

# TELEVISION DIGEST®

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

With Consumer Electronics

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**CABLE ADS UP 18.2%:** Revenue topped \$3 billion in 1991. Main growth in regional and local; networks slow. McKinney predicts double-digit gain through decade; ad agency official disagrees. Results contrast with broadcast, other media. (P. 1)

**INTV ATTENDANCE DOWN:** San Francisco convention to be hurt by recession, but Hedlund says it will be 'terrific.' Speakers include 3 FCC commissioners, 2 dozen other govt. officials. No kidvid session. (P. 3)

**HOAX RULE CALLED CHILLING:** NAB backs concept of fine for fake broadcasts, but raises First Amendment concerns. Imprecision of terms cited. Says FCC should act only if harm is real. (P. 3)

**FAIRNESS DECISION HIT** by Dingell, Bliley. Say 3-2 FCC decision on KARK-TV Little Rock 'compounds error' of repealing doctrine. FCC says requirement for balanced political coverage comes only from no-longer-applicable doctrine. (P. 4)

**GOP HOLD ON CPB FUNDING:** Senate leaders delay action, but spokesman is vague about rationale. APTS sees programming as likely factor. Its Lawson sees strong support, is confident of action when Congress returns. (P. 4)

**NATPE TO FEATURE FCC:** Four commissioners, Diller, Valenti, Naisbitt among speakers. Preregistration down, but attendance -- and opulence -- expected to be up. (P. 5)

**CABLE ADS GROW WHILE BROADCAST IS FLAT:** Cable ad revenue climbed another 18.2% in 1991, topping \$3 billion, according to new figures from Cabletelevision Ad Bureau (CAB). Growth is sharp contrast to broadcast and other media, which have experienced level or falling ad revenue. Cable officials said they expect double-digit gains to continue because advertisers are aware of cable audience expansion and broadcast audience losses, and because cable will make it easier for agencies to buy time. But one ad agency executive said cable ad business has matured and increases will be in line with those of entire ad industry.

Cable ad revenue in 1991 was 13 times as high as it was in 1982, CAB said, when it totaled \$230 million -- \$195 million for national cable networks, \$32 million in local ads and only \$3 million on regional sports and news networks. Figures are sharp contrast to broadcast results, in total dollars and growth. Duff & Phelps, in separate analysis, estimated that network ads dropped 2% to \$9.4 billion in 1991, spot ads were flat at \$7.9 billion and local ads would be unchanged at \$7.87 billion. Firm predicted only modest growth in broadcast revenue for 1992.

Biggest cable ad growth has been on regional sports and news channels, CAB said. Regional channels are smallest part of cable ad pie, accounting for only \$134 million in 1991, though it jumped 30% last year, 39%

### Consumer Electronics

**ELECTION/OLYMPIC YEARS** since 1967 have seen TV sales records 5 out of 6 times, with average gain of 13.7% over preceding years. Is this clue to 1992? (P. 7)

**1992 BUSINESS--LITTLE CHANGE** seen in our forecast, TV up 4% for 2nd best year in history, projection up 5% to record, VCRs down 2%, camcorders up 2%. (P. 7)

**JAPAN SLOWING CAMCORDER** shipments, with exports to U.S. falling below same year-earlier month in Nov. after 14 months of increases. (P. 9)

**PHILIPS DCC RECORDER** won't be available on mass market until Sept., at \$700 list. Company denies slippage from target in market date or pricing. (P. 9)

**ZENITH SEES STABILITY** in 1992, McCarthy predicting increases of about 5% in most products, suggesting retailers follow manufacturers in pricing restraint. (P. 11)

**NEWMARK & LEWIS SEEKS BUYER** or investor after closing 12 more stores. Company says it has had inquiries from 3-4 companies, seeks others. (P. 11)

**GHOST-CANCELLATION TESTS** involving 5 systems over 3 Washington TV stations completed. NAB expects to announce results in about 3 weeks. (P. 11)

**EUROPEAN HDTV:** EC's watered-down plan keeps HD-MAC option, leaves open door for digital system. (P. 12)

in 1990. Ads on local cable systems were up 21% in 1991 to \$761 million, after growing 27% in 1990. Biggest slowdown was among national cable networks, CAB reporting their ad revenue rose 16.5% to \$2.1 billion. Growth rate is down sharply from 25% rate previous year. Arbitron ad figures for 6 large cable networks showed even smaller gain -- 9.6% to \$878 million for first 9 months of 1991, vs. 16.5% year earlier.

"There hasn't been tremendous growth recently in national cable advertising, but there has been a lot in local," said Jonathan Mandel, senior vp of Grey Adv., which placed \$104 million in cable ads last year. He said he doubted CAB figures, calling Bureau "a cheerleader for the industry." He said cable ads "did grow hugely over the last 10 years, but that growth has slowed tremendously. It's now more in line with everybody else because cable is just another accepted medium, just like everybody else."

However, CAB is projecting continued strong growth, with revenue expected to climb 18% to \$3.55 billion in 1992. CAB Pres. Thomas McKinney said cable audience gains and increasing advertiser awareness will guarantee double-digit growth for at least 3-5 years, and probably through next decade. He told us there's still "tremendous gap" between cable's audience share -- 24, according to him -- and its 10% share of ad revenue. Just narrowing gap will assure continued growth, he said. However, Mandel said "it could be argued that cable already gets more than its share" because of declining ratings of many cable networks.

Making it easier for advertisers and agencies to buy cable will be main factor in closing gap, McKinney said. Cable industry claims that its total audience is equivalent to that of one major broadcast network, but officials acknowledge that buying ads on cable reaching audience of that size is much more difficult than buying on one broadcast network. Ad agencies, especially those trimming staffs in recession, are reluctant to make effort to buy spots on 68 cable networks and thousands of local systems, McKinney said.

McKinney expects one solution to be tested this year, with several companies working on computer-based systems that would allow agency simply to type request for proposals for ad time into personal computer, get quick responses from networks and systems, then use computer to order time. He predicted system would be operational in 3-5 years. Main problem is assuring compatibility between advertisers' computers and those of cable operators, he said. Even that won't solve problems of having to distribute multiple copies of ads and deal with billing and handling problems, said William Lemanski, pres. of Cable Media Inc., which makes local ad buys for agencies: "We have to make it easier to buy cable."

Many cable systems don't have ad capability. Lemanski estimated that only about 70% of systems have ad salesmen and ad insertion equipment (McKinney said they account for at least 80% of subscribers, since larger systems usually do have that capability). Most of those without equipment are smaller and have little local business to justify selling local ads, Lemanski said, so percentage with ad capability has virtually peaked. McKinney said declining price of insertion equipment will encourage more to add it, and Lemanski said about 5 companies are looking at alternatives, including using satellites to deliver ads to all cable systems in metropolitan market. CableLabs also is working on digital ad insertion equipment (TVD Dec 16 p5). Much of local ad growth is result of systems' adding ad capability. Mandel said that 10 years ago (when local ad revenue totaled only about \$32 million, according to CAB) only 20% of cable systems had local ad capability.

Local ad sales will be big growth area for cable, Lemanski predicted: "Cable ads are just beginning to catch up with the amount of audience." He said local ads have continued to gain, despite huge financial problems of local car dealers, which traditionally have been cable ad leaders. That means cable has been able to attract new categories of advertisers that will stay with it when economic recovery begins, Lemanski said.

Gradually increasing cable ad rates also will boost industry revenue, Lemanski predicted. He said cable still charges much less per thousand viewers than broadcast, mainly because cable had to use lower rates to attract advertisers that weren't familiar with medium. Those advertisers have resisted cable's efforts to move toward rate parity with broadcast, he said, but problem gradually will be resolved. However, Mandel said rate gap isn't likely to narrow significantly because "you can't pay the same [cost per thousand] for the lower ratings."

Expansion in number of cable networks could be problem for advertisers, Mandel warned, because it would mean lower ratings for each. For example, video compression, which makes possible 150 channels instead of 50, could cut each channel's share to 0.5 from 1.5, making it more difficult for advertiser to reach enough audience to justify cost and effort, he said. But cable officials say fragmentation of audience will make it easier for advertisers to target specific audiences.

**ATTENDANCE DROPOFF EXPECTED AT INTV:** Despite fact there will be fewer people attending INTV convention in San Francisco this week, "I'm expecting a terrific convention," Pres. James Hedlund told us. "By far the overriding issue is the economy." He said preregistration is "fairly good," but didn't give figure. While nearly all station members will be represented, Hedlund said, there will be fewer people because stations and syndicators have cut back on number they send.

There was sharp drop of 500 in attendance at 1991 convention from 1990 (both in L.A.) to only 850. Convention runs Jan. 8-10, with Jan. 8-9 afternoons reserved for screening of programming of 3 dozen exhibitors. All major programmers are back in fold, including Paramount and Buena Vista, which weren't part of Century Plaza show last year.

INTV didn't invite any members of Congress this year but FCC Comrs. Quello, Marshall and Duggan will be among some 2 dozen other govt. officials there. Commissioners will be on Jan. 10 panel, questioned by trade press reporters; NTIA Dir. Janice Obuchowski, whose resignation is effective at end of month, canceled appearance. Always popular feature is Jan. 9 "Public Policy Breakfast" featuring FCC, congressional and Administration officials.

Convention Chmn. Michael Eigner, WPIX N.Y., plans at opening session to give upbeat report on audiences of independent stations, followed by reports from INTV Chmn. Randall Smith, WPHL-TV Philadelphia, and Hedlund. Keynote address, "Free TV: Meeting the Demands of a Changing Decade," will be delivered by David Londoner, managing dir. of Wertheim, Schroder & Co. Panel on "Sleeping with the Enemy?" will put spotlight on cable and telcos.

For first time in memory, there's no session devoted strictly to children's TV -- despite fact FCC's new kidvid rules became effective last week. However, subject is sure to be brought up at commissioners' panel as well as others. INTV board meets day before convention, with FCC rulemaking to permit network ownership of cable systems, cable-telco and prime-time access rule as major issues.

**All communications services** provided by cable company aren't protected by pole attachment section of Cable Act, USTA argued in petition for FCC reconsideration of its decision involving TCI system in Tex. (TVD Nov 25 p7). In that action, FCC said Tex. Utilities Electric Co. had violated law by charging higher pole attachment fee for portion of TCI cable that's used to carry data, rather than TV programming. USTA, which said it was unaware of original proceeding, said FCC order "confuses the term cable system with cable operator." Limits on pole attachment fees in Cable Act apply only to segments of cable that carry video programming, not to all services provided by cable operator, USTA said. TCI uses some of optical fibers in Dallas system to carry nonvideo broadband data for Dallas Morning News, medical school, other businesses. FCC said wide definition of cable system was justified because Congress envisioned cable as eventual competitor in voice, data, other nonvideo services. However, USTA said Act clearly defined cable systems as only those portions carrying video. It also said: (1) FCC order, which is its first dealing with issue, ignored fact that fiber facilities may require different clearances between cables than do coaxial. (2) Action infringes on state authority to oversee common carrier activities and "upsets the careful federal-state jurisdictional balance and obscures the threshold for permissible state regulation of intrastate common carrier services."

**TBS Chmn. Ted Turner** was named Time magazine "Man of the Year." Magazine cited impact of CNN coverage of Gulf War, Soviet coup, breakup of Soviet Union, emergence of Yeltsin, etc. Time Warner owns 21% of Turner Bestg.

**ESPN's sports radio** network debuted Jan. 1 with 140 affiliate stations, including 9 of top 10 markets. Network provides 16 hours of radio sports programs each weekend, plus weekday commentaries.

**While FCC motives** are "salutary, there is great danger" that proposed Commission rule on broadcast hoaxes "will have the effect of chilling broadcast speech and reducing program diversity without corresponding public benefit." That's view of NAB in comments in proposed rulemaking. Proposal would permit FCC to issue sanctions, such as fines, short of license revocation for hoax broadcasts (TVD Oct 28 p5). Assn. asked Commission to consider whether "regulation of the sort envisioned is appropriate, particularly in view of the significant First Amendment implications of such action." Problems in crafting hoax rule "so narrowly drawn as to be potentially able to pass constitutional muster" is demonstrated by FCC's difficulty in defining "the plethora of comparative terms" used in rulemaking notice, NAB said. If rule is adopted, Assn. suggested that Commission limit "intrusiveness of regulation by requiring real and significant physical harm to persons or property in order for the rule to be violated." Broadcast of drama programming "intended to cause a significant emotional reaction" could violate proposed rule, NAB said.

**FCC renewed license** of Pinelands Bcstg. for WWOR-TV N.Y.-Secaucus and denied competing application of Garden State Bestg. Commission upheld finding of law judge that Garden State abused FCC processes by filing its application for primary purpose of reaching financial settlement with WWOR-TV owners. Agency also agreed that Garden State lacked candor in its responses to FCC queries, citing what it called repeated memory lapses by company officials. Judge originally had approved settlement agreement in which Garden State would withdraw its application for \$2 million payment, but FCC remanded case so judge could consider abuse issue (TVD March 4 p4). In separate action, FCC allowed KMJJ(FM) Shreveport to upgrade transmission facilities and change frequency. Owner had appealed earlier FCC channel assignment to U.S. Appeals Court, D.C., saying Commission had violated Administrative Procedure Act in frequency assignment.

**FCC--FAIRNESS DOESN'T APPLY TO BALLOT:** On 3-2 vote, FCC denied fairness complaint against KARK-TV Little Rock dealing with ballot issue. Ark. AFL-CIO and Committee Against Amendment 2 complained that station had failed to give adequate coverage to opponents of 1990 referendum involving Ark. usury limits. Commission majority (Sikes, Quello, Marshall) said any requirement that licensees provide "balanced coverage of ballot issues is entirely derived from the fairness doctrine" -- which was repealed by FCC in 1987. Comrs. Duggan and Barrett dissented.

