their home market. Chicago Cubs, seen nationally on superstation WGN-TV Chicago, hasn't agreed to deal and is resisting efforts to make it contribute to pool. It wasn't known what if anything had been decided by N.Y. Yankees, cable's other nationally distributed team.

NPR and onetime "savior" Jack Taub have settled case in U.S. Dist. Court, D.C., over Taub's alleged failure to make good on \$400,000 in costs NPR incurred in now defunct joint venture that was to use public radio subcarriers to send computer program material across country. Settlement called for Taub to pay NPR \$205,000 if he met Jan. 22 deadline. He missed that date, however, now must pay up to \$236,700 by late Feb. -- \$210,000 plus legal costs incurred in search for his assets and beginning of attachment.

Correction: NAB now supports 5 seats on board of Electronic Media Rating Council at cost of \$7,500 each per year -- not \$750 (TVD Jan 21 p1). NAB plans to scale that back to 2 seats over 3 years.

**RADIO MARTI STARTUP DELAYED:** Radio Marti won't be on air today, as hoped, angering key supporters in Congress, who are charging govt. with bureaucratic bungling. Internal squabbling already has cost Marti 2 chiefs, and service is behind in staffing. But USIA Dir. Charles Wick denied charges in Jan. 24 letter to congressional leaders, said delays aren't "attributable to red tape [or] snags in the Executive Branch." Hearings into delays are promised by House International Operations Subcommittee Chmn. Mica (D-Fla.).

Wick told Congress: "There have been no major obstacles... except for hiring the specialized talent, the long security clearance process... the physical facilities to be planned and constructed, and the myriad support activities to be identified and implemented." He said delay in Marti startup, which has taken 14 months so far, isn't unusual, compared it with year-long startups for VOA, Radio Free Europe, Radio Liberty and BBC programs. Marti will broadcast to Cuba under VOA umbrella.

Wick wrote that 94 of 188 positions have been filled (USIA spokesman later said number now stands at 98), and studios and control room won't be completed until July. Station is supposed to be on air before construction is done, Wick added.

"Missing ingredient" is getting dir. "with long track record of successful broadcasting," Wick said in apparent criticism of 2 who've held post but left after policy disputes. Job was first offered to Cuban-American journalist Emilio Milian, but he was dropped after failing to reach agreement with VOA over moving family to Washington. In Dec., RKO Radio veteran Paul Drew was named. He left within weeks for what were officially described as "personal reasons" but what sources described as personnel dispute.

Now serving as acting dir. is veteran broadcaster Kenneth Giddens, who was VOA dir. in Nixon and Ford Administrations and is owner of WKRG-TV-AM-FM Mobile. Giddens is old friend of Wick's and lobbied for congressional approval of Marti. He took post knowing it would be temporary, Wick told Congress.

Station's key backers on Hill, Sen. Hawkins (R-Fla.) and Rep. Fascell (D-Fla.), who chairs House Foreign Affairs Committee, are concerned that turnover at top and delayed startup date will hurt service. In separate letters last month, they asked President to examine problems. "I have been appalled with the bureaucratic tangle," Hawkins wrote. President also has heard from Sens. Chiles (D-Fla.) and Symms (R-Ida.) and Rep. Kemp (R-N.Y.).

Hawkins said Marti should immediately begin broadcasting several hours a day: "Quality broadcast material is on the shelf; the Cuban people are ready and I feel Radio Marti is also." Station had been thought likely to go on air Jan. 28 because it's anniversary of 19th century Cuban patriot Jose

Marti, after whom service is named. But VOA spokesman Rogene Waite said station will go on air "when we have enough staff on board to put out 14-1/2 hours of quality programming daily, 7 days a week."

USIA and Hill sources said service was being delayed because of security problems in hiring Cubans, whom govt. wants to staff much of station. Cuban govt. is said to have tried to plant spies among employes, which Waite said has been problem with setting up other VOA services.

**"Black exclusion from [broadcast] media is so pronounced and the progress in hiring them so slow that they face another century of media underrepresentation unless sharp changes are made,"** National Urban League declared in annual report. League was sharply critical of deregulatory efforts by FCC and Reagan Administration, charged that major problem in program content is lack of black employment and ownership of stations and networks. Meanwhile, FCC Comr. Quello, in Jan. 24 speech to National Black Lawyers conference in Washington, defended FCC and industry, said: "The Commission and the broadcast industry have made great strides in their responsibility to promote additional outlets for the expression of minority voices." But he admitted that "regulatory policies like cattle prods may be necessary to get licensees moving in a certain direction."

**CBS takeover bid** by conservatives led by Sen. Helms (R-N.C.) (TVD Jan 14 p5) was denounced last week by RTNDA Pres. Louis Adler, WOR(AM) N.Y. news dir., who said bid "is a dangerous deviation from the philosophy that has provided the foundation of our free press. CBS News, whatever one may think of it, operates independently with the CBS organization. Any effort to change that, to obtain control of media outlets to twist public opinion to a particular viewpoint... threatens a vital part of our free society, our free press." CBS stock had risen \$3.625 per share since takeover effort was announced Jan. 10, to \$77.625 by midday Jan. 22. More than 1.2 million CBS shares traded hands last week, vs. 628,700 week before. Stock was trading Jan. 25 at \$76.66.

**Council for Cable Information** announced plans to make available to cable systems ads that combine generic message of CCI's national campaign with specific scheduling and program information for 8 basic networks. CCI said spots will be distributed to systems monthly starting Feb. 13 on Satcom 3R, TR 22. Each spot from "on-air promo pool" will include generic 10-sec. introduction and 10-sec. close, similar to CCI national spots. Middle 40 sec. will be filled with specific program information about CBN, CNN, CNN Headline, ESPN, MTV, Nashville Network, Weather Channel and WTBS Atlanta. Each month, 8 basic programmers will provide new video clips to be included in spots, which will premiere in local availabilities when CCI's national campaign launches Feb. 17.

**BYRD DEFENDS SENATE TV PLAN:** Senate Minority Leader Byrd (D-W.Va.) defended his proposals (S. Res. 2 and 28) to permit TV-radio coverage of Senate floor debate before Rules Committee Jan. 24 but made no apparent headway with key opponent, Sen. Ford (D-Ky.). Committee Chmn. Mathias (R-Md.) reiterated his support for idea, but ranking Democrat Ford withheld judgment, saying he's concerned that revamping of other Senate rules included in Byrd plan might destroy debate traditions.

Byrd repeated remarks he made on introducing resolutions (TVD Jan 7 p3) that "without television coverage, the Senate is fast becoming the invisible half of Congress." TV would put Senate on par with House and White House in public exposure, he said. But rights of minority in debate must be ensured, with rules change guaranteeing equitable division of floor time -- and, hence, TV time -- if chamber is televised, Byrd said. Under Byrd plan, decision to air debates would be made by leadership on case-by-case basis with acceptance of full chamber. As result, Senate might not be televised continuously, although leadership would have that option. Proposal calls for trial period.

Senate would be in session only Mon., Tues. and Thurs. under Byrd plan, with committees sitting at other times so that members would have more opportunity to participate in televised debates. Cameras also would focus only on senators speaking, which he said should alleviate opponents' concern that they'll show chamber empty, as happened on first day (Jan. 23) of U.K.'s experiment in televising House of Lords, Byrd noted. As in U.K., Byrd said, cameras won't pan galleries. Limits on debate that Byrd proposes should alleviate final worry of opponents that senators might take advantage of air time, aide said.

Mathias urged Committee to accept proposal: "We should be at least as bold and venturesome as the House of Lords." He promised to push for action on resolutions in his committee. Senate Majority Leader Dole (R-Kan.) avoided endorsing proposal but revealed he was planning to poll GOP members informally to get idea of how far they're willing to go to make rules changes that would clear way for TV. Dole is on record as opposing TV coverage because he believes it would impede legislative process. Byrd has picked up one powerful ally in GOP Policy Committee Chmn. Armstrong (R-Colo.).

Ford indicated willingness to consider Byrd changes if they would improve operation of Senate but avoided commenting on TV proposal. Ford has advocated radio-only coverage as alternative, but observers noted rules-change proposal he offered last week doesn't include radio-only plan, which may be sign that he's bending. Byrd also had been opponent, is said to have changed mind in effort to disprove claims by critics in his party that he's behind times -- charge used against his campaign for reelection as minority leader.

**MUTUAL PLANS SATELLITE SERVICES:** Mutual Bestg. System said it will create new Mutual Satellite Services (MSS) division to distribute data, text and audio in venture it predicts will account for 50% of its revenues by 1990. MSS will be capitalized at \$10 million, be headed by Gene Swanzy, senior vp-broadcast & communication services.

MSS will offer Mutualink satellite distribution over existing network for independent radio program producers and data providers and Multicomm combining satellite technology with FM subcarriers. James Kozlowski, vp-telcommunications mktg., said likely Mutualink users are radio syndicators wanting to reach Mutual's 1,000 affiliates or businesses such as supermarkets, retailers and electronic publishers wanting data feeds to local outlets.

Multicomm will be launched at midyear when company expects to have 100 FM subcarrier leases. Encrypted service will allow distribution of audio, data, text, printed information and computer software to desktop receivers. Receiver/printer unit will cost \$400-\$500, Kozlowski said, and Mutual is negotiating with 2 manufacturers to produce receiver, which Mutual designed and plans to market.

Mutual also is negotiating with Western Union to buy part of Westar 4, TR 2 -- which it now shares with NPR -- and all of TR 1. That capacity should cover growth in early stages.

Jack Clements, MBS exec. vp-gen. mgr., said MSS would account for half of all MBS revenues by 1990, assuming continued growth in radio network side of business. That growth slowed to around 4% last year, is expected to climb back to 8-12% this year, he said.

**Canaan Communications** may announce this week agreements with several cable networks -- pay and basic -- permitting company to market to private earth station owners. Company, headed by Holmes Harden, has been working for 6 months to develop home dish package, now says it has several services with subscriber counts of more than 20 million. Canaan will provide scrambling gear to networks and decoders to cable affiliates. Home decoders would be sold by satellite system retailers, Harden said, while he handles billing. Harden said he hopes to pay royalties to cable operators to compensate them for maintaining headend descramblers and as acknowledgment that programming was created for them.

**NBC posted** 2nd consecutive record year in 1984 (TVD Jan 30/84 p16), as pretax earnings rose 40% to indicated \$218.6 million, while sales were up 13% to indicated \$2.37 billion, with all divisions contributing to improvement, RCA reported. RCA said loss from Best. Systems Div. was reduced significantly last year, and higher sales and earnings by RCA Americom and RCA Global Communications resulted in record revenues and improved earnings from communications segment.

**HONOLULU RF ANALYZED:** There's no "immediate risk" to public of overexposure to RF radiation from 2 radio towers in Honolulu, even though window washers on nearby high-rise buildings received RF burns from metal support cables, Environmental Protection Agency said in report to FCC Chmn. Fowler.

Another 10 of 21 sites analyzed in May 1984 study exceed one or more of 3 radiation limits set by scientific advisory groups, EPA said. Two highest readings exceeded even least stringent guideline established by American National Standards Institute (ANSI). Study was conducted jointly by the 2 agencies, with EPA producing report.

Sites with highest RF levels are in parking lots near KAIM(AM) and KSSK(AM) towers on which 4 other stations lease space. EPA told FCC that RF at towers "may warrant further evaluation." EPA said some animal studies show that RF may overheat body, that extended exposure enlarged adrenal glands, increased incidence of tumors. RF is problem in Honolulu because transmitters -- not permitted in surrounding public parks -- must be located in populated areas.

Broadcasters welcomed results of study. NAB Pres. Edward Fritts said it confirmed broadcasters' experience that there are no "adverse health effects" to public. He and MST Pres. Thomas Parourged urged EPA and other govt. agencies to adopt ANSI standard.

FCC spokesman said broadcasters who own towers with 2 highest readings assured Commission they would cooperate. Stations leasing space on 2 problem towers are KOHO(AM) and KUMU(AM) on one, KORL(AM) and KIFH(AM) on other, EPA study said. There was no attempt to determine percentage of radiation from each transmitter, FCC spokesman said.

Another 3 towers were found to hold potential for exposure: (1) KITV. (2) KUMU-FM and KHNL, formerly KIKU-TV. (3) KMAI(FM), KIKI(AM), KHVH(AM), KZOO(AM). EPA didn't comment on 7 other sites except to note radiation there exceeded limits set by scientific organizations. EPA said it relied upon those standards because it hasn't any of its own; it has been studying broadcast radiation only since 1982. But Joseph Cannon, EPA asst. administrator for air and radiation, said agency would be releasing studies this year on environmental RF radiation, potential costs to broadcasters of limiting public exposure and impact of federal safety regulations on broadcasters.

Westinghouse Bcstg. & Cable is establishing Westinghouse Scholarship as part of Walter Bagehot Fellowship Program in Economics & Business Journalism. Bagehot Program is administered by Columbia U. Graduate School of Journalism, will have one slot reserved for fulltime broadcast journalist with 4 years' experience.

**Proponents of ban on smokeless tobacco ads** on TV-radio scored victory last week when FTC asked U.S. Surgeon Gen. for study of health dangers of snuff and chewing tobacco. Health Research Group and allies petitioned FTC for warning on smokeless tobacco products and ban on ads.

Meanwhile, ban on all cigarettes ads and promotion has been recommended by National Advisory Council on Drug Abuse. In letter to Health & Human Services Secy. Heckler, Council contended 350,000 Americans die annually from smoking and that cigarettes are most widely advertised product in America, accounting for more than \$1.5 billion annually -- despite fact cigaret ads were banned on TV and radio in 1971.

**TV can make children violent, promote obesity, encourage use of drugs, alcohol and tobacco**, according to 16-month study by American Academy of Pediatrics. Because of unrealistic portrayal of sexual relationships, TV also may contribute to teenage pregnancies, study concluded. To minimize possible negative effects of TV, Academy recommended: Limit children's viewing time (now averaging 25 hours weekly, according to study); encourage reading, hobbies and sports as alternative to TV; don't use TV as reward or punishment; discuss impact of violence with children after viewing it on TV. Academy said it would present findings to Congress in March.

**New dish zoning bill** has been signed by Baltimore Mayor William Schaeffer after he vetoed earlier version because of pressure from satellite TV industry. Original measure would have prohibited homeowners from erecting dishes larger than 4 ft. New law will restrict dish size in residential areas to 4 ft. or less if solid, 6 ft. if mesh. Smaller dishes must project no more than 6 ft. from building, mesh dishes no more than 8 ft. Exempted from restrictions are colleges, churches, aquariums, libraries, seminaries and medical facilities as well as hotels, motels, VFW and American Legion posts, nursing homes, taverns.

**NAB loaned Reagan Inaugural Committee** \$100,000, expects repayment of interest-free sum in few weeks, despite sponsors' loss of revenues because of cancellation of parade. NAB made similar, but smaller, loan 4 years ago. NAB Pres. Edward Fritts and all members of Exec. Committee except TV Vice Chmn. William Turner returned immediately after recent board meetings in Palm Springs to attend several major inaugural events. NCTA didn't lend money to Committee; it wasn't asked and wouldn't have done so if request had been made, Assn. official said. "We're not a bank," NCTA official said.

**Cable sales:** Union City and Roseville, Cal. systems have been sold by **Storer** for \$11.5 million to **Capital Cities** and **Westar Communications**, respectively... **Times Mirror** has sold Victorville, Cal. system to **Hi-Desert Cablevision** for about \$6.3 million... **Satellite Syndicated Systems** bought 9 small systems in Colo., N.M., Okla. and Tex. from **G.H. Dodson** for undisclosed amount.

## Personals

FCC calendar -- Jan. 28: Comr. **Mimi Dawson** participates on panel on policy impact on teleports, American Teleport Assn., J.W. Marriott, Washington. Jan. 29: Chmn. **Mark Fowler** participates in Intelsat Assembly of Parties, Pan American Bldg., Washington; Comr. **Dennis Patrick** delivers keynote at Communications Networks '85, Washington Convention Center; **Peter Pitsch**, Office of Plans & Policy, is on Comnet panel.