FCC decision immediately drew wrath of doctrine supporters House Commerce Committee Chmn. Dingell (D-Mich.) and Rep. Bliley (R-Va.). "I am offended by this latest evidence of the Commission's willingness to turn a blind eye to the public interest," Dingell said. Decision "compounds an error" that FCC made when it repealed fairness doctrine as unconstitutional "and I am confident that ultimately the folly of these 2 decisions will be remedied by the Congress." Bliley, member of Telecom Subcommittee, said action is "another bad decision in a string of bad ones on the fairness doctrine by the FCC."

In dissent, Barrett said he "made clear" his support for doctrine at his 2 confirmation hearings and "I continue to believe in its policy objectives. While I do not intend to push for its readoption, I must dissent to the determination not to apply the fairness doctrine principles to ballot issues."

In Dec. 1990, several public interest groups appealed to 8th U.S. Appeals Court, St. Louis, Commission's failure to act in Little Rock case before Nov. 1990 election. Court had told Commission to issue its decision by end of year; FCC announcement, released Jan. 2, said action was taken Dec. 31. Order itself is expected to be released this week. Briefs are due in court next month.

**NAB** warned its TV members that FCC intends strong enforcement of children's TV regulations that became effective New Year's Day. NAB Exec. Vp-Gen. Counsel Henry Baumann said rules "are very, very important" and FCC is "really going to mean business... It's an enforcement-minded Commission." He said stations that don't comply strictly can expect petitions to deny to be filed against renewal applications, and that Action for Childrens' TV already has prepared videotape telling citizens' groups how to prepare such petitions. Groups are being organized in several cities to monitor station compliance with rules.

**CBS** affiliate KMST Monterey, Cal., said it will shift prime-time start of network programming to 7 p.m. in Feb. to coincide with similar move by KPIX (also CBS) San Francisco. NBC affiliate KRON-TV San Francisco also announced earlier prime-time start beginning in Feb. but network told us Jan. 3 it still hasn't given KRON-TV permission to do so. KRON-TV official said station is attempting to work it out with NBC and "we're still making plans to make the move."

**NBC** TV lost picture and sound toward end of Jan. 1 telecast of Orange Bowl when power cables to main production truck burned out. Picture was off completely for 18 sec., and network didn't have regular image or audio for 15 min. NBC got back on air by switching to Japanese feed using only one camera. For several min., game commentary was delivered by Gayle Gardner and Paul Maguire from N.Y. studio. Bowl officials speculated that heavy rain, which forced cancellation of halftime show, caused power outage.

**GOP LEADERSHIP ORIGIN OF CPB HOLD:** Hold placed on CPB reauthorization bill in Senate late last session (TVD Dec 9 p3) apparently originated with Republican leadership. Said APTS Dir.-National Affairs John Lawson: "We have a hell of a lot of support in the Senate on both sides of the aisle, and I feel confident that that support can be mobilized if push comes to shove when Congress returns." Formal reconvening is Jan. 21.

Walt Riker, spokesman for Senate Minority Leader Dole (R-Kan.), noted that CPB already is funded for 2 years (through fiscal year ending Sept. 30, 1993) and "we'll have to take a hard look at additional funds." He said number of concerns led to hold, although budget deficit was only one he cited. Asked whether programming was another element, he said measure's opponents want "everything [to be] under review." Riker declined to identify lawmakers who requested hold, but said there's "significant concern" in GOP ranks about reauthorization.

APTS and NPR expressed belief that hold reflected GOP displeasure over programming to some extent. NPR said recently that "we... understand that the issues raised concern content or balance of some CPB-funded programming" and that hold "is a potentially serious situation, and unfortunately it may not be resolved easily." APTS's Lawson termed hold "an example of how we as an industry have to fight for our [editorial] integrity" from ideological and other interest groups. "I put this hold in that context."

Cal.'s public TV and radio stations plan to seek renewal of state funding, although introduction of bill isn't likely to be sought until next year, when it's projected that state budget situation will have improved. Stations received slightly more than \$2 million annually until 1983, when then-Gov. George Deukmejian (R) vetoed spending; current Gov. Pete Wilson (R), who backed CPB appropriations when in U.S. Senate, is seen as supporter. Cal. stations originally decided to seek \$25-\$30 million in annual support, but consultant Scott Anderson said he's not sure that figure remains realistic given budget shortfall. Meanwhile, public TV stations in Tex. -- one of handful of other states in which public broadcasters receive no support -- have organized outreach campaign that Tex. Public Bestg. Assn. Chmn. Noel Smith said could lead eventually to request for state funding. He suggested, however, that stations were more likely to seek support for specific projects rather than general funding, which it's felt is more susceptible to economic downturns.

**CATA** is 2nd group to appeal FCC decision on video dial tone (VDT). CATA, like NCTA (TVD Dec 30 p6), said ruling that telcos don't need cable franchise misinterprets 1984 Cable Act. In 2-page petition filed Dec. 31 in U.S. Appeals Court, D.C., CATA said FCC decision (TVD Oct 28 p1) is "in direct conflict with both the letter and intent" of Cable Act. CATA Pres. Stephen Effros said ruling "goes far beyond the traditional efforts to establish a level playing field. It would allow the telephone companies to enter the cable business free of the same substantial burdens that cable operators face -- local franchises, franchise fees and oversight by local regulators."

Broadcast stations on air, as of Dec. 31, according to FCC: AM 4,985, FM commercial 4,570, FM educational 1,507, UHF commercial 576, VHF commercial 556, UHF educational 234, VHF educational 123, FM translators and boosters 1,892, UHF translators 2,330, VHF translators 2,702, UHF LPTV 742, VHF LPTV 232.

**NATPE REGISTRATION DOWN:** Four FCC commissioners and Fox Chmn. Barry Diller are among key speakers for NATPE convention Jan. 21-24 at New Orleans Convention Center. Preregistration and exhibitor sign-ups have been slowed by recession, organizers said, but attendance still could top last year's 8,700 since 30-40% typically register on-site. Return to past years' convention floor glitz and opulence is expected to accelerate after several years that were slowed by convention policy and impact of Gulf War.

Preregistration for convention is down 10% from same time last year, organizers said, possibly because of economy. Number of exhibitors also is down, to 250 from last year's 277, but more could sign on. Floor space is 98% committed, with 5,000 sq. ft. still available. Even though exhibitors' count is down, they have committed to using same 245,000 sq. ft. as last year, organizers said.

FCC Chmn. Sikes is scheduled to make "major address" at Iris Awards session at 10:30 a.m., Jan. 23. Comrs. Duggan, Marshall and Quello are slated for FCC seminar Jan. 22, 5 p.m. Session will be moderated by lawyer Michael Gardner. Diller will give opening keynote at 10:30 a.m., Jan. 21. Other general session speakers are from outside industry, first time that NATPE has booked such persons for general sessions in bid to broaden industry's information base. They include Megatrends 2000 author John Naisbitt, 8:30 a.m., Jan. 21; Northwestern U. ad and direct marketing Prof. Donald Schultz, 8:30 a.m., Jan. 22; psychologist and gerontologist Kenneth Dychtwald speaking on aging, 8:30 a.m., Jan. 23. NATPE also has scheduled general session on racism and intolerance on TV, 10:30 a.m., Jan. 22, no speakers announced. There are fewer panel sessions than in past, organizers said, in order to streamline such sessions and assure quality speakers.

Delivery system of future will be subject of panel moderated by TV anchor Linda Ellerbee 9:30 a.m., Jan. 23. Panelists include Robert Levi of Turner Entertainment TV, Julius Barnathan of Cap/ABC, James Ramo of Hughes Communications, ex-Rep. Tauke (R-Ia.), now of Nynex; MSTV Pres. Margita White. International seminar at 5 p.m., Jan. 21, will include Joseph Flaherty of CBS and Raymond Gallagher of British Sky Bestg. "Big Guns of Syndication" panel at 11:30 a.m., Jan. 22, includes Dennis Gillespie of Viacom, Steve Goldinian of Paramount, Donald Hacker of Tribune, Robert Jacquemin of Buena Vista, Roger King of King World, Michael Lambert of 20th TV, Richard Robertson of Warner Bros., Shelly Schwab of MCA, Barry Thurston of Columbia, Robert Turner of Multimedia, Derek Zimmerman of Group W. Other sessions include: (1) 9:30 a.m., Jan. 22, on why TV stations aren't getting their share of income, including James Rosenfield of Blair TV and John Suhler of Veronis, Suhler. (2) At same time, local program panel includes Trygve Myhren of Providence Journal Co. (3) 10:30 a.m., Jan. 23, "International Debate" between Jack Valenti, pres. of MPAA, and Harold Greenberg of Montreal's Astral Inc.

Channel America founder David Post will announce new program service for independent and LPTV stations called Producers Showcase TV (PSTV) at NATPE convention Jan. 21-24. PSTV will transmit pilots of new programs, then give viewers opportunity to call in and review them. Post said goal is to air more new shows and give producers better input into their quality. PSTV, which will offer shows to stations on barter basis, said it has lined up about 20 programs, including game shows, comedy-talk shows, sitcom, kid shows, reality series. Transmission via satellite will begin on limited basis in few months, Post said, with formal national launch in fall.

**FCC Mass Media Bureau** has upheld revocation of license of WAST(AM) Ashtabula, O., and dismissal of application to transfer station to Phillip Cantagallo. Station has been dark without authority since May 30, 1984, and license was revoked after licensee Quests Inc. failed to file notice of appearance at revocation hearing. Said FCC: "The licensee does not maintain an address in Ashtabula and the licensee no longer possesses the station's real or broadcast-related property and is incapable of operation." Cantagallo, who owns 65% of WAQI Inc., 44% stockholder of Quests, had sought to acquire WAST from majority owner Arthur Cervi. However, said Commission, since Quest's license was revoked "there was nothing to assign... A solid line of cases affirms the doctrine that a licensee found unqualified cannot assign its license."

**Meetings:** CNN and International news coverage will be topic of Jan. 16 lunch of Washington Cable Club, Washington Marriott. Speakers include Eason Jordan, vp-managing editor-CNN International Desk, Peter Vesey, vp-CNN International; Frank Sesno, anchor; Ralph Begleiter, correspondent -- 703-358-2770... Public service broadcasters will discuss European children's TV Jan. 23 at European Bestg. Union office in Brussels -- 41-22-717-2053... Ariz. Cable TV Assn. will hold annual meeting Feb. 4-5 at Hyatt Regency, Phoenix -- 602-955-4122... Blenheim Group will sponsor conference on **Financing TV and Cinema** Feb. 17-18, British Academy of Film & TV Arts in London -- 44-81-742-2828... N. Central Cable TV Assn. annual convention is March 16-18, Hyatt Regency, Minneapolis -- 612-641-0268.

**Request TV** said it will offer free B-MAC encryption equipment to all standalone cable systems and those that aren't affiliated with Request. Pay-per-view programmer said action brings cable compression one step closer. Request announced in Oct. that it would provide Scientific-Atlanta B-MAC equipment to its affiliates. James Ganley, exec. vp of Request parent Reiss Media, said decision will "help pave the way for new and exciting types of pay-per-view programming which are currently unavailable due to security considerations." Request continues to use General Instrument's VideoCipher for some encryption.

**Several public interest** groups, led by Center for the Study of Commercialism (CSC), asked FCC Jan. 3 to require that stations, during "infomercial" programs, show "continuous symbol [on screen] that would identify them as commercials." CLC charged infomercials "prey upon unsuspecting viewers" who think "they are watching objective programming... The Commission has fallen asleep at the wheel and now is the time for it to wake up and apply its [sponsorship identification] rules to all programs."

**Del. Chancery Court** upheld removal of Italian financier Giancarlo Parretti from control of MGM-Pathe, citing at least 9 "materially disruptive" breaches of agreements. Officials said decision cleared way for CEO Alan Ladd Jr. to manage studio. Effort to oust Parretti, who was arrested earlier in Dec. in Italy on tax charges, was backed by banker Credit Lyonnais.

**American Public Radio** revenue rose 24% to \$6.1 million in year ended last June 30, it said in recent annual report. Program carriage fees jumped 40% to \$2.44 million, station affiliation fees nearly 16% to \$1.59 million, grants nearly 29% to \$1.44 million. Number of affiliated stations rose 42 to 418.

## Personals

**Dennis FitzSimons**, vp-gen. mgr., WGN-TV Chicago, appointed pres. of newly formed Tribune TV Div., will be in charge of Tribune's 7 TV stations; he will be succeeded at WGN-TV by **Peter Walker**, vp-gen. mgr., KTLA L.A.... **Lee Salzberger**, KOTV Tulsa, named pres.-gen. mgr., WVEC-TV Hampton-Norfolk, succeeding **William Beindorf**, retired.... **David Boylan** promoted to pres.-gen. mgr., WGHP-TV Greensboro-High Point, by new owner Great American Communications.

**Brenda Fox**, gen. counsel, NCTA, joins Washington law firm Dow, Lohnes & Albertson Feb. 15 as senior partner and head of cable law practice, replacing **John Davis** and **Donna Gregg**, who moved to Wiley, Rein & Fielding; search for Fox successor is under way.... Changes at Washington law firm Leventhal, Senter & Lerman: **Stephen Baruch** and **Sally Buckman** become members; **Evan Carb** becomes an assoc.... **David Polinger** retires as WPIX N.Y. senior vp, will start own communications firm.

**Thomas Shannon**, vp-syndication sales, Multimedia Entertainment, promoted to senior vp-dir.-station sales, succeeded by **Fred Petrisino**.... **Barbara Hall**, co-dir.-development, Kennedy Center for Performing Arts, joins NPR next month as vp-development, succeeding **Jane Couch**, now at National Trust for Historic Preservation.... **Brian Lay**, ex-WHDH-TV Boston, named engineering mgr., KING-TV Seattle; **Vivi Ziegler** moves from station mgr., KSBY-TV San Luis Obispo, to KING-TV mktg. and ad dir.

**Mary Beth Richards**, chief, Enforcement Div., FCC Common Carrier Bureau, named to same post, Field Operations Bureau, succeeded as acting chief by **Greg**

**Weiss**, deputy chief, Enforcement Div., Common Carrier Bureau. FCC retirements: **Alfred Franz**, Private Radio Bureau attorney; **Will McGibbon**, engineer, Office of Engineering & Technology.