Republican National Committee Chmn. **Frank Fahrenkopf** becomes partner in Washington law firm Hogan & Hartson... **Thomas McCoy**, ex-National Radio Bestrs. Assn., joins NAB as vp-govt. relations in charge of grass-roots lobbying, new post... **Jay Goldberg** advanced to vp-program & talent contracts, NBC.

**McAdory Lipscomb** promoted to head new Rocky Mountain region for Showtime/Movie Channel... **Joseph Shapiro** named senior vp-legal, Walt Disney Productions, succeeding **Richard Morrow**, who continues as vp-gen. counsel during transition before taking early retirement... **Gail Schenbaum** advanced to program development dir., Warner Bros. TV... **Lynn Leahy** advanced to public service dir./public affairs producer, WDIV Detroit.

**Edward Fouhy**, ABC News Washington bureau chief, will move to NBC News as exec. producer of prime-time hour-long news program with correspondent **Roger Mudd** as host... **Brian Fontes**, ex-FCC Mass Media Bureau, named special asst. to Comr. Quello; **John Richards**, ex-Private Radio Bureau, detailed as legal asst. to Comr. Dawson, succeeding **Rosalie Silberman**, now member of Equal Employment Opportunity Commission... **Will Demory**, ex-FCC Common Carrier Bureau, named a vp, Gray & Co. Washington PR firm... **Wendell Wood** promoted to dir.-media and public affairs, NRBA.

**Robert Steel**, ex-KATV Little Rock, appointed news dir., KARK-TV there... **Charles Webb**, ex-WNNE-TV Hartford-Hanover, Vt., named vp-gen. mgr., WVVA Bluefield, W.Va... **Mike Mitchell**, ex-KSNF Joplin, Mo., named vp-gen. mgr., KOAM-TV Pittsburg, Kan., succeeding **William Bengston**, now vp-gen. mgr., KRCG Jefferson City, Mo... **Scott Vaughn**, ex-KKTV Colo. Springs-Pueblo, appointed gen. mgr., KESQ-TV Palm Springs... **Joseph Shaffer**, WHNS Asheville, N.C. program mgr., adds station mgr. title... Appointed to WSMH Flint staff: **Frederick Mills**, ex-UPI Media, gen. mgr.; **Thomas Hansen**, ex-WFFT-TV Ft. Wayne, operations mgr.; **Rita Bentley**, ex-Diamond Mortgage, business mgr.

**Douglas Neil**, ex-Computer System Dynamics, appointed western sales mgr., Times Fiber Cable TV Div.; **David Bragg**, ex-Harvey Hubbell Inc., mktg. mgr... **Margaret Sandwich** promoted to public

affairs dir., Lifetime; **Debra Lieberman**, ex-Rainbow, western region affiliate relations dir.; **Saralee Hymen**, ex-Cable TV Ad Bureau, mktg. dir., new post; **Erin McGrath**, ex-Nashville Network, consumer mktg. mgr., new post; **Jeffrey Raithel**, ex-Kenyon & Eckhardt, trade mktg. mgr., new post; **Janet Saville**, conventions and meetings mgr.

**Peter Chernin** advanced to programming exec. vp, Showtime/Movie Channel... **Muriel Reis** advanced to Metromedia assoc. gen. counsel... **Daniel Monroe** promoted to Meredith Corp.

vp-staff operations... **David Matalon** advanced to pres., Tri-Star Pictures, succeeding **Gary Hendl**, resigned; **Jeff Sagansky**, ex-NBC Entertainment, named production pres.-L.A.; **Arnold Messer** advanced to senior exec. vp... Promoted at Seltel: **Frank Truglio** to vp-national sales mgr.; **Ron Castelli**, national sales mgr.; **RoseMarie Ferrara** and **Ben Kulikowski**, N.Y. sales mgrs... **Sandra Eddy**, ex-HBO, appointed dir.-sales training and development, Times Mirror Cable.

Promotions at MTV Networks: **Sherill Smith** to dir.-international business development; **John Cannelli**, business operations dir., with added responsibilities for both MTV and VH-1.

**Laurence Tompkins**, ex-WMAQ-TV Chicago, named sales dir., WRC-TV Washington, succeeding **Allan Horlick**, now WMAQ-TV station mgr... **David Webster**, N.Y.-based BBC dir.-U.S. operations, retires, succeeded by **Peter Woon**, TV Div. news editor... **Steven Rothman** promoted to business affairs vp, MCA Home Entertainment Group... **Robert Hopkins**, ex-RCA, named chmn. of Advanced TV Systems Committee, succeeding **Richard Green**, who joined PBS.

**Lou Faust** advanced to Selcom chmn., replaced as pres. by **Peter Moore**, who was pres. of Selcom Torbet Radio Div.; **Barbara Crooks**, Selcom Radio Div. pres., resigns... **Lorraine Holbrooke**, ex-Gibson, Dunn & Crutcher and ex-FTC staff, joins Miller & Young Washington law firm.

**Kim LeMasters**, ex-Walt Disney Productions, returns to CBS Entertainment as miniseries vp... Promoted at Blair/RAR: **Lawrence Julius** to N.Y. sales mgr.; **Richard Landesman** to mkt. development dir.; **Michelle Jennings** to mktg. and training mgr.; **Gary Lewis** to gen. sales mgr... **Craig Ghiotti** advanced to asst. to pres., Times Mirror Bestg., succeeding **Jackie Tamburino**, who replaces Ghiotti as controller at subsidiary WSTM-TV Syracuse.

**Harald Bauer**, pres.-CEO, United International Pictures UIP Pay-TV subsidiary, resigns, remains consultant until May 1... Producer **Tristine Rainer** appointed pres. of Grand Central Films, formed by Thames TV International and its U.S. distribution representative D.L. Taffner Ltd... **Richard McCaffery** appointed group vp, Comcast.

# TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Television Digest, Inc. is publisher of *Communications Daily*, *Satellite Week*, *Television Digest with Consumer Electronics*, *Video Week*, *Common Carrier Week*, *Connections: World Communications Report* (with *The Economist* of London), *Public Broadcasting Report*, *Space Commerce Bulletin*, *Television and Cable Factbook*, *Telecom Factbook* and other special publications.

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

## EDITORIAL &amp; BUSINESS HEADQUARTERS

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

Phone: 202-872-9200 Telex: 467268

MCI Mail: TELEFACTS Facsimile (Group 3): 202-293-3435

## WASHINGTON HEADQUARTERS

Albert Warren ..... Editor &amp; Publisher

Paul L. Warren ..... Assoc. Pub. &amp; Sr. Ed.

Dawson B. Nail ..... Executive Editor

Jonathan Miller ..... Senior Editor

Daniel Warren ..... News Editor

Steven Tuttle ..... Managing Ed., Wash.

Mary Crowley ..... Associate Editor

Mike Schwartz ..... Associate Editor

Arthur Brodsky ..... Associate Editor

Frances Seghers ..... Associate Editor

Melinda Gibson ..... Assistant Editor

Theresa Foley ..... Assistant Editor

Deborah Jacobs ..... Info. System Mgr.

Business  
 Roy W. Easley III ..... Controller  
 Gary Maderon ..... Marketing Director  
 Chery Grund ..... Advertising Dir.  
 Betty Alvine ..... Circulation Mgr.

## NEW YORK BUREAU

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

David Lachenbruch ..... Editorial Dir.  
 Robert E. Gerson ..... Managing Ed., N.Y.  
 Seth Goldstein ..... Senior Editor  
 Rich Zadrnink ..... Assistant Editor

JAPAN REPRESENTATIVE  
 (Editorial & Business)

Richard E. Varner

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

## Television and Cable Factbook

Michael Talarico ..... Managing Editor

Mary Appel ..... Editorial Director

Barbara E. Van Gorder ..... Sr. Supv. Editor

Anthony M. Townsend ..... Sr. Supv. Editor

Melinda M. Lukasz ..... Senior Editor

Factbook Research, Inc.  
 Lynn R. Levine ..... Director

Of more than 800 radio stations (20% return) that responded to survey by NRBA, 98% said they have run public service spots against alcohol abuse and drunk driving in last 12 months. Value of donated time was \$129 million, NRBA Pres. Bernard Mann said at Jan. 27 sales conference in Dallas, sponsored by RAB. Stations running spots averaged 24 per week, with 26% in drive time. In addition to spots, 59% of respondents aired 3 hours a month of alcohol-related public service programming at commercial value of \$36.4 million.

Uniform poll closings bill has been introduced, as promised, by Rep. Wyden (D-Ore.) (TVD Jan 21 p5). Measure would keep polls open nationwide 15 hours for federal elections: 5 a.m.-8 p.m. PST in west, 8 a.m.-11 p.m. EST in east. Wyden expects bill to be considered by House Elections Task Force when it reviews legislation in response to networks' commitments not to air characterizations or projections until polls have closed.

Top 10 advertisers on 4 cable networks measured by Bcast. Advertisers Reports increased spending 24% during first 9 months of 1984, Cable Ad Bureau reports. Spending on CNN, ESPN, USA Network and WTBS Atlanta rose from \$62.2 million last year to \$76.9 million. Ranking: Procter & Gamble, \$17.9 million; Anheuser-Busch, \$13.2 million; General Foods, \$10.1 million; General Mills, \$7.5 million; Ford, \$5.6 million.

MTV Networks claimed MTV was "highest rated basic cable channel" during 1984, cited Nielsen report showing music network had 1.0 average 24-hour rating during year. MTV said it has had best 24-hour average for 6 of last 7 quarters, was in first place last quarter with 0.9 average. Company said Nickelodeon achieved 0.8 rating during programming day in 1984's 4th quarter -- network's highest quarterly number so far.

U.S. Supreme Court has refused to consider lower court decision upholding 1983 FTC ruling ordering Bristol-Myers to stop making certain ad claims for Bufferin and Excedrin. FTC had ordered B-M to stop claiming both products relieve tension, contain unique ingredients, have been scientifically proved more effective than competitive products and that doctors recommend Bufferin more frequently than other pain killers.

President Reagan was to resume live weekly 5-min. radio broadcasts Jan. 26. Broadcasts began early in first term, were carried as paid political broadcasts after Feb. 4 because of campaign. President suspended broadcasts Nov. 8 while White House reorganized. ABC, CBS, NBC and MBS said they will carry broadcasts.

TV Critics Assn. (TCA) will make annual awards for career achievements and programs in comedy, drama, news, specials, sports, children's categories. TCA members will select winners in May for season April 15, 1984-April 15, 1985.

# Consumer Electronics®

A Section of *Television Digest* with *Consumer Electronics*

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 1985's first 2 weeks, through Jan. 11:

	DEC. 29- JAN. 11	1984 (2 WEEKS)	% CHANGE	DEC. 22-28	FULL YEAR 1984	FULL YEAR 1983	% CHANGE
TOTAL TV.....	346,429	566,508	-38.8	432,493	21,186,936*	19,827,039	+ 6.9
TOTAL COLOR...	289,291	407,940*	-29.1	341,483*	16,277,774*	14,129,598	+15.2
DIRECT-VIEW.	293,856	402,946*	-27.1	336,358*	16,082,580*	13,986,092	+15.0
PROJECTION..	4,435	4,994	+1.2	5,125*	195,194*	143,506	+36.0
MONOCHROME....	48,138	158,568	-69.6	91,010	4,909,152	5,697,441	-13.8
TV EXCL. PROJEC.	341,994	561,514	-39.1	427,368	20,991,732*	19,683,533	+ 6.6
HOME VCR.....	233,703*	136,394	+71.3	295,757**	7,615,791*	4,091,321	+86.1
COLOR CAMERAS...	10,507*	9,413	+11.6	19,770*	488,849*	413,614	+18.2

Color TV 5-week moving average: 1984-1985--268,062\*; 1983-1984--258,345 (up 3.9%).

Home VCR 5-week moving average: 1984-1985--207,460\*; 1983-1984--97,989 (up 111.7%).

\* Record for period. \*\* Highest figure on record.

**TV STEREO LOGJAM ABOUT TO BREAK:** Availability of multichannel TV sound (MTS) equipment, which has been major bottleneck keeping TV stations from going stereo, should improve markedly in next few weeks, with 2 companies now producing stereo generators and forecasting combined deliveries of 300 by midyear, enough to put up to 300 stations on air. (Only one unit is required, but many stations order spares).

We count 13 stations actually broadcasting MTS as of last Fri. (Jan. 25):

WTTW Chicago (PBS)	KATU Portland, Ore. (ABC)
WTIC-TV Hartford (ind.)	KIRO-TV Seattle (CBS)
WFSB Hartford (CBS)	KOMO-TV Seattle (ABC)
WTLV Jacksonville (ABC)	WNJT Trenton (PBS)*
KTNV-TV Las Vegas (ABC)	WDBB-TV Tuscaloosa (ind.)
KTLA L.A. (ind.)*	WTXX Waterbury, Conn. (ind.)
WNBC-TV N.Y. (NBC)*	

\* All stations are stereo-only except KTLA and WNBC-TV, which are equipped for both stereo and SAP, and WNJT, which is transmitting nonprogram-related SAP only (programs for blind).

Starting stereo tests last weekend was KPLR-TV St. Louis (ind.), planning to program regularly in couple weeks, to be followed by sister station KRBK-TV Sacramento (ind.). KTNV-TV Las Vegas says it started stereo broadcasting Jan. 1; it was used at CES by some exhibitors to demonstrate stereo TV. RCA Best. Equipment and CBS Technology Center are expected to take delivery of generators soon, as are unidentified low-power Alaska station and 24-hour music video WVJV-TV in Boston area. Although stereo generator availability is main barrier to stereo start for many stations, some need new exciters and/or extensive transmitter modifications as well.

Orban Assoc., San Francisco, will start shipping stereo generators this week, has 40 firm orders, will deliver 200 by midyear, according to Pres.-Gen. Mgr. John Delantoni. Competitor Modulation Sciences, Brooklyn, has been delivering small quantities for some time, will have 100 in field by midyear, we're told by Engineering Vp Eric Small. Another manufacturer, Best. Engineering Inc., says it will be in production this spring. Plans of 4th manufacturer, McMartin Industries, are indefinite.

Orban is also delivering low-cost (\$399 list) stereo synthesizer as companion product, since stations will have to depend largely on synthetic stereo for bulk of programming for some time. More sophisticated stereo synthesizer (about \$7,500) has been developed by Kintek Co., Waltham, Mass., and is being used now by WNBC-TV N.Y. System is able to distinguish between speech and other sounds (crowd noises, music, etc.), keeping speech in center while other sounds are wraparound or directional. Kintek is headed by David Blackmer, founder of dbx, now owned by BSR.

Dbx Engineering Vp Les Tyler said last week that circuit cards for stereo generators are being delivered. "We're beginning to feel comfortable in our commitment, and industry concern [about dbx's ability to deliver] is dying down." Orban uses dbx cards; Modulation Sciences has dbx license but makes own circuits.

TV set makers are concerned about high costs of producing receivers with MTS -- one manufacturer estimated stereo adds \$34 per set, with cost dipping only to \$30 this year. "We're selling it at cost right now," company official said. Several semiconductor manufacturers are working on single chip to replace 4 or so needed, but dbx says this won't be available before 1986. Intermediate step, new chip, will save perhaps 50¢-\$1, according to Tyler. Kintek's Blackmer, who was prime mover in designing original dbx chip, says that "in long run" manufacturers should be able to include MTS in all sets. In lots of 10 million industrywide, he estimates, decoder and compander circuitry on single chip eventually should cost \$1-\$1.50, and 2nd amplifier-speaker channel, if used, not over \$10.

**VCR IMPORTS ROSE, TV SAGGED IN NOV.:** While imports of such key video products as VCRs, color cameras and videotape players jumped strongly in Nov., shipments of complete color and b&w TVs sank, Commerce figures show.