**Howard Homonoff**, counsel, House Telecom Subcommittee, appointed dir.-corporate and legal affairs, Continental Cablevision.... **David Lamothe**, production mgr./engineering operations, WSB-TV Atlanta, named dir.-bcst. operations.... NTIA Schedule -- Jan. 9-10: Dir. **Janice Obuchowski** and Deputy Dir. **Thomas Sugrue** participate on 2nd German Bilateral at State Dept.

French independent TV channel La Cinq filed for bankruptcy last week after 4 years of losses. Stockholders, led by 25% owner Hachette, had said that they wouldn't keep pumping money into channel, which is expected to announce losses of more than \$190 million for 1991. La Cinq billed itself as family entertainment channel, but got most attention for its late-night soft-core pornography.

## OBITUARY

**Earl W. Kintner**, 79, retired partner in Washington law firm Arent, Fox, Kintner, Plotkin & Kahn and FTC chmn. 1959-1961, died Dec. 28 of congestive heart failure at Sibley Memorial Hospital, Washington. Expert on antitrust law, he was critical of TV advertising, claiming much of it was false and misleading. In 1960, FTC issued record number of complaints alleging false advertising and deceptive trade practices. Graduate of Ind. U. Law School, Kintner served in Navy during World War II. Wife, son, daughter survive.

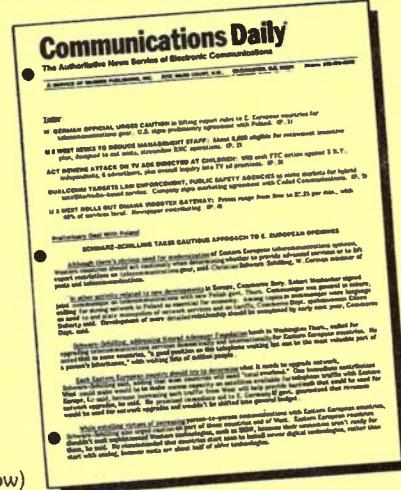
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# Consumer Electronics

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## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of 6-week Dec. and year to date:

	DEC. 14-20	1990 WEEK	% CHANGE	DEC. 7-13	51 WEEKS 1991	51 WEEKS 1990	% CHANGE
TOTAL COLOR.....	471,990*	389,320	+15.6	443,670	20,005,291	20,735,365	- 3.5
DIRECT-VIEW...	460,461*	397,492	+15.8	433,047	19,636,167	20,395,755	- 3.7
TV ONLY.....	445,725*	385,272	+15.7	415,131	18,992,217	19,981,063	- 4.9
TV/VCR COMBO.	11,439*	10,608	+20.5	17,916	643,950**	414,692	+55.3
PROJECTION....	11,439*	10,608	+ 7.8	10,623	369,124**	339,610	+ 8.7
VCR DECKS.....	270,718	203,127	+33.3	230,638	10,425,435	9,906,451	+ 5.2
CAMCORDERS.....	72,923	82,491	-11.6	54,601	2,792,541	2,890,721*	- 3.4

Direct-view TV 5-week average: 1991--471,666\*; 1990--448,536 (up 5.2%).

VCR deck 5-week average: 1991--288,629; 1990--242,759 (up 18.9%).

Camcorder 5-week average: 1991--72,780; 1990--86,589\* (down 16.2%).

\* Record for period. \*\* Exceeds full-year record.

**ELECTION/OLYMPIC YEARS--BANNER SALES FOR TV?** Quadrennial combination of Presidential election and Olympic Games, so industry legend goes, means extraordinarily good sales for TV sets. Common logic is that political pump-priming of economy by incumbents puts consumers in enough of spending mood so they buy new color TVs to watch Olympics.

Bearing in mind that 1992 is Presidential election and Olympic year, we examined historical data in attempt to determine truth or falsity of legend and perhaps shed some light on business prospects for new year. We analyzed color TV unit sales as reported by EIA for every year since maturing of color TV business -- 1967 through 1990. Here's what we found:

There were 6 Presidential/Olympic years during period, and color TV unit sales set records in 5 of them. Sales for each of 6 years showed increase over preceding year, average gain being 13.7%. Of 18 non-Olympic years, 11 reflected increases over preceding year and 6 showed decreases. As opposed to 13.7% average rise in Presidential years, average change in nonquadrennial year was increase of 4.8%, indicating -- at least statistically -- that Presidential/Olympic years were nearly 3 times as good as average years (in terms of comparison with preceding year). Ten of 18 non-Olympic years -- just 55.5% of them -- set records, as opposed to 5 of 6 -- 83.1% -- of Olympic years.

Here are quadrennial-year increases over preceding years in color TV unit sales to dealers: 1968--11.5%; 1972--22.2%; 1976--18.7%; 1980--10.3%; 1984--15%; 1988--4.6%. Except for 1976, every one of those years set new record for color unit sales. Interestingly, last election/Olympic year (1988) saw lowest percentage increase and only single-digit percentage rise. We won't attempt to interpret this.

Or anything else, either. All we can conclude is that statistically the old truism holds up. So if you're grasping at straws of hope for 1992, this is a good one to clutch.

**1992 BUSINESS--NOT MUCH CHANGE FROM 1991:** Major improvement in consumer TV-video sales this year doesn't seem to be in cards. Outlook, as we see it, is for reasonably good increase in color, projection TV squeaking out another record, VCR sales continuing above 10 million but running slightly below last year, and camcorders still stuck below 3 million.

With 2 weeks' sales still to be reported -- EIA has added extra week to 1991, making it 53-week year to bring its statistical calendar into more meaningful comparisons with preceding year in 1992 -- here's

reasonable facsimile of 1991's outcome, preceded by our forecast of sales for this year and followed by 1990 figures:

Product	1992	1991	1992	1990	1991
	(Forecast)	(Estimated)	vs. 1991		vs. 1990
Total color...	21,400,000	20,521,000	+ 4.3%	21,159,798	- 3.0%
direct-view.	21,000,000	20,140,000	+ 4.3%	20,808,396	- 3.2%
projection..	400,000*	381,000**	+ 5.0%	351,402	+ 8.4%
VCR decks.....	10,500,000	10,691,000	- 1.8%	10,118,139	+ 5.7%
Camcorders....	2,900,000	2,850,000	+ 1.8%	2,961,691	- 3.8%

\* Projected record. \*\* Record.

Yes, it's a Presidential/Olympic year, but there's little politicians can do in Washington to relieve unemployment quickly enough and make people feel good enough to run out and make extremely postponable purchases, such as camcorders. However, as in past recession years, TV will become even more of necessity because it will provide greater proportion of average family's entertainment, and new TV provides relatively inexpensive substitute for vacation. For this reason -- and because of Olympics, as well -- we think big-screen sales will continue to rise as percentage of color, while total color TV sales rise as well.

**Color TV:** 1992 will be 2nd best year in history (after 1989) in direct-view color TV unit sales, at 21 million. It will be best in history for projection TV, which will have 3rd consecutive record year at 400,000 units. Because projection showed it wasn't recession-proof with slowdown in 1991's 4th quarter, we think record will be broken by only small amount.

**VCR Decks:** Still replacement market, but VCR has become almost as much of necessity for American consumer as color TV, and bargains will be snapped up again, but perhaps not as fast a pace as in 1991, but VCR decks should wind up 1992 at very respectable 10.5 million.

**Camcorders:** Most postponable of all mass-market purchases, for 3rd consecutive year their sales will run out of gas just short of 3 million units. Crumbling prices, with starting point inching below \$500, will make camcorder attractive buy and be responsible for whatever slight increase in unit sales 1992 registers. As for formats, 8mm will dominate with well over half of market, and VHS-C will rise slightly -- both at expense of full-size, which will dip from 33% in 1991 to around 15% this year.

**New Audio Products:** Digital Compact Cassette (DCC) system will make bow en masse in Sept. -- later in year than some of us had been led to believe (see separate report, this issue). Number available this year will be too negligible even to be counted in audio figures, main issue being whether Philips can salvage its credibility by putting out enough units to constitute real market debut. As for Mini Disc (MD), most likely it will get Japanese introduction at Oct. Audio Fair, which happens to coincide with 10th anniversary of first Sony CD player delivered in Japanese market.

**Multimedia and Interactive Video:** Not the ideal year to introduce new category of product to consumers. Consumer electronics and computer manufacturers still will speak completely different languages, but will come somewhat closer as forward-looking companies in both industries begin making alliances -- a la Apple-Sony, Altec-IBM. Those who say computer will be the next TV set and those who say TV set will be the next computer may start talking near end of year, despite opposition to that kind of marriage by Silicon Valley software prima donnas who look down on TV sets and therefore assume all consumers have computers.

Jury will be out all year on CD-I and CDTV, and success of TV-based multimedia products will be neither assured nor written off by next New Year. Commodore plans to assume position straddling computer and video worlds for CDTV, while Philips stresses audio capabilities and hopes that introduction of CD-I players by other major players will boost format.

**Videogames:** Biggest question is how Nintendo will react to what apparently were slower-than-expected sales of Super Nintendo Entertainment System (SNES) in 1991 and momentum gained by Sega Genesis. If, as expected, Nintendo drops current \$199 SNES price within shooting range of \$149 Genesis, market should expand for both systems. CD-ROM accessories, now available only for TurboGrafx, will become more important as both Sega and Nintendo should have players and software on market by end of year. Seasoned veteran 8-bit NES will continue to draw some entry-level business.

**JAPAN SLOWING DOWN CAMCORDER SHIPMENTS:** Japan finally got around to locking barn door about a year after recession got away with all the horses. Official Finance Ministry export figures show camcorder shipments to U.S. in Nov. actually were below same year-earlier month after 14 consecutive months of soaring increases. For only 2nd time in 1991, Japanese exports to U.S. were below sales to dealers for same month.

So much for good news. Bad news is that Japanese camcorder shipments here for 1991's first 11 months were more than million units higher than sales in same period -- 3,574,731 vs. 2,507,068 -- resulting in heavy inventory overhang into 1992. In Nov., Japan shipped 296,930 camcorders to U.S., down 17.7% from Nov. 1990, and considerably below 370,778 sold to U.S. dealers in same month. Nov. shipments were lowest since May. More than 99% of camcorders shipped to U.S. come from Japan.

Average price of camcorder shipped from Japan, in yen, were lowest for any month in history -- 70,458 yen, down about 1% from Nov. 1990, which set record for lowest average price that year. In dollars, based on average 130-yen exchange rate in Nov., average camcorder price came to \$541.98, down 1.7% from Nov. 1990, but above record low of \$531.50 in March 1991.

Japan exported 574,083 VCR decks to U.S. in Nov., down 23.2% from year earlier, and 11-month shipments were down 21.2%. However, Japan in 1991 was source for only about half of VCRs reaching U.S. Average VCR price in yen was up 0.1% from year earlier, and in dollars (\$229.29) up 1.1%, or \$2.55. VCR shipments were lowest since June.

CD players from Japan in Nov. were up 33.7% from year earlier in year's (and probably history's) 2nd biggest month. For 11 months, 5.4 million CD players were shipped here from Japan, 17.6% ahead of 1990 figure. Videodisc player total for 11 months came in at just under 250,000, reasonably in line with sales figures reported by EIA.

Japanese exports to Canada for Nov. (11 months in parentheses): Color TV 102 sets, down 97.4% (7,060, down 60.5%); VCRs 39,954, down 33.1% (471,507, down 19.1%); camcorders 35,737, up 7.1% (322,217, up 48.1%); CD players 50,642, up 33% (449,609, up 8.4%); videodisc players 2,128, up 24% (17,373, up 15.6%). Here's summary of unit exports from Japan to U.S. for Nov. and 1971's first 11 months:

Product	Nov. '91	Nov. '90	% Chg.	11 Mo. '91	11 Mo. '90	% Chg.
Color TV.....	11,355	18,139	-37.4	121,080	145,889	-17.0
VCR decks.....	574,083	747,551	-23.2	6,176,624	7,838,618	-21.2
Camcorders.....	296,930	360,644	-17.7	3,574,731	2,821,100	+26.7
CD players.....	648,665	485,244	+33.7	5,409,154	4,600,693	+17.6
Videodisc players	32,683	35,594	+27.7	242,166	249,683	-3.0

**PHILIPS PLANS 3-PHASE DCC LAUNCH AT \$700 LIST:** Philips' first DCC recorder will list for \$700 and won't be available in "mass" quantities until Sept., senior executives plan to reveal at news conference Wed. (Jan. 8) on eve of Consumer Electronics Show (CES) in Las Vegas. Street price of DCC-900 will remain "very close" to \$700 list, they said.

Company officials denied announcements represent any slippage in date or serious price escalation. As reported in today's issue of Audio Week, Philips (U.S.) Audio Mktg. Vp Frans Schmetz said U.S. rollout would occur in 3 phases: (1) April-May warm-up period that will see first machines arrive in extremely limited supply, intended for display and training purposes only, not for sale to public. (2) June-Aug. "prelaunch campaign" that will include delivery of first machines for sale through audio/video specialty dealers in "selected" markets. (3) Sept. stepup in activity that will see product become available in broader distribution channels, including power retailers and mass merchants, but not discount department stores or catalog showrooms.

Software availability in first phase will be mainly of "sampler" variety, Schmetz said, while Philips expects 100-120 software titles will be available during June-Aug. prelaunch campaign, and "guarantees" that 500 will ready for Sept. blitz.

In giving most detailed description of DCC launch plans to date, Schmetz said 3-phase plan meets schedule announced year ago, when Eindhoven executives talked of launch in first half 1992 (TVD Jan 14/91

p11). While Philips hq there issued strong denial of published U.S. report that system launch had been delayed until 1992's 4th quarter (TVD Nov 25 p14), "world launch party" originally scheduled for April 30 in Paris to herald arrival of first machines in stores has been postponed until Sept. (at undetermined European site) to coincide with mass shipment schedule.