VCR imports climbed 70.5% in Nov. to 960,500, to put 11-month shipments at 8.7 million, up 109.8%. New video import rising star, video tape players, jumped 177.1% in month to 7,600, for 11-month total of 52,300, up 110.8%. Videodisc players posted 4th consecutive monthly decline in Nov., falling 69.2% to 3,100, but at 90,600 were still ahead 34.5% for full period. In cameras, total shipments of 94,800 were up 62.5%, as color rose 65.6% to 84,300, b&w increased 41.5% to 10,500. For 11 months, total camera imports gained 77.6% to 771,300, with color up 84.2% to 662,400, b&w up 45.7% to 108,800. Imports of projection TVs rose 48.7% in Nov. to new all-time monthly record of 10,700, and were up 28.7% to 61,000 for full period.

Total imports of complete and incomplete TVs sank 18.6% to 1.04 million in Nov. as color dropped 15.8% to 582,900 and b&w fell 22.1% to 456,900. For full period, however, total imports were up 30.1% to 14.2 million, with color up 31.5% to 8.08 million, b&w up 28.3% to 6.14 million. In color, imports of complete sets were down 29.3% to 319,300, with nearly all major source countries participating in decline. Running counter to trend were Hong Kong, which had near 5-fold leap to 41,200, and Canada, with 38.8% rise to 13,300. Full-period complete color import total of 4.97 million was up 36.9%. Imports of color chassis & kits edged up 9.7% to 263,600, as rise in shipments from Far East offset decline in those from Mexico. That put 11-month total at 3.11 million, up 23.8%.

In b&w, all of month's decline came in imports of 11"-&-over sizes, which fell 39.3% to 254,700, erasing effect of 22.4% rise to 201,700 for smaller sets. For 11 months, imports of tinyvisions stood at 2.34 million, almost exactly double total of same 1983 period, while shipments of larger sets were up 5.2% to 3.79 million.

**COMPETITION RAGES IN VCP MARKET:** Videocassette player was nonexistent year ago, and even now it's unproved product with unknown potential. Despite that, host of companies are ignoring uncertainties to jump in with VCPs and promises of VCPs, and are engaged in intense price competition with players that in many cases won't be available for delivery until 2nd half of year.

Only 2 companies are known to be actually offering VHS VCPs for immediate delivery, both selling similar players made by same company, Japan's Funai. One is Portavideo International (PVI), which started market last year; other is HarJoy Inc. of Paramus, N.J., offering players under Funai brand.

HarJoy, working with Japanese trading company, is acting as sales agent for Funai, is likely to be folded into own-brand U.S. marketing organization Funai is planning to set up here later this year, according to Pres. Harvey Urman, former video marketer with Panasonic and Sharp. Operating as sales vp out of Atlanta is William Caire, who spent time with Panasonic, Sharp and Pioneer Video. In post of chmn. is Teijiro Kakutani, former Yashica (U.S.) pres.

Selling only to distributors in minimum quantities of 500, HarJoy, it's understood, at least matched PVI's claimed sales of 15,000 VCPs in 1984. While Urman wouldn't confirm total, he said volume is exceeding expectations. Main market, as would be expected, is video software dealers who rent, rather than sell, VCPs to consumers. Price is competitive with \$260 PVI charges, but if customer doesn't want full-year replacement warranty, HarJoy will deduct \$12 it charges for option. Dealer simply swaps distributor's nonfunctioning VCP for new or rebuilt player. Rental dealers "can't afford to have machines laid up for repairs, and our exchange program solves that problem for them," Urman said.

Funai-brand player, like one PVI offers, is ruggedized to withstand hard use and abuse expected from rental customer, and "really isn't priced to compete against VCRs" on retail sale front, Urman said. Now being readied for fall introduction, he told us, is version that could be retailed for under \$200, will be used to test consumer buying interest. Slot-load unit will have visual fast forward and reverse, feature video and audio in-out jacks and may have wired remote. Coming before that, Urman said, will be Funai's first VCR offering, with cable tuning, at \$300.

By time June CES rolls around there will be at least dozen VCP brands on market. At Winter CES, GE and Quasar, testing waters, were citing dealer costs in \$240-\$260 range for VHS model made by Matsushita. Panasonic, like Quasar, a Matsushita subsidiary, sees market too limited at that price, is sitting on VCP sidelines for now.

Korea's Gold Star was talking about \$220 dealer cost on VHS VCP it was showing but won't have available until end of March. Samsung, which showed VHS VCP at last Summer CES but didn't have it on display in Jan., was promising model that dealers could pick up for as little as \$160. Daewoo has Beta VCP, wasn't quoting prices at show, but unaffiliated importer, Davidcraft, was offering it to dealers at \$199.

Taiwan will be fully represented in coming VCP wars, too. Sampo has high hopes, in relatively small way, for unit it will start shipping in 2nd half that "should retail for \$199 or less," according to Pres. Felix Chen. At that price, he says, he expects multiple sales opportunities to open up. In addition to usual rental and play-only business-industrial markets, he sees demand coming from Beta VCR owners who would like low-cost VHS VCP to play rented cassettes and from VHS owners who now are considering adding second VCR but really intend to use it for playback only. Tatung also has player in works but wasn't showing one at WCES.

**Casio has adapted** its credit card calculator to come up with LCD wristwatch just 0.15" thick. Watch has most parts built into plastic case, runs 2 years on battery, will sell for about \$16. Casio says it plans to turn out 250,000 monthly.

**JVC plans to raise** production of VHS-C Video Movie camcorder this summer to 60,000 monthly from current 40,000. Unit is sold under JVC name and supplied to Zenith in U.S., ITT, Thomson group and Thorn EMI in Europe.

**RCA, NAP, CORNING NETS UP:** While RCA, North American Philips and Corning posted higher sales and earnings for 4th quarter and full year 1984, all suffered from margin squeeze being experienced throughout consumer electronics industry, they indicated in year-end reports (see financial table).

RCA net jumped 50.2% for year on 12.6% sales rise, and earnings were up 84.5% on 12.4% sales increase for quarter. Without effect of accounting changes, RCA earnings from continuing operations rose 66.1% for year and 84.5% for quarter. Full-year results are after \$175 million in pretax writeoff and \$17.1 million operating loss from discontinued videodisc business.

In consumer electronics, RCA said earnings for year were up on record sales, but added that "severe price competition, particularly in the last half of the year, has continued to adversely affect operating margins." Solid State Div. had record sales and earnings for year, and profit was up in quarter despite "heavy price competition and increased industry capacity." Chmn. Thornton Bradshaw said results "reflect a resurgence in the company's core businesses after a period of retrenchment and redeployment."

**NAP** said its consumer electronics business "registered improved sales and operating income" for full year despite tight margins, but 4th-quarter results "were adversely affected by continued severe price competition." NAP said it also had improved full-year results from electrical-electronic components and electrical consumer products segments.

Corning said electronic components, optical fibers and its telecommunications companies were strong performers in 1984. However, it noted, strong dollar resulted in intense competition with imports in U.S., created disadvantages in export markets.

In picture tube bulb sales, Corning said overall sales and earnings were down somewhat from 1983 "though they still were at respectable levels." Cited for part of decline was rise in share of sales mix of bulbs for smaller, lower-priced picture tubes. In final quarter, "industry conditions were soft," and Corning's tube glass plant in State College, Pa. operated well below capacity. Company said it's anticipating some pickup in glass demand from picture tube manufacturers in opening quarter this year, but "it's too early to call."

**TDK** consolidated net rose 19.9% to \$131.1 million in fiscal year to Nov. 30 on almost matching 20.1% sales growth to \$1.69 billion. While magnetic tape continued as company's largest business segment, volume rose only 9.5% to \$783.2 million to account for 46.3% of overall sales, down from 50.8%. Other segment sales: Coils and assembled components were up 40% to \$286.3 million, ceramic components rose 29.3% to \$196.3 million and ferrite cores and magnetic increased 25.1% to \$381.4

million. Company said overseas sales rose 19.6% to \$801.4 million, while volume in Japan increased 20.5% to \$738.8 million. TDK said it's looking for 12.2% rise in sales, 11.3% increase in net next year, but pointed out strength of yen in international monetary markets will influence final results.