Philips apparently has reverted to original plan of launching hardware simultaneously throughout world, judging from interviews with sources outside U.S. that point to same 3-phase timetable as that being employed stateside.

Preliminary estimates year ago were that first Philips hardware would cost \$500-\$600, based on decision to position first-generation DCC decks as mainstream high-end recorders. In that context, Philips said then, DCC and DAT won't be competitors because DAT always will be high-priced equivalent of reel-to-reel machines. At \$700 list, DCC-900 would cost about \$100 more than \$599 street price of Sony DTC-700 DAT deck, following \$200 price reduction announced Nov. 15. Moreover, Sony has said it expects to introduce new DAT models in spring at comparable prices.

Schmetz conceded that \$700 ticket for DCC-900 was higher than estimates year ago, but said projections of key component costs normally are more accurate when made closer to introduction than those made 18 months in advance. He insisted \$700 ticket was palatable price point even for high-volume mass merchants and power retailers, saying success of other products in same price range attested to ability of larger dealers to merchandise new technologies at prices well above commodity level. He said prices "will come down rapidly" as product goes through natural evolution.

Japanese news accounts said Philips' Marantz Japan would start DCC production in spring, with products to be sold under Philips and Marantz brands throughout world. New Marantz USA brand distributed by Bang & Olufsen plans to market higher-end derivative of Philips machine at time of "system launch," Mktg. Mgr. David Birch-Jones said. He has gone on record as saying that DD-700, \$799, will be drawn from Japan facility. Philips previously had said it plans to build machines in Vienna (where it has VCR factory) and Japan.

At this week's CES, said Schmetz, Philips plans to show prototype of car DCC deck and personal stereo. Car DCC will fall under jurisdiction of Philips Car Stereo subsidiary in Mich., which reports directly to Philips Car Stereo International hq in Wetzlar, Germany, and is independent of Philips Consumer Electronics operations in Knoxville. As for personal portable, Schmetz said Philips expects to introduce product at June 1993 CES in Chicago. Technics has said it plans to introduce portable DCC recorder at roughly same time as first home deck sometime in 2nd half.

**Color TV sales** to dealers (including projection and VCR combos) passed 20-million mark for 1991 in year's 51st week (see State of the Industry), but still were 3.5% below last year's figure for same period. Fourth week of Dec. (which will have 6 weeks this year for statistical purposes) set records in direct-view and projection color and TV/VCR combos, while VCR decks were up 33.3% from same 1990 week, in 5th consecutive week of advances over last year. Only dark spot was camcorders, down 11.6% in 7th straight decline from 1990 week.

**Plans to buy color TV** in Dec. were unchanged from Nov., according to Conference Board survey, which found 7% of consumers expected to buy set in next 6 months, same as revised Nov. figure and down slightly from 7.1% in Dec. 1990. Highest figure for 1991 was 8.5% in March, lowest was 6.6% in Feb.

**Coping with "Consumer Days"** at summer Consumer Electronics Show (CES) in Chicago will be subject of free seminars for prospective exhibitors, featuring trade show and exhibit experts Feb. 3 at L.A. Airport, Feb. 5 at Chicago's O'Hare, Feb. 7 at Newark Airport -- Summer CES Exhibitor Hot Line, 202-457-8776.

"**Home fax**" machine, said to be first "priced to sell at the magic \$299 price point," has been introduced by ToteVision. Model HF-100 uses standard fax paper rolls, has automatic fax/phone switch, can accommodate user's phone-answering device.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 125 yen = \$1, except where noted.

#### TV DIGEST CES EXTRA THIS WEEK

Television Digest's Consumer Electronics Show Extra will be available only at CES in Las Vegas beginning next Thurs., Jan. 9. Also distributed at show will be Audio Week Extra. Both publications will cover news breaking after deadline for this issue, including EIA's consensus forecasts for 1992, and will be distributed free as a service to our subscribers. Next Monday's regular edition of TV Digest (Jan. 13) will carry more detailed reports on CES.

**ZENITH SEES STABILITY:** Conceding that "we are eternally optimistic," Zenith Senior Vp Gerald McCarthy forecasts stronger business in virtually all categories this year, with price stability finally within reach.

Long-time complaint about manufacturers' irresponsibility in pricing has given way to concern over retailers' price policies, McCarthy indicated. "We sense that through 1991 manufacturers have been acting more responsibly with regard to price. From the manufacturing side, the situation is probably as healthy as we've seen for a long time. [Last year] it was the retailer making the margin hit and not the manufacturers. Retailers now have the same profitability problems as we manufacturers, and we believe they will conclude that price-cutting is not the answer."

Price-cutting at retail was particularly rampant in slow Christmas season. "We have read that some discount operations appeared to do well during the holidays, and this led other retailers to get far more aggressive in promotion than they otherwise would be... The answer isn't to chase the price spiral down to the point where there's no sand left in the hourglass. I hope they'll take a long, hard look at business in 1992 and recognize that stability will solve their problems."

McCarthy sees most video product categories running about 5% ahead of 1991 this year. In color, he forecasts sales of 21 million sets, "based on the belief that we are going to see an overall turnaround in the economy in the 2nd quarter." First quarter, as well, could be somewhat stronger than last year because of downturn early in 1991 as result of Gulf War, he said. He sees VCR decks rising about 5%, camcorder sales at some 3.3 million units, projection TV at 400,000.

New emphasis in VHS-C format is predicted by McCarthy as result of rampant price-cutting on 8mm in 4th quarter. "In the last couple of weeks, I've heard more comments from retailers about switching the public to C than I've heard in a long time." Large inventories will result in rough first half, he believes, particularly in 8mm.

Among products that could experience good growth this year is laserdisc, whose potential currently isn't being realized, McCarthy indicated. "It hasn't yet caught the fancy of the retailer," he said, adding that industry must interest retailer in selling that product, erasing "the confusion with the videodisc product of several years ago."

**NEWMARK & LEWIS ON BLOCK:** Only days after announcing it would close 12 of remaining 26 stores, Newmark & Lewis, once-dominant electronics and appliance chain on L.I., said it's looking for someone to buy or invest in it. Pres.-CEO Ronald Fleisher said it already had inquiries from 3-4 companies in industry and had sent offering memorandum to 100 other potential investors. He said company didn't list asking price in letter, instead wants to "find out how much it will bring."

Newmark & Lewis, which filed for Chapter 11 bankruptcy Aug. 30 (TVD Sept 2 p14), issued news release on New Year's Eve attributing latest downsizing to "continuing weak performance in the retailing industry as a whole and, more particularly, in its own local market area." Stores to be closed include 5 in Brooklyn and 7 on L.I., leaving it with 14 -- 10 on L.I. and single units in Brooklyn, Bronx, Stamford, Conn., and northern N.Y.C. suburb of Hartsdale. Company began last year with 67 stores, but announced in summer it would close 11 of 14 in N.J. it had acquired

earlier from Brick Church (TVD July 15 p11), later shuttered 29 more when it filed for Chapter 11.

Fleisher said all except one of stores being closed was generating operating profit, but company needed to consolidate operations. Letter to potential buyers, he said, indicates that "time is of the essence," but he declined to set date by which deal must be completed for chain to survive. He said he expects some responses to letter this week and plans to hold meeting with interested parties at Consumer Electronics Show in Las Vegas this week.

Meanwhile, Peter Lewis, senior vp and son of Co-Chmn. Richard Lewis, has resigned to become merchandising executive at SaveMart, 28-store Bronx-based electronics chain.

**GHOST TESTS COMPLETE:** Solution to one of oldest technical problems in TV may be at hand, as NAB rang out old year with disclosure that field tests of ghost canceling systems had been completed and expressed hope that FCC would approve single system in new year. Results of tests will be announced in report in about 3 weeks, said Lynn Claudy, NAB dir. of advanced engineering and technology.

Five systems were tested at 100 sites in Washington area, using 3 stations -- WRC-TV, WDCA and WFTY -- at cost of about \$75,000. Systems tested were those proposed by Bestg. Technology Assn. of Japan, Zenith-AT&T Microelectronics, Thomson Consumer Electronics-David Sarnoff Research Center, Samsung Electronics, Philips Labs. NAB tests were supported either financially or with facilities by Maximum Service TV (MSTV), EIA, CableLabs, PBS.

Since all systems require transmission of signal by TV stations, approval by FCC is required, and Claudy expressed hope that industry could agree on single system that will be endorsed by FCC on basis of tests. "The system that performs best in one situation is not necessarily the best in another," Claudy said tests showed. Ghost canceling, "difficult to test in the lab," turned out to be "ridiculously easy in the field."

When standard is selected, stations are expected to adopt system as soon as equipment is available. Cost for stations to convert is low -- "from a few hundred dollars to \$10,000," depending on equipment already on hand. Goal is to select single standard compatible with NTSC. NAB decided it wasn't necessary to adopt system compatible with HDTV, which would have slowed selection. HDTV system adopted is expected to involve its own ghost canceling technology.

Noting that ghosts have been major problem since first TV transmissions in 1930s, Claudy said "ghost canceling is a technology whose time has come."

Travelpilot vehicle navigation system is now available for sale in eastern U.S., Blaupunkt announced. Expansion from west coast was made possible by increased production, company said, as well as introduction by Etak Inc. of CD-ROM maps covering east coast, midwestern, southeastern and southwestern cities. In addition to navigation information (showing car location, street names, etc.), maps include business listings of interest to tourists and travelers. Travelpilot lists for \$2,495 plus installation, price Blaupunkt says is less than first cellular phones.

**EUROPE HDTV--WHO WON?** While Philips has expressed mild satisfaction with European Community's watered-down HDTV directive (TVD Dec 23 p3), widely held view in Europe was that TV manufacturers suffered defeat.

EC Council of Ministers rejected proposals for compulsory start of D2-MAC satellite transmissions in 1993, and instead agreed to make that standard compulsory only for satellite services launched after Jan. 1995. Although decision theoretically opens door to \$1.3 million in subsidies for broadcasters and equipment makers, that requires agreement by EC member govts. And finally, EC agreement no longer binds satellite broadcasters to HD-MAC, but authorizes them to substitute digital HDTV.

In blistering editorial headed "A TV Trap Avoided," Financial Times (FT) called prospects for HD-MAC "increasingly doubtful" because of risk that it will be "rendered obsolete by more modern digital standards being developed in the U.S."

Among "lessons of this debacle" cited by FT: EC's "HDTV strategy started from a fundamentally flawed premise, dictated largely by the defensive self-interest of Philips and Thomson, [which] lobbied for European standards not as a way to promote demand and the supply of new services, but to erect barriers to competition from Japanese manufacturers."

FT faulted EC for failure to "consult broadcasters, consumer organizations and TV viewers" and said new agreement "should give Thomson and Philips a bigger incentive to try to meet market demand, rather than to manipulate it in favor of themselves" since it paves way for "most advanced services at the lowest possible cost."

Thomson Consumer Electronics complained that EC "surrendered to the broadcasters." FT editorial could be vulnerable to attack on ground that paper is controlled by Rupert Murdoch, major satellite broadcaster and opponent of D2-MAC.

Less well-known than HD-MAC is project called VADIS, part of same Eureka operation. VADIS (which stands for Video-Audio Digital Interactive System) stems from Eureka 625 project inaugurated in April to develop digital TV compression to "allow digital audio-visual services to be carried by digital storage devices and telecommunications networks, as well as satellite, cable and terrestrial TV channels." Partners in VADIS project include TV makers Philips, Thomson and Nokia, in addition to BBC and telecommunication bodies and universities from most Western European countries.

**NEW SANYO/FISHER PRODUCTS:** Showcase of future technologies will lead Sanyo/Fisher display at Consumer Electronics Show this week. Company will offer 2 handheld devices -- CD-I player with 4" flip-up color LCD display and electronic book player with 3.6" monochrome LCD screen -- both being "considered for late 1992 introduction." Prospective additions to children's Robo line are CD-I player and CD+Graphics player. Company also will show S-VHS Hi-Fi Mid-Mount VCR with digital memory sound system that plays back recorded audio at normal speed in high-speed tape modes. Other products to be showcased include digital compact cassette (DCC) deck and magneto-optical CD recording deck.

Additions to Fisher line will include 8mm camcorder in nonbinocular design with 8X zoom, fuzzy logic, wireless

remote, 4 shutter speeds, available this month at \$700. (Apparently identical model with Sanyo label is \$100 more.) Fisher brand is adding 4 new MTS TVs, including 20" (\$320), 25" (\$430) and 27" (\$530) models with front-firing speakers, 178 channels, on-screen picture control, timer, remote. Additional 20" set has comb filter, Active Color Equalizer circuitry, surround sound, \$370. Line also adds 4-head hi-fi VCR with auto head cleaning system, digital auto-tracking, \$370.

Fisher will introduce 5 A/V systems at \$1,700-\$3,000, top package to include 27" MTS TV, 135W receiver, Dolby Pro Logic surround sound processor/amplifier, center channel speaker, programmable A/V remote.

Sanyo line also will have karaoke laserdisc combi player (\$800).

**LCD TV DUMPING RULE UPHELD:** Commerce Dept. finalized its ruling of last Jan. (TVD Jan 29/90 p13) that LCD TV sets imported from Japan fall under its antidumping ruling and are subject to same penalties as sets with CRTs.

In latest of long series of rulings with similar effect, Commerce said that despite fact that LCD TVs weren't known when it first found dumping of Japanese TV sets in 1971, they serve same purpose as tube sets and, like tube sets, have tuner, IF amplifier, audio processing circuitry, color separation circuitry, speaker, display device, housing, user controls, power source, antenna.

Zenith and Thomson opposed making exception for LCD TVs, while exception was requested by large number of Japanese manufacturers plus Corning. Corning, which has been major proponent of antidumping penalties on imports of tube type sets, argued that since it exports fusion-formed flat glass to Japan for LCD manufacture, it was being injured by failure to exclude flat TVs from ruling. Corning proposed limiting exclusion to sets with screens 4" or less, in color, self-powered and with Corning-made glass.

Commerce ruled Corning wasn't interested party but considered its argument anyway, since some Japanese companies endorsed its request. Commerce said Corning's argument didn't prove "changed circumstances" with respect to antidumping ruling against Japanese manufacturers. As for Corning's request to narrow definition of excluded LCD TVs, it said it found no support from domestic manufacturers whose TV business was likely to be injured.

**LCD TV sales** in Japan were expected to total one million in 1991, vs. 700,000 in 1990, Dempa Shimbun said, quoting industry estimates that worldwide sales would increase to 2.3 million from 1.9 million year earlier. Because of antidumping penalties on TVs from Japan, U.S. sales of LCD TVs are very low. Commerce Dept. reported imports of "flat-screen TV" at 193,500 in 1991's first 9 months, down 32.3% from 285,600 in same 1990 period (TVD Dec 2 p10).

First bilingual CD-I disc, from Philips Interactive Media of America (PIMA), is due for release early this year. It features Jack Nicholson and Raul Julia narrating Kipling's "How the Camel Got His Hump" in English and Spanish. Release has narration in choice of language with on-screen text to help reading skills, on-screen parents' guide and games for children of different ability levels using characters from story.

**IMPORTS BY COUNTRY:** Indonesia showed up for first time as source country for VCRs in Oct., month in which Japan accounted for less than 50% of such imports into U.S. (TVD Dec 30 p8). Mexico continued to represent nearly 53% of imported color sets. From Commerce Dept. figures, here are imports for Oct. and 1991's first 10 months by source country (percentages are change from 1990 period):

	Oct.	% Chg.	10 Months	% Chg.
<b>VCR Decks</b>				
<b>TOTAL....</b>	<b>1,524,200</b>	<b>- 5.3</b>	<b>9,819,200</b>	<b>+ 4.1</b>
Japan....	756,500	-23.3	5,090,700	-20.9
Korea....	325,800	-11.7	1,953,800	+23.0
Thailand.	118,900	-30.7	1,229,700	+30.3
Malaysia.	232,600	+237.4	1,187,900	+303.6
Taiwan...	45,200	+587.3	176,300	+43.1
Singapore	33,900	-76.2	167,300	+ 0.8
Indonesia	11,100	*	13,100	*
<b>TV Sets</b>				
<b>TOTAL....</b>	<b>1,819,100</b>	<b>+11.1</b>	<b>3,007,600</b>	<b>-22.5</b>
color...	1,093,400	+11.5	7,538,500	- 3.3
b&w....	263,300	+12.3	1,685,300	- 6.5
Mexico				
color...	579,100	- 9.4	3,978,600	+ 6.2
Korea				
total...	170,400	-29.5	1,329,400	-18.9
color...	98,400	-34.4	693,400	-7.2
b&w....	72,000	-21.5	636,000	-28.7
China				
total...	190,400	+103.4	901,000	+30.4
color...	56,800	+27.1	404,800	+67.9
b&w....	133,600	+153.5	496,200	+10.3
Malaysia				
total...	140,600	+ 9.1	834,100	-17.4
color...	127,900	+45.8	760,100	-18.1
b&w....	12,700	-69.2	74,000	- 9.8
Taiwan				
total...	68,500	-29.9	665,800	-49.0
color...	41,000	-30.6	384,800	-53.3
b&w....	27,500	-28.7	281,000	-45.6
Thailand				
color...	83,700	*	573,400	N.A.
Singapore				
color...	58,500	+13.8	367,400	-24.6
Japan				
total...	37,600	+26.2	317,300	+ 7.3
color...	22,300	- 4.7	216,500	+ 1.3
b&w....	15,300	+139.1	100,800	+22.9
Hong Kong				
total...	17,300	+ 8.8	125,800	-13.8
color...	6,500	- 7.1	60,500	+28.7
b&w....	10,800	+21.3	65,300	-34.0
Philippines				
color...	13,000	*	81,300	*
Canada				
color...	2,600	-74.3	9,400	-90.0

\* No significant shipments in 1990 period.  
 Note: Figures for color and b&w TV include kits.  
 Some totals may not add due to rounding.

**JVC has started exporting** CD+Graphics home karaoke machine to U.S. Product is portable KX-G1, introduced in Japan in late Nov., with \$700 list and dedicated microphone. JVC plans delivery of 200-300 units monthly at start, hoping to increase volume gradually as demand for product warrants. KX-G1 is equipped with speakers, weighs 14 lbs. Pledging strong hardware and software commitment, JVC last spring announced it would introduce 3 CD+G karaoke players and 50 software titles in U.S. this year.

**Worldwide recession** took expected toll on home entertainment hardware and software sales in 1991 compared with 1990, BIS Strategic Decisions, U.K. research firm, said. It estimated 1991 consumer expenditures on color TV in Europe, U.S. and Japan combined dipped 1% to \$31.4 billion from \$31.7 billion, VCRs remained flat at \$15.4 billion and camcorder rose 9% to \$9.8 billion from \$9 billion. Sales of audio equipment, BIS said, were up 2% to \$41.2 billion from \$40.4 billion in 1990.

**Custom-made laserdiscs** for personal or business use is new service by Pioneer through 1,200 audio-video specialist retailers in Japan. Pictures of events such as weddings or company celebrations are transferred to disc from customer's VCR tape. Maximum recording time is 40 min. on 8" disc, 120 min. on 12". Cost is about \$78 per disc for 100 discs, \$27 each in quantities of 500. Minimum order is 100 discs.

**Frox has started** shipping FroxSystem interactive home theater ensemble to 165 high-end audio/video specialty stores, Sunnyvale, Cal. company said, claiming it has sold 400 systems to dealers. Basic system consists of audio and video signal processors, 31" direct-view TV, joystick controller (TVD June 10 p17). User can access variety of data banks, including libraries of CD and movie titles, TV schedules, sports reports, financial market information.

**Xiamen Overseas Chinese Electronic Co. (Xoceco)**, joint Chinese-Hong Kong venture with major plants in China's Xiamen Special Economic Zone, produced products valued at \$245 million in 1990 and realized pretax profit of \$16.5 million, bringing \$113 million in foreign currency to China, China Daily said. Company sells in U.S. under Kamp, Prima and Xoceco brands, has office in Kennedale, Tex.

**Canon plans to enter** LCD business, setting up plant to produce its proprietary Ferro LCD, claimed to have performance similar to TFT LCD but at lower cost, Japanese news reports said. Main customers are expected to be U.S. computer manufacturers, including Hewlett-Packard. Canon said display isn't suitable now for TV or video because of lack of gray scale.

**JVC has signed** licensing agreement with Gemstar Development Corp. to build VCR Plus programmer into its VCRs, but JVC America spokeswoman said no details were available as to when it would supply product including VCR Plus. VCR Plus system is incorporated into some GE, RCA, Toshiba and Zenith VCRs.

**VCR with digital audio** will be introduced on Japanese market by Hitachi this month at about \$2,350, including broadcast satellite tuner. It uses same depth multiplex audio format as JVC's version. Digital-sound VHS recorders on Japanese market are designed to record from satellite transmissions, which have digital audio.

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### EDITORIAL & BUSINESS HEADQUARTERS

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## Consumer Electronics Personals

Radio Shack Pres. **Bernard Appel** promoted to Radio Shack chmn. and Tandy senior vp; Radio Shack will be run by new "Office of the President" that will include 3 new executive vps: **David Christopher**, who has been pres. of Tandy subsidiary A&A International; **Joseph Tanner**, ex-Radio Shack senior vp, administration; **James Nichols**, former senior vp, Radio Shack consumer retail operations... **Akinobu Ishihara**, most recently senior gen. mgr. of corporate planning for Sony (Japan), named pres., Aiwa America, replacing **Yukio (Tony) Utsunomiya**, who moves to Sony Japan in unspecified corporate post.

**Peter Lewis**, ex-Newmark & Lewis (see report elsewhere in this issue), joins SaveMart, N.Y. retailer; **Russell Graham**, Newmark & Lewis vp—brown goods and cellular phones, takes on additional merchandising duties formerly handled by Lewis... Appointments at Sharp Professional Products Div.: **Robert Soucy** as national sales and mktg. mgr.; **Gary Simon**, **Rick Goetz** and **Paul Leland** as sales mgrs. for east, central and west, respectively... Promotions at Video Aid: **Brett Lassig**, vp-administration to exec. vp; **Charles Romano**, vp-mktg. to senior vp; **Vince**

## 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>Best Buy</b> 1991-39 wks. to Nov. 30	589,763,000	4,493,000	.50
1990-39 wks. to Nov. 30	449,077,000	(13,069,000)	—a
1991-13 wks. to Nov. 30	230,573,000	2,321,000	.25
1990-13 wks. to Nov. 30	170,830,000	1,307,000	.16
<b>Circuit City Stores</b> 1991-9 mo. to Nov. 30	1,886,907,000	34,185,000	.73
1990-9 mo. to Nov. 30	1,625,732,000	(23,523,000)	—a
1991-qtr. to Nov. 30	694,031,000	8,799,000	.19
1990-qtr. to Nov. 30	585,041,000	2,531,000	.05
<b>Highland Superstores</b> 1991-9 mo. to Oct. 31	420,759,000	(156,893,000)	—a
1990-9 mo. to Oct. 31	574,864,000	(13,550,000)	—
1991-qtr. to Oct. 31	115,048,000	(3,531,000)	—
1990-qtr. to Oct. 31	193,059,000	(4,831,000)	—
<b>Home Shopping Network</b> 1991-qtr. to Nov. 30	291,800,000	13,100,000	.15
1990-qtr. to Nov. 30	291,700,000	12,500,000	.14b
<b>Microdyne</b> 1991-year to Sept. 30	56,533,000	8,824,000	.76
1990-year to Sept. 30	35,672,000	3,100,000	.30
1991-qtr. to Sept. 30	19,700,000	3,461,000	.24
1990-qtr. to Sept. 30	18,178,000	2,499,000	.24

Notes: <sup>a</sup>After special charge. <sup>b</sup>Includes special credit.

**Romano**, vp-OEM sales to senior vp... **Jonathan Dower** named senior vp—continuous information services, BIS Strategic Decisions; **Jeffrey Swartz** appointed senior vp—custom consulting and publications.

**Jamie James**, James Agency, Studio City, Cal., former PR counsel for Proton, acquires Cerwin-Vega account... **Jeff Myers**, J&J Myers Co., Swampscott, Mass., mktg. consultant, appointed international sales agent, Russound switching products... Changes at Sony Music Distribution: **Jim Lucas** appointed sales mgr., New England Branch; **Barry Mog** promoted to Southeast Branch mgr.; **Jed Corenthal** becomes assoc. dir., Columbia single sales; **Sandie Minasian** named dir., Epic sales.

Changes at Blockbuster Entertainment: **Mark Stuart** advanced to div. mdse. mgr.; **Tom Szwak** promoted to senior buyer—theatrical titles; **Kyle Turner** advanced to special interest buyer; **John Ellis** promoted to basic stocking inventory (BSI) dir.; **Bill Neal**, who has been working for chain part-time, joins as BSI product mgr.; **Tim Pivnicny**, ex-Hills Dept. Stores, hired as video games and accessories buyer; ex-retailer **David Pulda** named buyer for children's and family programs... **Lawrence Ruisi** appointed exec. vp, Sony Pictures Entertainment, is expected to be elected to board.

**Correction:** **Edward Milarski** is new exec. vp-COO of Video Magazine. We reported title incorrectly last week. We regret the error.

**Zenith** is back in Consumer Electronics Show (CES) -- but not Zenith Electronics. This week in Las Vegas Zenith Data Systems, now owned by France's Groupe Bull, will be showing "desktops, notebooks and monitors designed for business and home use" at computer section in Winter CES North Hall. Trade ads proclaim: "Introducing a New Family of PCs as Reliable as Our Name."

# TELEVISION DIGEST®

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

With Consumer Electronics

JANUARY 13, 1992

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**S-12 STILL ON TRACK:** INTV convention told bill is first or 2nd on Senate agenda. Key variable is possible substitute. Lobbyists gearing up for 'show-and-tell time.' Quick House action predicted. (P. 1)

**INTV EASES UP ON CABLE:** Smith and Hedlund send signals at convention that fight may be over, though some regulation may be needed. Mooney immediately asks for meeting. San Francisco attendance down, NATPE deal considered. (P. 3)

**WRIGHT DUCKS NBC SALE TALK:** Network head refuses comment on sale, despite definitely denying it repeatedly in past. Littlefield concedes ratings race to CBS, Cotton seeks critics' help on finsyn. (P. 4)

**FOX PLANS 6 NIGHTS,** probably will add Tues. by summer, 7th night in early 1993. No finsyn problems if it cuts Sun. night hours. Fox on ratings high. (P. 4)

**NAB HOSTS LEGISLATORS:** Seven House members scheduled for legislative forum preceding board meeting this week in La Quinta, Cal. (P. 5)

**ACT CLOSES CURTAINS:** Kidvid group to fold by year-end as Charren says job is done. Markey calls decision severe setback for quality TV. Broadcasters quiet. (P. 5)

**TRIPLECAST SALES 'ASTOUNDING,'** NBC's Lafferty claims, but others are more pessimistic. (P. 6)

**INTV IS TOLD S-12 STILL IS ON TRACK:** Senate is expected to take up S-12 cable bill as first or 2nd piece of legislation after Congress returns Jan. 21. That was view given INTV in San Francisco last week by Mary McManus, Republican counsel to Senate Commerce Committee. However, others in Washington said actual debate probably won't start until week of Jan. 27 because education bill is first on agenda. Meanwhile, Larry Irving, majority counsel to House Telecom Subcommittee, promised that House counterpart would be taken up "immediately after the Senate acts. There's almost certain to be action in the House."