**HARDENED COMPACT DISC:** High Reliance Compact Discs (HRCD), given extra coating of hard polycarbonate resin to make them more resistant to scratches, abrasion and warpage resulting from exposure to high temperatures, have hit market with release by Mobile Fidelity Sound Labs of its 4-disc Woodstock album.

HRCD is development of Sanyo, which is pressing limited quantities in Gifu, Japan. While Mobile doesn't have exclusive on new disc, "we are currently using all their production capacity," according to Pres. Herbert Belkin. While discs do offer longer life potential for home player owners, they were designed particularly to handle tougher environments discs meet when used in portable and auto CD players. Intention is "to perfect the properties originally prescribed to CD when they were originally released," he said.

Coating is placed on both surfaces, so HRCDs are somewhat "but not dramatically" thicker than 1.2mm standard, Belkin said. Deviation doesn't affect playback "as the fact of the matter is the [players'] lasers don't all read exactly at the same depth, so thickness is not a problem."

HRCDs are of course premium priced, and that in itself is likely to keep them out of market mainstream, Belkin said. While record companies are interested in improving their product, "I think that the downward pressure on CD pricing in the next 12 months will be greater than their inclination for a higher quality disc. As the mass market adapts, the quality criteria will be somewhat diminished," he said. "I guess my belief is that as the player costs come down there has to be a related drop in the price of the software for the market to be truly penetrated." History of record industry shows that "one of the tried and true ways to achieve that is to make discs less expensive at the manufacturing level."

CD player market already has started following path of traditional phonograph business, and there are a variety of qualities available. Mobile's high-priced HRCDs will appeal to consumers who buy more expensive players, rather than those who purchase low-end units with equivalent of BSR record changers built-in, Belkin said.

AppleLink is new Macintosh-based computer telecommunications network for retailers being launched jointly by Apple Computer and GE Information Services. Service will provide dealers with electronic mail, bulletin board for notices and access to data bases.

**INTERACTIVE VCR:** Interactive video system using unmodified VCR and decoder that can be made for as little as \$200 has been developed for industrial, educational and consumer use by new Intraview Systems Corp., and CBS Publishing has produced first software for system.

Intraview says system overcomes problems posed by computers (good interactivity but poor video) and videodiscs (good video but poor interactivity). Key component of system is low-profile console (that may be placed under VCR) to which VCR's output is connected. Console is plugged into TV. Console includes wired hand-held numeric keypad and joystick.

We observed demonstration in Las Vegas during CES that included CBS training tape for physicians on use of ultrasound technology and version of video arcade game. Both involved complex interactivity and, unlike videodisc programs, response was immediate -- screen was never blanked out.

Any VCR can be used, with specially prepared tape, although tapes prepared for interactive videodiscs can be adapted to system easily. Tapes have 4-way branching, give effect of 20 tracks of information. Actually, there are 4 audio tracks on screen, up to 4 branchable video tracks with motion, up to 20 with limited motion, plus digital data decoded by console that generates graphics but contains no expensive parts, according to developers. Interactive tapes can give quizzes with questions selected at random, keep score, provide music with still picture, change pictures in response to viewer's choice, react to user-manipulated arrow or cursor on screen, etc.

According to Intraview, tapes are edited in normal manner and computer graphics and instructions are prepared on computer disc. Intraview then merges multiple tapes and computer disc onto one master tape, which is duplicated in normal manner.

Intraview Systems Corp. is headed by Pres.-CEO Ross Heil, formerly a McCann-Erickson vp; co-founder Leonard Auerbach, an education professional, is vice chmn.; Grant Rollin, ex-Haskins & Sells, is secy. Technical development was supervised by Stuart Krasny of consultant SK&A Research, ex-IBM, Discovision Assoc. and EECO Inc.

Decoder box now costs about \$1,000, Heil said, but he expects this to drop to about \$500 by year's end, \$200 in 1986. Intraview plans commercial unit by midyear, consumer model by year's end. He said he's talking with consumer software people, envisions decoder system costing \$300-\$400 at retail in 1986.

Company says that prototype consoles are now available for use in program development and that it's meeting with programmers as well as domestic and foreign manufacturers. Officials say they plan to license "multiple manufacturers" to produce consoles, hope for volume production in midyear. Intraview's

address is 190 N. Wiget La., Suite 250, Walnut Creek, Cal. 94598. As of Feb. 15: 1600 Riviera Ave., 3rd floor, Walnut Creek 94596, 415-946-9880.

**VIDEO SOFTWARE BOOM:** Rate of growth in sales of videocassettes outstripped that of VCRs for first time according to annual industry survey by our sister publication Video Week, which indicates unit shipments to distributors jumped 163% to some 25 million in 1984, while wholesale value rose 147% to about \$900 million. Outlook for 1985 is for 44% rise in shipments to about 36 million. For blank videocassettes, respondents see 1985 market rising 36% to 167 million from 123 million last year.

Survey shows rental transactions accounted for 92% of retail action last year, but that's expected to decline to 86% as lower pricing improves sale picture. Feature films provided 80% of volume in 1984, are seen at 73% this year, with music videos making up most of difference. X-rated tapes are expected to hold steady at about 14% of market.

While roster of top 10 software marketers was unchanged, there were some significant moves in rankings. Particularly notable was Vestron Video's jump to 3rd place on 1984 list from 7th in 1983, and decline to 8th from tie for 4th by MGM/UA. There was no change in rankings of major duplicators, but last year Technicolor parent MacAndrews & Forbes acquired VCA, which gives that company an indicated 44% market share, making it largest entity in field. Here are results:

#### SOFTWARE MARKET SHARE

	1984		1983	
	Unit Sales	% Share	Unit Sales	% Share
CBS/Fox.....	3,825	15.4	1,638	18
Paramount...	3,800	15.2	1,638	18
Vestron.....	2,500	10.0	546	6
Warner.....	2,100	8.4	910	10
Disney.....	2,000	8.0	546	6
RCA/Columbia	1,901	7.6	1,092	12
MCA.....	1,901	7.6	728	8
MGM/UA.....	1,462	5.8	910	10
Thorn.....	1,125	4.5	455	5
Embassy.....	1,012	4.1	364	3

#### DUPLICATOR MARKET SHARE

	1984		1983	
	% Share	Units (mil.)	% Share	Units (mil.)
B&H/C.....	30	7.5	34	3.2
VCA Duplicating	26	6.5	22	2.2
Technicolor....	18	4.5	21	2.0
CBS/Fox.....	17	4.2	18	1.6
Others.....	9	2.3	5	0.5

**TUBE REBUILD REVIVING:** CRT rebuilding business, which went into slump in early 1970s, is bouncing back, but on strength of growing demand for replacements for display terminals rather than TV sets.

That's made clear in prospectus for recent 500,000-share \$2.38 million stock issue that sold out and took Video Display Corp. public. Prospectus says VDC holds about 24% share of U.S. market for rebuilt color tubes, claims firm is largest overall CRT rebuilder in U.S.

Company is unrelated outgrowth of Griffiths Electronics, rebuilding high flyer that went bankrupt in 1974. VDC Chmn.-founder Ronald Ordway, independent Griffiths shareholder, put together investment group of his own in 1975 and outbid former Griffiths management for firm's Atlanta plant and hq. VDC Exec. Vp Michael Donziger became Griffiths tube sales vp after his color tube rebuilding company, Empire Electronics, was acquired by Griffiths. He relaunched Empire in Jacksonville after Griffiths collapsed, and sold out to VDC in 1983.

VDC's earnings nearly tripled in fiscal 1984 to \$406,000 as sales doubled to just over \$7 million, and in opening 1985 half to Aug. 31, net jumped 75% to \$308,000 on 183% revenue rise to \$5.67 million. While bulk of improvement in 1984 sales stemmed from Empire acquisition, report shows that sales of non-TV tubes are soaring. They totaled just \$528,000 in fiscal 1983, jumped to \$1.62 million in 1984, were \$1.53 million in first half fiscal 1985, prospectus shows.

Atlanta plant is devoted now almost totally to rebuilding monochrome display tubes, with color handled at Jacksonville. VDC also owns 33% of La. color tube rebuilder Actron Electronics.