Roy Neal, aide to S-12 co-sponsor Sen. Gore (D-Tenn.), warned that cable bill faces 3 major challenges on Senate floor: Efforts to strip must-carry and retransmission provisions and substitute proposal to be put forth by Republican Sens. Burns (Mont.), Packwood (Ore.), Stevens (Alaska). "I think they'll all fail," said Neal, who said he didn't know what substitute proposal would contain. Burns aide Don McCellan said substitute would attempt to delete all elements of S-12 except broadcast provisions and would leave must-carry and retransmission intact.

Meanwhile, industry lobbyists in Washington see next few weeks as crunch time for S-12. In rare case of agreement, CATA Pres. Stephen Effros and NAB Exec. Vp James May agreed that Senate is almost certain

### Consumer Electronics

**ISAUTIER RESIGNS** as Thomson Consumer Electronics pres., succeeded by Alain Prestat, of French Prime Minister's office. (P. 9)

**DIGITAL CONSUMER ELECTRONICS** age keynoted by Apple's Sculley, opening CES with plans for CE products under own and other brands starting this year. (P. 9)

**INDUSTRY STAGNATION IN 1992** seen in EIA forecasts, predicting growth of only 2.1% after year that saw just 1% increase. (P. 10). Audio forecasts. (P. 15)

**MULTIMEDIA 3-4 YEARS OFF**, says Toshiba, which plans to participate in software market through partnership with Time Warner, but spurns CD-I. (P. 11)

**HOTTEST CES VIDEOGAME** is Number Wars between Nintendo and Sega. Nintendo cuts suggested list of SNES \$20 to \$180, promises \$200 CD-ROM. (P. 13)

**SHAKEUP AT SONY** hinted in interview with Deputy Pres. Iwaki, who classifies company's stance on HDTV and multimedia products as 'miscalculations.' (P. 13)

**SILO'S LOSSES CLIMBED** to \$18.7 million in 28 weeks to Nov. 9. Best Buy says comparable-store sales jumped 16% in Dec. on late buying surge. (P. 14)

**JENSEN GOES PUBLIC**, revealing last full year's sales totaled \$138.8 million, net profit \$6.2 million. (P. 14)

to approve some form of cable bill, although no one is sure what it will include. However, at least one other lobbyist said passage isn't guaranteed. Hill staffers wouldn't speculate on how long Senate would spend on education bill, but said they were preparing for S-12 debate to begin as early as Jan. 27. Staffers and lobbyists agree that S-12 debate is likely to last 2-3 days.

Key question is whether substitute version of S-12 will be submitted by Senate Republicans, and what it will contain. Everyone seems to know about substitute, but no one admits to having seen language. May told us that Bush Administration hasn't signed off on substitute yet, so there's no guarantee that it will emerge -- or that it will be successful if it does. May predicted that substitute would include revised cable rate regulation language, including using FCC's effective-competition definition to decide which systems are subject to rate regulation. NAB has opposed FCC's effective-competition definition, saying that only multichannel service could compete with cable. Rate section also would require changes in way cable systems set up basic program tiers. Substitute also would include program access provisions included in compromise (TVD Oct 22/90 p1) reached by Sens. Gore (D-Tenn.) and Wirth (D-Colo.), May predicted.

NAB's pet retransmission consent provision won't be part of substitute, May said, but Wirth is likely to try to delete it from S-12. Effros said during lunch with reporters that he doubts that retransmission consent will be removed because "it's the engine" that has pushed S-12 through Senate. But another lobbyist said keeping retransmission consent in bill would make it "easy" for Administration to veto it on ground that it would boost cable rates. Next few months may well be "high-water mark" for cable bill, Effros said, because independent broadcasters are losing interest in retransmission consent: "The broadcasters will realize that if they get retransmission consent and must-carry, they're likely to get spectrum fees as well."

May agreed that cable bill is less likely next year than this: "I've been telling our members that if we don't get a cable bill this year, the likelihood in the future is slim because Congress doesn't like contentious issues." Besides, he said, "clear strategy" of Hollywood and others is to delay action. MPAA has opposed retransmission consent on ground that studios, not broadcasters, should get any fees cable pays for broadcast programs. Lobbying that has continued throughout congressional recess may be key to determining eventual fate of S-12, other lobbyists told us. "The question is who has done their homework better," one said. "It will be show-and-tell time." He said it's impossible even for key Hill staffers to predict what will happen.

Fate of S-12 also could depend on what deals are cut before Jan. 27, another official said. He pointed out that MPAA opposition, which was cited by N.Y. Times, might change if broadcasters and studios reach agreement on how to divide retransmission consent fees. Administration, which has threatened to veto deregulation bill, might even be open to deal, May said: "The Administration may quickly realize that's it's tough to get the votes and if they want to protect the President's record of preserving his vetoes, they've got to think hard about compromise."

Irving told INTV that House leaders are trying to bring forward "consensus" bill with bipartisan support. He said "linchpin" of bill will be must-carry and retransmission. Ex-Rep Tauke (R-Ia.), now Nynex exec. in Washington, said from audience that "right now, the telcos have pledged to stay out" of S-12 debate, figuring "it's not our fight." However, he said, that position is reevaluated about every 2 weeks and could change.

May and Effros disagree about cable bill's prospects in House. May said that since House passed measure by substantial margin last year, there's no reason to think same thing won't happen this year if Senate acts. He predicted that House staff would begin work on drafting compromise cable bill for markup (probably including aspects of Senate bill, proposal by Rep. Eckart [D-O.] and HR-3380) shortly after Senate action. But Effros said House may well slow down "any retributive cable bill." He said House will look at broader telecommunications policy issues, and either include cable bill in broader measure or at least make sure that cable is compatible with wider implications. In obvious reference to compulsory license activities of House Copyright Subcommittee Chmn. Hughes (D-N.J.), Effros said "the House won't simply ignore the copyright implications" of cable bill. Real kicker, he said, is that "if this gets tied up in election year politics, no one knows what will happen."

Meanwhile, Continental Cablevision said NAB has embarked upon "a campaign of disinformation" in bid to keep retransmission consent in cable bill. Senior Vp Robert Sachs issued statement saying that NAB and others were trying to "muddy the waters" by distributing false and misleading information to cable administrators in Fla. and N.H. Sachs said information, which included basic cable rates, number of basic channels and per-channel fees, was wrong for every Continental cable system.

**INTV TO RELAX CABLE AND TELCO FIGHTS?** INTV Chmn. Randall Smith, WPHL-TV Philadelphia, and Pres. James Hedlund gave clear signals last week that Assn. will relax its long-running fight against cable TV along with its position against telcos' entry into cable. Signals came at opening session of INTV convention in San Francisco that attracted only 712, down from 850 last year and just over half of 1,350 that attended in 1990. Low attendance contributed to growing belief that 1993 INTV convention would be scheduled to coincide with NATPE session in San Francisco.

Smith said Assn. has relaxed its position that cable rate regulation, must-carry and retransmission consent are necessary. However, he said he still could be convinced that new regulations on cable industry are necessary -- as NAB so stoutly contends. "We all need each other to survive," Smith said of cable industry and program syndicators. Saying that "it is becoming evident that the basic cable networks are cannibalizing each other," Hedlund said that independents are increasing audience share "at the same time cable is eroding the Big 3 networks' shares." He said "it is personally frustrating to me" that independent TV stations and cable industry "are constantly fighting in the Congress, in the courts and at the FCC instead of concluding an equitable peace... I want this to change."

NCTA Pres. James Mooney was quick to respond. From L.A. (where he was to attend cable ACE awards over weekend), Mooney called Hedlund to start talks. Although no time or place were set, they agreed to meet in Washington, probably this week. It was just few years ago that Mooney refused to attend any meeting to which then-INTV Pres. Preston Padden (now Fox senior vp) was invited because of Padden's strident anticable stance.

As for telcos in cable, Hedlund said INTV members are "beginning to talk about what would have been unthinkable [before]: That is, supporting the telephone companies' entry into the cable business." He said that has come about "out of frustration that the cable industry refuses to talk about our legitimate concerns." As for regulation, he said, "some in the White House and at the FCC appear to favor sacrificing independent television on the altar of saving the networks from their self-inflicted wounds." As for economy, Hedlund said "1991 was the year that shouldn't have happened." However, he said, "I for one don't buy... sense of gloom" that prevails. "I believe the fundamentals are in place for a much stronger and more rapid recovery than many are predicting." Keynoter David Londoner, managing dir. of Wertheim Schroder & Co., said economy is en route to recovery within next few months, well before up-front buying season for new network fall programming starts in June.

Last week's INTV sessions at Fairmont Hotel in San Francisco may be independent station association's final standalone convention, as it celebrates its 20th year. With programmers screening product at both INTV and NAPTE shows (sometimes back-to-back, and only 10 days apart this year) and with INTV attendance continuing to drop, there was renewed sentiment to join with NATPE. Adding to that speculation is fact that INTV hasn't yet picked 1993 convention site (NATPE will return to San Francisco in 1993 for first time in several years).

Major factor hurting INTV is that Fox TV network, which since its inception has held affiliates' meetings during INTV convention, has shifted that session to NATPE convention later this month in New Orleans. Fox TV Network didn't send anybody to San Francisco, and same was true for Fox-owned stations. INTV is considering proposal that independents meet 1-1/2 days before start of formal NATPE program, with syndicators screening during that period. NATPE opened talks looking toward joint convention few years ago, but was rejected by INTV. INTV directors told us their major concern in combining with NATPE is to keep separate INTV identity.

#### INTV Notebook...

FCC Comr. Marshall told INTV breakfast session Jan. 10 that she likes her job and wants to be reappointed. However, she said, she doesn't think anyone should become "candidate" for reappointment. On same panel, Comr. Duggan said Marshall was being too modest and appointed himself her campaign manager for reappointment. Marshall's term expires June 30.

Convention Chmn. Michael Eisner, WPIX N.Y., said prime-time audience share of independent stations has increased 50% in last 10 years in face of major audience losses by ABC, CBS, NBC. With membership declining, Smith urged nonmembers to support INTV: "We need every station to pay his share." To accomplish that, he said, Assn. will host series of regional meetings for members and nonmembers alike.

Independent stations face major threat from pay-per-view programming on cable, INTV keynoter David Londoner, Wertheim, Schroder & Co., warned. He said programming consortiums, such as one developed by independent groups with Warner Bros. TV, are of major importance.

**WRIGHT DUCKS NBC SALE TALK:** After repeatedly and specifically denying last year that NBC is for sale, Pres. Robert Wright refused to comment on issue Jan. 9 in Q&A session with TV critics in L.A. He fended off reporters' questions about sale, saying issue had "become much too much public." Meanwhile, NBC Entertainment Pres. Warren Littlefield virtually conceded that NBC will lose season-long ratings race to CBS and Exec. Vp-Gen. Counsel Richard Cotton asked critics to help in finsyn fight.

"I can't get into any sale," Wright said in response to question. "We are part of a very large public company that has lots of other interests. And I can't speculate on that aspect as a result." Wright had made definite public statements that NBC wasn't for sale at least 4 times in 1991 (TVD Dec 16 p4, Aug 12 p3, May 27 p1, March 4 p5). For example, in Aug. Q&A session transmitted to employees, he said layoffs at time weren't to prepare network for sale: "The answer is no, [NBC] is not for sale."

Tonight Show host-to-be Jay Leno wasn't so reticent. Serving as warmup comic for Wright's presentation, Leno wore Paramount sweatshirt and Mickey Mouse ears (studios are main rumored buyers). He told press that rumors of sale are "totally false," but added that Wright, Littlefield, NBC News Pres. Michael Gartner and NBC Sports Pres. Dick Ebersol would "be playing themselves in the [Paramount head] Brandon Tartikoff production for Paramount of the Ken Auletta film *Three Blind Mice*."

On ratings issue, Littlefield told critics that "it would take a tremendous, tremendous score" this late in season for NBC to overtake CBS in Nielsens. He appeared to concede number one spot reluctantly, but said "I do think we're very well positioned for next season."

Cotton asked TV critics to get on networks' bandwagon to help fight "anticompetitive" FCC regulations involving finsyn, retransmission, cross-ownership ban. He said Commission rules were "unfair and out-of-date," and warned of decline in services that NBC, ABC and CBS could provide in future. Cotton called on critics to urge their readers to write to FCC and to their members of Congress complaining that they were losers in fight. "There are a dozen different sets of restrictions for broadcasters which are not in place for cable," he said. "Right now, we are in an extraordinarily competitive marketplace. We're all fighting for share. The simple message is: Everyone should play by the same rules and be allowed to compete head-to-head... and the beneficiary will be the consumer."

Networks have been "the engine and the driver for original programming," Cotton said, "and I think that's going to be slowed down [unless FCC reverses rules]. The amount of original programming in particular is going to suffer." He warned that unless Commission can be persuaded -- if not by so-far-unsuccessful networks, then perhaps by TV writers and their readers -- earlier predictions of possible demise of one of networks may come true "within the next 4 to 5 years."

**Local and national spot radio revenue was down 3.3% in first 11 months of 1991,** Radio Ad Bureau (RAB) said, but network revenue was up 7.6% in Nov. Despite 11-month decline, RAB Pres. Gary Fries said future is "encouraging" because "it seems national radio advertisers are, for the most part, coming out of the gates in '92 with some wind in their sales." He said RAB sees slight increase in first quarter 1992 ad revenue.

**FOX PLANS 6 NIGHTS:** Fox TV Network plans to add 6th night of programming, probably Tues., by summer and to round out complete week "as soon as we can," Fox Entertainment Group Pres. Peter Chernin said. He told TV Critics Assn. in L.A. that "the most important thing for this network is to get to 7 nights as quickly as we can. And we will get there, as soon as we feel we have the goods to get there."

Fox can easily avoid being classified as network for finsyn purposes with 6th night, Senior Vp Preston Padden said, because that would bring it up to only 14 hours of prime-time programming. To add 7th night, Fox would have to cut Sun. night programming to 3 hours from current 4 (it has 2 hours of programs each of other nights). Padden said Sun. night cut involving 10-11 p.m. time slot "dovetails very nicely" with Fox hopes that affiliates will offer local news at 10 p.m. He said current timetable projects that 7th night will be added in first or 2nd quarter next year.

Chernin was on ratings high, claiming that Fox for first time ever "is now the Number 1 network among adults 18-34... on Thursdays through Sundays in the Fox program time periods." Fox's chief programmer said that "everyone accuses us of being a young kids' network," but contended that among adults 18-49 "we were up 27 percent and among adults 25-54 we were up 24 percent."

Fox intends to counterprogram 2 of major winter sports events with stunts designed to take away from other networks' impact, Chernin said: (1) On Jan. 26, when CBS will carry Superbowl, Fox will air its *In Living Color Super Halftime Party*, with cast "doing their thing live" as alternative to marching bands and expert analyses. (2) Week of Feb. 17, when CBS will start carrying Winter Olympic Games from Albertville, France, Fox will present *The First Ever, week-long Fox Summer Games* in which all of Fox series will run summer-themed episodes. In between each of Fox series episodes, Chernin said, "we're going to do profiles of the 10 most beautiful swimsuit models in the country. Go for it all, right?"

**U.S. Appeals Court, D.C., affirmed FCC in noncommercial FM case,** saying that erroneous Melbourne, Fla., CP application deadline announced by agency in Sept. 1986 didn't excuse plaintiff Fla. Institute of Technology's (FIT) failure to file before true cutoff date in Oct. 1984. Three-judge panel ruled that erroneous notice, to which FIT filed mutually exclusive application, "was without legal effect." It also rejected FIT's arguments that successful applicant Palm Bay Public Radio was unqualified to operate Melbourne FM, saying that "the numerous spelling and grammatical errors in Palm Bay's short proposal might make us speculate as to how well Palm Bay will serve as a noncommercial 'educational' FM broadcaster, but we cannot say that the Commission's decision that Palm Bay is qualified... was unreasonable."

**TV networks will use pool to cover Feb. 18 N.H.** primary under deal reached last week. ABC, CBS, CNN and NBC each will contribute one producer and camera crew to pool beginning Jan. 27, with coverage assignments to be decided daily in conference call among network executives. Networks will share reports from pool crews, which typically will cover routine events through primary. Networks said they also will pursue separate stories with nonpool staff. They said they were trying pool experiment in effort to reduce coverage costs.

**NAB LEGISLATIVE FORUM:** NAB was scheduled to host 7 members of House at legislative forum that ended Jan. 12 and was prelude to 4 days of board meetings in La Quinta, Cal., this week. Board sessions will include "Futures Summit," with report by NAB Exec. Vp John Abel today (Jan. 13), along with normal issues such as digital audio broadcasting, HDTV, threats against advertising, cable-telco, deregulation of cable. Most divisive issue is likely to be TV board reconsideration of its 10-6 vote last fall to oppose TV networks' ownership of cable systems -- position being pushed hard by Cap/ABC.

Hill participants include Reps. Fields (R-Tex.), who spoke at Jan. 9 breakfast, and Callahan (R-Ala.), Lehman (D-Fla.), Lent (R-N.Y.), Lewis (R-Cal.), Michel (R-Ill.) and Upton (R-Mich.), all over weekend. Lawmakers were expected to discuss full range of Hill issues, including prospects for cable bill (S-12), telco entry into cable, spectrum reallocation and fees, time brokerage.

Ad issues are expected to get much attention, including lowest unit rate for political ads, beer and wine spots, children's nutrition issues. Time brokering fight will be discussed, as well as broadcasters' public interest obligations, tax reform, highly leveraged transactions, writeoff of intangible assets. On copyright side, issues include performance royalties, compulsory license, control over video news clips, colorizing/moral rights.

Heated debate is expected by NAB Radio Board on Assn. policy on digital audio broadcasting (DAB), with major policy changes possible, NAB Exec. Vp John Abel told us at Consumer Electronics Show (CES) in Las Vegas. NAB isn't any more certain about technical viability of in-band DAB systems than it was year ago, and won't be sure about its benefits and drawbacks until reliable mobile testing can be performed. Although NAB has asked Eureka DAB developers to adapt system for in-band use, Abel said Europeans have responded by saying adaptation could incur "considerable expense" and lacks assurances that in-band version could have technical drawbacks that could surface later. NAB thereby would suffer serious competitive disadvantages relative to satellite DAB proposals, which Assn. vehemently opposes, Abel said.

In report to board, NAB Radio Dept. said membership has "declined steadily from 1987 to the present" and now has only 40% of stations licensed by FCC, down from 46% in 1987. Station members have dropped from 5,026 that year to 4,850 in 1991, when 898 joined but 1,019 dropped out. However, there's been increase in assoc. and international members to 1,568 last month from 1,337 last Jan.

On TV side, NAB lost 4 groups, including public TV networks in Ala., Ga. and Wis., that resulted in annual dues loss of only \$2,340. However, withdrawal of Univision and its 8 stations (because of disagreement with NAB's push for must-carry bill) caused \$40,000 loss in dues. NAB TV station membership as of Dec. 15 was 920, which included 87% of network affiliates, 40% of independents, 49% of public TV stations. Since June 1, 21 TV stations have joined NAB, but 43 have resigned and 9 were dropped for nonpayment of dues. Total TV membership has fallen by 31 stations since Jan. 1991 NAB board meeting. NAB was forced to cancel management development seminar last year when only 15 preregistered, and attendance for Oct. hundred-plus seminar was only 33, down from 55 in 1990.

In report to board, NAB Advertising Dept. (headed by Skip Tash, ex-Bestg. magazine), said publications Radio Week and TV Today will be reformatted and faxed to

members starting April 6. Through Nov. 30, Dept. had 1991 ad sales of \$424,195, expenses of \$158,372.

**CURTAIN TO CLOSE ON ACT:** Action for Children's TV (ACT) will cease operations by year-end, ACT officials told news conference in Cambridge, Mass. last week. Founder-Pres. Peggy Charren said decision reflects last year's passage of Children's TV Act -- lobbied for by 23-year-old advocacy group -- as well as belief that focus accordingly shifts to locally oriented kidvid efforts: "Dramatic developments in the world of telecommunications have convinced us that it's time to expand beyond the public policy arena -- where ACT's impact has been substantial -- to community-based initiatives led by professional groups concerned with TV's effects on children and families."

Reaction to announcement varied. House Telecom Subcommittee Chmn. Markey (D-Mass.) termed it "a severe setback in the fight for quality programming," but NAB executive declined comment. NAB, which hadn't invited Charren to address Assn.-sponsored event until last year, recently warned stations that FCC "really is going to mean business" regarding Act and that they could face renewal challenges if they don't comply strictly.

Funding of ACT has fallen from about \$500,000 in 1970s to less than \$200,000 today, but Charren said that wasn't factor in shutdown; higher funding used to be needed to convince media that children's TV issues were worth reporting. Nevertheless, she expressed hope that "resources normally earmarked for ACT's agenda" now will go to such organizations as Washington area-based Center for Media Education, new public interest group that will monitor station compliance with kidvid law. Center, currently funded at \$100,000, will seek to organize pilot coalitions in small number of communities to police compliance and, if needed, to challenge license renewals, Co-Dir. Kathryn Montgomery said: "The key to making this law work is involving the public."

Other co-dir., Teledemocracy Project head Jeff Chester, said program efforts by NBC affiliates probably will receive high attention given network's recent decision to abandon Sat. morning children's fare. Center, which is working with such groups as National PTA, American Academy of Pediatrics and National Assn. for Education of the Young, also will seek to develop children's telecommunications policy agenda in such areas as DBS and video dial tone.

Charren, 63, said she expects to "stay active in one way or another" on children's media issues: "I am a workaholic to the degree that is sort of nauseating." She will continue to serve on advisory board of Center as well as that of Washington-based Center for the Study of Commercialism. In addition to Act, Charren said she was proudest of: (1) Climate that she believes ACT's advocacy created for funding of public broadcasting. (2) Belief that "we gave the press an excuse to write about children's TV... We helped them educate the public." She said she was most disappointed with broadcast networks' poor performance in kidvid -- "one season was worse than the next" -- and expressed particular regret at CBS's termination of Captain Kangaroo and In the News programs in 1970s.

As part of phaseout plans, ACT is making \$125,000 contribution to Harvard U. Graduate School of Education to fund ACT lecture series on children and media, as well as annual \$5,000 ACT fellowship for graduate school research in area.

**NBC HIGH ON TRIPLECAST:** Subscription sales for NBC's Olympics TripleCast are "astounding" for this early in sales effort, said Martin Lafferty, NBC vp-Olympics Pay-Per-View. He said NBC/Cablevision partnership's sales target is 3.5 million subscriptions, well above 2.76 million break-even. Other industry officials called projections "damned optimistic" and said they would be "astounded and ecstatic if they were true."

Lafferty said NBC has received about 100,000 orders to date for TripleCast, which will provide up to 1,080 hours of programming over 3 PPV cable channels during July Olympics in Barcelona. Subscription price ranges from \$170 for "gold" package, which includes all programming and various premiums, to \$95 for more limited coverage. Nearly half of orders have been for gold package, Lafferty said. Christmas promotion, which included extensive broadcast and cable ads, generated 100,000 queries, Lafferty said, although all won't result in orders. NBC plans promotions every month before Olympics, including free universal remote control with gold subscription in Feb., free VCR Plus in March.

Promotional effort caused "minirevolt" among MSOs, PPV expert who declined to be identified told us. "You've got to give them an A-plus for their promotional effort," he said. "I've never seen an organization so relentless in trying to do something. Their strategy is to generate such a consumer demand that it will overcome the resistance of the operators to building or clearing enough channel capacity." Cox Cable PPV Mgr. Lynne Elander said her company does "have a problem with some of the premiums." She cited universal remote offer, which could cut into revenue systems get for renting remotes.

TripleCast almost certainly will meet cable carriage goal, Lafferty told us -- systems with 35.9 million households have signed up. He said NBC target is having TripleCast available to 40 million households, and agreements now being processed should allow it to exceed that. Clearing 3 cable channels for 2 weeks for TripleCast has been problem for some channel-limited systems, he acknowledged, but he said most are dealing with it by turning off their least popular channels -- often barker channels, local origination, alphanumerics, even public access.

Calls at cable system level "haven't been anywhere near what we expected," Elander told us. TCI Engineering Dir. David Willis said MSO "would love 10% [penetration], but we won't be shocked if it's less." PPV expert said there's question whether Olympics will be attractive because live action happens during day in U.S., there's less U.S.-Eastern bloc competition, event comes in July -- low viewing month, Olympics will be available free on broadcast TV. Elander said Cox's highest MSO-wide buy rate ever was 7-8%. She said company can't predict Olympics results, but "we don't buy their 10 percent buy rate. This is a very high-ticket item and very complicated."

TCI isn't concerned about TripleCast buy rate, Willis said. MSO is buying about 800,000 set-top converters, plus "a ton" of headend equipment from Jerrold. He wouldn't estimate total cost, but others said TCI's PPV investment may reach \$100 million. He said TCI is buying enough equipment to allow 10% penetration, but if figure isn't reached, investment "won't be wasted" because it will be used heavily in future for other PPV events.

TripleCast has spurred equipment market for addressable converters, traps and headend equipment,

manufacturers said. In part because of TripleCast, Jerrold introduced new line of converters, called EventStar, as well as new set of headend equipment. Strong PPV interest has kept addressable cable equipment business "sound" despite recession, said Daniel Moloney, dir.-subscriber products for Jerrold. He said capital constraints have cut overall cable equipment sales about 50% in last year, but addressable equipment sales are off only 5-10%. He said he doubts that any cable operators are buying addressable equipment just because of Olympics, but TripleCast may have encouraged some to accelerate plans somewhat. Jerrold doesn't expect any difficulties meeting demand for PPV equipment before July Olympics, he said, because most of big MSOs already have made their PPV decisions. Moloney said Jerrold should be able to fill orders even if they're placed in May or June.

Gary Trimm, pres. of Scientific-Atlanta's Subscriber Systems Div., said upturn in market last few months was because of operators who want pay-per-view capability in general, not specifically for TripleCast. He said "pay-per-view is catching on, getting a lot of press and offering better events." S-A is having no trouble meeting converter demand, he said, and "always keeps a pretty good inventory" of equipment to meet any surges. Advanced version of S-A's 8600 converter will be announced soon, Trimm said. Timing of TripleCast is fortunate because MSOs were ready to make more investments in PPV equipment, expert said. He said hardware cost is coming down and MSOs know that cheap ways to increase channel capacity will be available soon.

Last-min. buys of TripleCast subscriptions could cause problems for cable installers. For typical PPV event, about 45% of all orders are placed on last day, and 90% in last week. In most cases, cable system technicians have to visit each customer to install set-top converters or traps in time for start of event, and some officials question whether all systems will have enough staff to deal with crunch. Neither TCI nor Cox seemed worried. Willis said TripleCast orders will come in earlier. Elander said company deals easily with crunch for other PPV events, and Olympics shouldn't be any worse.

At very least, TripleCast will provide "nucleus of pay-per-view viewers," Willis said. "This pushes us into the ability to provide pay-per-view programming." One PPV official said TripleCast will make it easier for future PPV events to be successful: "If it only got TCI off the dime it's a good thing."

**Financials:** CBS announced \$150-million shelf offering at 7.625%, with proceeds to be used "primarily" for purchase of Midwest Communications. Purchase is expected to be completed in first quarter this year, CBS said... Paramount profit was down to \$83.3 million for 4th quarter ended Oct. 31, from \$110.5 million year ago and full-year profit dropped to \$122.2 million from \$259.1 million. Decline came despite improved performance by Paramount Stations Group, USA Network, home video unit.

**CNN, USA Today and Gallup** formed partnership to produce series of polls on 1992 Presidential election. Polls will include traditional "horse race," as well as issues. CNN Pres. Thomas Johnson said CNN will use polls as part of "most innovative and comprehensive coverage of the 1992 Presidential campaign."

**FCC agenda** for Jan. 16 includes only one video item, final action authorizing spectrum for Interactive Video and Data Services.