VDC is looking to cash in heavily on developing market for display terminal replacement tubes. Ordway said there are 13 million monochrome tubes in office use in U.S. now, projects 40 million by 1990, all with estimated life of about 7 years. There also are millions of tubes in home displays, and color display market is building rapidly, he said. VDC, he said, will have capability for rebuilding color display tubes in about 2 years.

Each display tube runs \$27 to \$800, depending on what's included. Ordway has contracts from some OEMs to supply tubes fully aligned, complete with yokes and drive electronics, making installation a fast job. VDC also supplies tubes using new glass for new equipment. Main competition comes from Clinton Electronics and Sylvania, but they offer limited numbers of types and new tubes only, Ordway said: "Nobody rebuilds in monochrome except us." VDC markets more than 2,500 tube types, sells through 300-400 stocking distributors.

Company works closely with U.S. and Japanese

terminal hardware manufacturers, few of which want to be in business of supplying replacement parts. "They direct business to us because we keep their customers happy," Ordway said. VDC also buys new tubes from GE, Eimac and NEC for sale to replacement market and smaller OEMs. That business accounts for about 20% of sales and is expected to grow.

Market for rebuilt color tubes "all comes from service contracts or warranty work -- our marketplace now is not necessarily the TV serviceman," as current low prices on new color sets have all but killed off replacement demand, Ordway said. VDC's biggest color customer is RCA Service, with Panasonic 2nd. Color tube activity is limited to regunning. "Nobody can afford to rescreen anymore."

**Most nonprice vertical** marketing restrictions imposed on franchised distributors and retailers by manufacturers won't be challenged by Justice Dept., according to new antitrust guidelines issued last week. Agreements limiting sales areas, granting exclusive selling rights and setting minimum performance standards for customers won't be investigated when manufacturer holds less than 10% market share or when involved dealers and distributors control less than 60% of market in their areas, guidelines state. While such arrangements do tend to result in higher prices to consumers, they don't in themselves constitute illegal price fixing, guidelines say. For that, there must be "direct or circumstantial evidence" to show marketers engaged in actual conspiracy to set prices at which merchandise is to be sold. DoJ said new guidelines are intended to support vertical marketing arrangements that contribute to business stability and to head off nuisance suits by disgruntled dealers.

**ITA annual seminar** March 20-23 in Tampa will focus on technologies, feature RCA Exec. Vp Roy Pollack discussing new directions for consumer electronics. Among presentations: Richard Lorbach, Kodak, on 8mm Video; Fukuzo Itoh, TDK, developments in magnetic tape; T. Kogure, Matsushita, digital audio tape; Seymour Gartenberg, CBS Records, media choices faced by music marketers. Details: ITA, 10 Columbus Circle, N.Y. 10019, 212-956-7110

**Microwave ovens** became best selling major appliance in history last year, as shipments by domestic producers and importers jumped 53.9% to 9.13 million, AHAM reports. Dec. shipments were up 27.6% to 953,000, which put 4th-quarter total at 2.95 million, up 40.3%. MW ovens led industry to record overall shipments of 39.4 million major appliances, up 21.5% from 1983, and topping previous record of 35.8 million set in 1973.

**Sanyo** plans to boost production of semiconductors from current \$4 million annually to \$400 million by 1990. In move toward that goal, company is investing \$5 million in new plant for manufacture of charge-coupled and gate array devices.

## Consumer Electronics Personals

**Kevin Dauphinee**, ex-ABC-TV, rejoins Dolby Labs as sales & mktg. vp... **Duncan Frederick**, former Sony Video Software Div. national sales mgr., moves to Sony Consumer Products as national special projects mgr. with responsibility for development of marketing and distribution programs for video and audio products... **John Calahan** retires as Sharp Consumer Video gen. mgr. this spring, duties being assumed by **Ronald Stoltenberg**, who recently joined from Sylvania... **William Owen** advanced to Zenith asst. gen. counsel; **John Van Zeyl** to senior attorney.

**Warren Lieberfarb** advanced from exec. vp-gen. mgr. to pres., Warner Home Video... **Philip Pictaggi** named MCA Home Entertainment Group operations and strategic planning vp, new post; **Steven Rothman**, business affairs dir., named vp... **Robin Olson** appointed Embassy Home Entertainment mktg. services mgr.

**Robert DeLellis** promoted at CBS/Fox Video to group vp; **Thomas Rooney** Consumer Products Div. licensor mktg. relations dir.; **Vincent Larinto** vp-gen. mgr.; **Susan Blodgett** mktg. dir.; **Robert Johnson** national sales mgr., Playhouse Video line; **Sam Puleo** vp-gen. mgr.; **Larry Andjulis** national sales mgr. for CBS/Fox Video line; **Mary Greiner** national sales mgr., Key Video.

**Chase Carey** promoted from senior vp, Pay Cable and Home Entertainment Group to senior vp, Columbia Pictures... **Shane Kinnear** named Vestron Video national sales mgr., Don Gold district sales mgr.

**Allan Schlosser** advanced at EIA Consumer Electronics Group from public affairs dir. to communications staff vp... **Roy Trakin** resigns as RIAA PR dir. to join Audio Environment as promotions dir... **Martin Levine** promoted at Consumer Electronics magazine to editor... **David Hajdu**, ex-Video Review, forms Dameron Press (269-1/2 W. 73 St., N.Y. 10023) developer of book versions of home video programs.

**Joe Davis**, outside dir. of BMC (Buckbee Mears), named acting pres.; **Carl Drake**, also outside dir., appointed temporary chmn., assuming former duties of **Ryal Poppa**, who resigned as chmn.-CEO to join Storage Technologies as chmn.-pres.-CEO... **Joseph Bradway**, who recently acquired 11% stake in RMS Electronics from holdings of Fink family, appointed chmn. of parts and accessories marketer, replacing **Arthur Fink**, who becomes vice chmn.

**Ghassan Kahwati** promoted at Kodak to pres. of Videk Div. of Eastman Technology, formed to produce and market intelligent vision systems for factory automation equipment... **Keiske Yawata**, former pres. of NEC's U.S. semiconductor operation, joins LSI Logic as pres. of its Japanese IC manufacturing venture... **John Stanger**, who retired at year end as GE Credit Corp. vice chmn., named Signal Capital chmn.

**DUAL-DECK VCR:** VCR innovation guaranteed to give MPAA's antipiracy force fits is dual-deck machine, similar to twin-deck audio cassette recorders that members of worldwide music industry have been complaining about for last couple of years. First 2-deck VCR we've seen is Sharp VHS unit, designed for European PAL and SECAM standards, marketed in Middle East for about \$935.

Unit, which Sharp calls Double-Cassette VCR, is just 17.7" wide, houses pair of slot-load decks side by side, offers only one (EP) record-play speed, comes with single remote control tuner-timer. Decks can function independently or in tandem. One can be used for off-air recording while other is playing back; when both are used either for record or playback, one starts up when other runs out of tape -- auto-rewind can provide continuous playback. And of course there's that other option, one that has software marketers fuming: Copying from one deck to other, something that heretofore has required 2 separate VCRs.

Big advantage for twin-deck unit lies in ease and quality of editing, Sharp's brochure states. "Simple 'one-touch editing' system" makes whole process uncomplicated, "picture quality of the newly edited tape is superior to those edited using 2 systems because of shorter circuitry, newly developed video heads and no external connection."

Model, however, isn't on schedule for U.S. introduction, according to Sharp Consumer Video Gen. Mgr. John Calahan. "For the moment at least, that model is not under consideration" as addition to line. Staff in U.S. only recently wrapped up product discussions with factory representatives from Japanese parent, and twin-deck "wasn't even explored," he told us.

Sharp isn't only Japanese VCR manufacturer that looked at dual-deck concept, but none seems anxious to blaze trail here, even though there's no current question of legality. In Betamax decision last year (TVD Jan 23/84 p22), Supreme Court said that for copying equipment to be legal for sale "it need merely be capable of substantial noninfringing uses." But there's awareness of political impact unit could have here. Representative for another major marketer told us prototype was shown to him in Japan. He said he turned it down and warned that exporting such units to States would help MPAA rally support for tougher copyright regulations.

Import surcharge proposal, supported by Motorola as way to cut U.S. trade deficit (TVD Jan 21 p14), is under study by EIA International Business Council, which is expected to submit report in Washington in March. EIA also expects input from NAM task force. Meanwhile, Sen. Danforth (R-Mo.) said his trade subcommittee staff would study idea. In Europe, EEC spokesman warned that any U.S. import surcharge would be matched by one there imposed on U.S. exports.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Avnet</b>			
1984-6 mo. to Dec. 28	827,481,000	31,900,000	.90*
1983-6 mo. to Dec. 31	751,252,000	39,943,000	1.13
1984-qtr. to Dec. 28	395,050,000	12,003,000	.34*
1983-qtr. to Dec. 31	395,794,000	21,261,000	.60
<b>C-COR Electronics</b>			
1984-6 mo. to Dec. 31	13,350,000	298,000	.10
1983-6 mo. to Dec. 31	7,602,000	538,000	.16
1984-qtr. to Dec. 31	6,456,000	96,000	.03
1983-qtr. to Dec. 31	3,708,000	238,000	.07
<b>Corning Glass</b>			
1984-year to Dec. 30	1,732,700,000	100,300,000	4.75*
1984-year to Jan. 1	1,589,400,000	92,200,000	4.38*
1984-qtr. to Dec. 30	404,100,000	16,900,000	.80*
1984-qtr. to Jan. 1	377,200,000	16,300,000	.78*
<b>Emerson Radio</b>			
1984-9 mo. to Dec. 31	267,500,000	11,001,000	.70
1983-9 mo. to Dec. 31	136,473,000	7,647,000	.47*
1984-qtr. to Dec. 31	107,830,000	4,848,000	.31
1983-qtr. to Dec. 31	53,596,000	2,104,000	.13*
<b>LIN Bcstg.</b>			
1984-year to Dec. 31	148,844,000	29,088,000	1.31*
1983-year to Dec. 31	107,333,000	23,528,000	1.06
1984-qtr. to Dec. 31	43,262,000	9,303,000	.42*
1983-qtr. to Dec. 31	32,143,000	7,974,000	.36
<b>Microdyne</b>			
1984-year to Oct. 28	27,975,000	222,000	.05*
1983-year to Oct. 30	23,660,000	1,403,000	.30
1984-qtr. to Oct. 28	6,970,000	(981,000)	--
1983-qtr. to Oct. 30	6,477,000	430,000	.09
<b>3M</b>			
1984-year to Dec. 31	7,705,000,000	733,000,000	6.27
1983-year to Dec. 31	7,039,000,000	667,000,000	5.67
1984-qtr. to Dec. 31	1,879,000,000	167,000,000	1.43
1983-qtr. to Dec. 31	1,756,000,000	163,000,000	1.39
<b>Motorola</b>			
1984-year to Dec. 31	5,534,000,000	387,000,000	3.27
1983-year to Dec. 31	4,328,000,000	244,000,000	2.09*
1984-qtr. to Dec. 31	1,485,000,000	87,000,000	.73
1983-qtr. to Dec. 31	1,268,000,000	95,000,000	.81*
<b>North American Philips</b>			
1984-year to Dec. 31	4,325,946,000	130,527,000	4.53
1983-year to Dec. 31	3,799,825,000	95,712,000	3.38*
1984-qtr. to Dec. 31	1,248,397,000	41,505,000	1.44
1983-qtr. to Dec. 31	1,120,325,000	37,095,000	1.29*
<b>Park Communications</b>			
1984-year to Dec. 31	106,398,000	14,053,000	1.53
1983-year to Dec. 31	93,837,000	11,180,000	1.31
1984-qtr. to Dec. 31	30,049,000	5,089,000	.55
1983-qtr. to Dec. 31	26,149,000	4,061,000	.46
<b>Raytheon</b>			
1984-year to Dec. 31	5,996,000,000	243,200,000	2.88
1983-year to Dec. 31	5,631,000,000	300,100,000	3.55*
1984-qtr. to Dec. 31	1,567,000,000	89,600,000	1.06
1983-qtr. to Dec. 31	1,468,000,000	73,400,000	.87*
<b>RCA</b>			
1984-year to Dec. 31	10,111,600,000	341,000,000	3.30*
1983-year to Dec. 31	8,977,300,000	227,000,000	1.93*
1984-qtr. to Dec. 31	2,792,800,000	102,800,000	1.03
1983-qtr. to Dec. 31	2,484,400,000	74,900,000	.70*
<b>Regency Electronics</b>			
1984-6 mo. to Dec. 31	56,687,446	2,743,786	.26
1983-6 mo. to Dec. 31	51,562,826	4,593,909	.43
1984-qtr. to Dec. 31	29,022,839	1,361,633	.13
1983-qtr. to Dec. 31	26,735,431	2,281,108	.21

Company & Period	Revenues	Net Earnings	Per Share
<b>Scientific-Atlanta</b>			
1984-6 mo. to Dec. 31	216,335,000	7,427,000	.32
1983-6 mo. to Dec. 31	191,965,000	5,965,000	.25
1984-qtr. to Dec. 31	109,416,000	4,098,000	.18
1983-qtr. to Dec. 31	95,110,000	3,457,000	.15
<b>Scripps-Howard Bcstg.</b>			
1984-year to Dec. 31	117,985,000	18,158,000	1.76
1983-year to Dec. 31	100,631,000	17,558,000	1.70
1984-qtr. to Dec. 31	33,731,000	6,370,000	.62
1983-qtr. to Dec. 31	29,464,000	5,400,000	.52
<b>Taft Bcstg.</b>			
1984-9 mo. to Dec. 31	309,702,000	42,444,000	4.56
1983-9 mo. to Dec. 31	387,487,000	33,197,000	3.40
1984-qtr. to Dec. 31	107,287,000	13,634,000	1.47
1983-qtr. to Dec. 31	112,630,000	11,264,000	1.19
<b>TDK*</b>			
1984-year to Nov. 30	1,638,100,000	126,900,000	2.32*
1983-year to Nov. 30	1,364,200,000	105,900,000	1.94*
<b>United Artists Communications</b>			
1984-14 wk. to Dec. 6	96,392,000	2,080,000	.21*
1983-14 wk. to Dec. 8	81,994,000	523,000	.05*
<b>Walt Disney Productions</b>			
1984-qtr. to Dec. 31	426,530,000	32,189,000	.95
1983-qtr. to Dec. 31	302,159,000	85,102,000	2.46*

Notes: \*After special charge. <sup>a</sup>Includes special credit. <sup>c</sup>Adjusted. <sup>d</sup>Restated. <sup>e</sup>At yen's current rate. <sup>f</sup>Per ADR. <sup>g</sup>Restated including special credit.

**U.S. Supreme Court** decision on whether to review Appeals Court reinstatement of Zenith-NUE \$3 billion antitrust suit against group of Japanese manufacturers is expected in mid-Feb. Case is understood to be on agenda for Feb. 15, and determination, if made, would be issued Feb. 18. Japanese TV makers, with support from U.S. and Japanese govts., are asking court to overturn order that case be returned to Dist. Court for trial (TVD Jan 14 p12). Our report on support brief filed by Justice Dept. indicated agency noted Japanese dumping of TVs here and granting of rebates to U.S. customers. Actual reference, however, was to "alleged secret rebates and sales at dumping prices."

**EIA board** in Phoenix last week approved formation of telephone equipment coordinating committee to help eliminate overlap between Consumer Electronics and Information & Telecommunications Groups, we're told by Pres. Peter McCloskey. To minimize duplications, CEG will have responsibility in telephone marketing, state legislation and sales promotion, while ITG concentrates on technical standards and state and federal regulatory agencies. Coordinating committee, open to all CEG and ITG companies, will act in oversight capacity, keep each group informed of other's activities. Those joining committee get right to vote on any telephone-related issues before either group.

**Sony** has received license from Hazeltine Corp. to make radios that can receive Kahn AM stereo system. Sony makes universal AM stereo radios capable of receiving all systems.