**Major improvements** must be negotiated in General Agreement on Tariffs & Trade (GATT) when negotiators reconvene in Geneva today (Jan. 13), International Intellectual Property Alliance (IIPA) said. Group issued statement saying that "important progress" was made in last round of talks, particularly involving computer software, but video production and music recording groups remain dissatisfied. MPAA Pres. Jack Valenti has called draft GATT agreement "fatally flawed" and promised to oppose congressional ratification if it's submitted in present form. Recording Industry Assn. of America Pres. Jason Berman agreed that GATT is "seriously flawed in a number of critical areas." IIPA Gen. Counsel Eric Smith said European Community "has continued to insist on the right to deny U.S. copyright owners the same treatment that it gives its domestic citizens" (called national treatment). Negotiators this month also should try to reduce transition period to 2 years from proposed 5 years, he said.

"**There has been** a full-court press... by the Unification [Church] to impede our investigation, to delay the broadcast, to keep it from getting on the air," producer for PBS series *Frontline* said of documentary on church that's scheduled to air Jan. 21. Rory O'Connor, head of N.Y.C. firm Globalvision, which produced program, said that "quite frankly a lot" of opposition brought to bear against program has involved "lawyers' letters." *Frontline* Exec. Producer David Fanning who, like O'Connor, addressed TV critics on press tour in L.A. last week, said "we're perhaps making too much of this issue of lawyering" since that's "a fact of life for any publishing, any editorial concern [that's] doing any investigative work." Senior Producer Martin Smith said that letter-writing campaign against documentary resulted in up to 100 opposition letters to date. PBS recently issued "alert" to its stations about broadcast, saying they may be contacted "by interested groups" and offering guidance in framing response.

**U.S. Dist. Court**, L.A., has frozen assets of wireless cable application processing firm, appointed receiver and issued temporary restraining order against its operations. Action was result of FTC complaint against Cal.-based MMDS Technologies, which did business as Metro Communications Group. FTC said in complaint that Metro misled consumers by indicating that they were virtually assured of winning wireless cable license from FCC, that license was all that was needed to make successful wireless cable system, that license was highly valuable, that customers wouldn't face additional costs. Metro charges \$6,000 to prepare wireless cable application. Coincidentally, FCC issued notice estimating that it takes average of 3.33 hours to fill out wireless cable application. FTC, in L.A. case, seeks permanent injunction against Metro and 4 individuals -- Gerald Foreman (ex-American National Cellular), James Smith, Frank Draper, Stuart Weingarden.

**Decision on who** gets construction permit for Channel 11 in Columbia, La., has been reversed again, with full FCC backing law judge ruling that CP should go to Pears Bstg. Law Judge Richard Sippel had called competing application of Caldwell Bstg. "sham" because there was no evidence that 49% owner Betty Robinson would take active role in station. Review Board reversed law judge, saying Caldwell deserved full integration credit, so it should get CP. Full Commission reversed Review Board on ground that Caldwell had to prove that Robinson would be active and "has not met this burden." FCC said Pears deserved full quantitative integration credit without diversification demerit. None of other 4 applicants, including Caldwell, should receive full credit, Commission said.

**Weather Channel** signed agreement with National Weather Service (NWS) and parent NOAA to expand cooperation on distributing weather information and develop new weather services, officials said after meeting in Atlanta. Agreement provides that: (1) NWS will continue to offer weather data in format compatible with Weather Channel delivery system. (2) Weather Channel will continue to credit NWS. (3) Groups will work together to develop new products in format acceptable to other users, including TV and radio news and telephone weather services. (4) Weather Channel will continue to televise information on tropical storms. (5) Groups will cooperate to improve public awareness of weather hazards. (6) Weather Channel will test new NWS services on air and inform NWS of viewer reaction.

**NATOA** is encouraging cities to appeal FCC's video dial tone (VDT) decision (TVD Oct 28 p1) in local U.S. Dist. Courts. Assn., in its monthly newsletter and in special action alert, said members were "strongly encouraged" to file court appeals, as well as to file comments in FCC rulemaking. Comments are due Jan. 23. NATOA Pres. Susan Herman said group also is "fashioning a legislative strategy to respond to the FCC's actions" because VDT would infringe on municipalities' franchising rights and "result in the loss of millions of dollars in cable franchise fees." NATOA also said it's backing HR-3560, cable reregulation bill introduced by Rep. Eckart (D-O.), as "a truly proconsumer cable bill."

**Japanese govt.** is considering barring NHK from future live broadcasts of state banquets, contending that Japanese public network's coverage of President Bush collapsing at banquet last week violated agreement. Prime Minister's Office contended that NHK committed to airing only speeches and toast by U.S. and Japanese officials. But NHK official responded that "by not broadcasting that portion [Bush collapsing] we would have given up our essential responsibility as a broadcast medium." NHK was only network allowed in banquet hall, although it later provided tape to other networks.

**U.S. Appeals Court**, D.C., affirmed FCC decision to award license for new UHF station in Orlando to Reece Assoc. Ruling Jan. 7 rejected appeals of Marlin Bstg., Central Fla. TV and Magic City Bstg., which claimed that FCC improperly had awarded Reece 100% integration credit, failed to weigh local residence, civic involvement and female ownership properly and misjudged integration credit of competing applicants. Court, in unanimous decision, said FCC action was within agency's statutory mandate and supported by "substantial evidence."

**Court TV** can't cover murder trial in San Rafael, Cal., live, but can videotape it for airing after it's over, Marin County Judge Richard Breiner ruled. Trial involves James Mitchell, owner of adult theater, who is charged with murdering brother Arthur. Lawyers for both sides argued that trial shouldn't be televised at all because some of witnesses are nude dancers at theater who might alter their testimony in bid for publicity. Trial is to begin today (Jan. 13).

**UPI's union employees** approved new contract including givebacks to ease wire service's financial troubles, UPI Pres. Pieter VanBonnekom said. He said changes, approved by 83-17% margin, "remove a major obstacle" to service's long-term viability. Changes include 80% cut in severance pay, additional reductions for employees who get comparable jobs elsewhere, continuation of wage levels at current 80% of contract level, increased UPI ability to use stringers, relaxed scheduling rules for part-timers.

**Personals**

**John Behnke** elected chmn., Fisher Best g., succeeded as pres.-CEO by **Patrick Scott**... **Michael Soper**, PBS senior vp-development and 13-year PBS staffer, joins WETA-TV-FM Washington March 1 as senior vp-mktg., development and strategic ventures... **Robert Hyland**, ex-vp-gen. mgr., KCBS-TV L.A., joins Arbitron as vp, sales and mktg., TV network and station services, succeeding **Pierre Megroz**, who retires Jan. 30... **Roger Mudd**, senior correspondent, MacNeil-Lehrer NewsHour, will depart to become 1992 Ferris Professor of Journalism at Princeton U... **Jarry Zarin**, pres.-CEO, Emerson Radio, adds duties of chmn., succeeding **William Lane**, whose family continues as major shareholder... **Michael Duffy**, senior producer for special events and gen. mgr., news operations, ABC News, named vp-operations; **William Moore**, senior producer, Nightline, appointed vp-news operations, ABC News Washington.

**Jimmy Hayes** promoted to senior vp-finance, Cox Cable Communications... Changes at Cablevision Systems: **Doug Jarvis** appointed senior vp-cable operations and pres., subsidiaries A-R and V-Cable; **Wilt Hildenbrand**, vp-engineering support and customer relations, named vp-technology... **Dennis Wilkinson**, exec. vp-gen. mgr., Young & Rubicam, Chicago, joins HBO as senior vp-consumer mktg., new post... **Pamela Pease**, ex-vp-programming TI-IN Network, named vp-educational program development, Mind Extension U... **Jack Smith** named senior producer, CNN Washington; **Carin Dessauer** appointed assoc. political dir... **La Vida Dowdell-Cammon** advanced to vp-ads and field mktg., Showtime Networks... **Luanne Simpson** appointed chief financial officer and chief administrative officer, Video Jukebox Network... **Mark Bell** promoted to NCTA dir.-administrative services.

**Lynn Deegan**, ex-Castle Rock, joins Spring Creek Productions as exec. vp-TV... **Bruce Morrow**, CBS Radio Networks, named chmn., IRTS' new Music Div... **Christine La Valle**, ex-Disney Channel, joins Hughes Communications as dir.-programming, DirecTV... Changes at Univision's new communication division based in Miami: **Grace Santana** promoted to dir.-communications and mktg. services, **Carmen Hiers** appointed mgr.-media relations, **Mary Padilla** named mgr.-business communications... **John Ahrens** joins IDB Systems, Carrollton, Tex., as accounts mgr., domestic and international satellite systems and services... FCC Calendar -- Jan. 16: **Thomas Stanley**, chief engineer, addresses FCBA on "Spectrum Allocation (1992 WARC)," Washington Marriott, 12:30 p.m.

At least one candidate has emerged to replace Margaret Combs as pres. of Cable TV Administration & Mktg. Society (CTAM). Comsat Video Enterprises Vp-Program Development Char Beals confirmed that she has had discussions with CTAM officials, but said she's sure board is talking with other potential heads. Beals was NCTA vp-programming and marketing and exec. dir. of Academy of Cable Programming before moving to Comsat. She was CTAM board member for 5 years.

**U.S. Treasury Dept.** has withdrawn broadcast ads touting U.S. Savings Bonds as being tax-free for college, partly as result of complaint by College Savings Bank of N.J. that spots were misleading. Treasury promised that all future broadcast or print ads would make it clear that maximum income and other restrictions apply if bonds are to be tax-free. Decision followed informal consultations between Treasury and FTC, officials said.

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**National Rural Telecommunications Cooperative (NRTC)** asked FCC to dismiss rate discrimination complaints filed last year against 3 satellite carriers -- Southern Satellite Systems, Netlink USA, United Video. Complaints alleged that carriers had discriminated against home satellite dish distributors by charging them higher prices for superstation and other programming. NRTC said that Commission lacked jurisdiction to act because of "legal loophole" and that FCC could enforce rules only against common carriers but allowed 3 to operate as private carriers. NRTC said it will look to Congress for help. "The battle for fair and equitable treatment of rural American TV viewers is far from over," NRTC CEO Robert Phillips said. Group is supporting cable legislation (S-12) that it said would require FCC to stop satellite carrier discrimination and is lobbying for amendments to 1988 Satellite Home Viewers Act that it said would give home dish distributors right to sue carriers for unlawful pricing and would define what constitutes discrimination.

**BMI** signed new music licensing agreement with Family Channel. Deal calls for BMI and Family Channel to dismiss suit and countersuit involving music licensing. Agreement is retroactive and extends to June 30, with option for renewal.

# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th statistical week of 6-week Dec. and year to date:

	DEC. 21-27	1990 WEEK	% CHANGE	DEC. 14-20	52 WEEKS 1991	52 WEEKS 1990	% CHANGE
TOTAL COLOR.....	315,007	424,433*	-25.8	471,990*	20,320,298	21,159,798	- 4.0
DIRECT-VIEW...	306,653	412,641*	-25.7	460,461*	19,942,820	20,808,396	- 4.2
TV ONLY.....	293,545	403,797	-27.3	445,725*	19,285,762	20,384,860	- 5.4
TV/VCR COMBO.	13,108*	8,844	+48.2	14,736*	657,058**	423,536	+55.1
PROJECTION....	8,354	11,792	-29.2	11,439*	377,478**	351,402	+ 7.4
VCR DECKS.....	165,774	212,388	-21.9	270,718	10,591,209	10,118,839	+ 4.7
CAMCORDERS.....	41,295	70,970*	-41.8	72,923	2,833,836	2,961,691*	- 4.3

Direct-view TV 5-week average: 1991--419,486; 1990--430,059 (down 2.5%).

VCR deck 5-week average: 1991--266,213; 1990--229,746 (up 15.9%).

Camcorder 5-week average: 1991--65,354; 1990--82,734\* (down 21.0%).

\* Record for period. \*\* Exceeds full-year record.

NOTE: 1990 figures are for full year. 1991 will have additional week; release of final 1991 data is expected Jan. 20.

**ISAUTIER RESIGNS AS THOMSON CE CHIEF:** Bernard Isautier resigned as chmn.-CEO of worldwide Thomson Consumer Electronics (TCE) Fri., effective immediately. Named to succeed him was Alain Prestat, who once served on staff of Thomson Chmn. Alain Gomez and was involved in 1987 negotiations to purchase RCA/GE Consumer Electronics operations from General Electric.

Prestat more recently has been official in office of French Prime Minister Edith Cresson, who has been involved in restructuring French govt.-owned corporations. TCE officials, apparently taken aback by sudden resignation, declined to speculate on reason for Isautier's departure, and he couldn't be reached at our deadline. However, there could be connection between resignation and French govt. move to merge loss-making TCE with profitable govt. nuclear energy business and Thomson semiconductors into new Thomson CEA Industries, scheduled for first half of this year (TVD Dec 23 p12).

Isautier took over as TCE pres. in Oct. 1990 after almost year of preparation for post. Born in France, he had background in Canadian energy industry, joined TCE hq in Paris Jan. 2, 1980, as senior vp-corporate affairs after he already had been earmarked as next pres.

**APPLE'S SCULLEY KEYNOTES DIGITAL CE AGE:** It was industry with survivor mentality that gathered in Las Vegas last week for Consumer Electronics Show (CES), attendees happy that they had gotten through rough 1991 and hopeful that things would be getting better in latter half of 1992. Keynote speech by Apple Chmn.-CEO John Sculley painted picture of brave new digital information age of tomorrow in which backbreaking price competition presumably would have no place.

But that's tomorrow, and today is today, and most attendees we spoke with felt that show aisles on first 2 days were more crowded than expected. Part of reason could be that, contrary to recent years, most major news was being made in booths on show floor, instead of being dispersed in off-site suites. Spacious new spaciously rebuilt Las Vegas Convention Center, with its upgraded facilities, came in for almost unanimous praise, despite its rather impersonal airport ambience.

Grizzled veterans of consumer electronics wars mostly seemed to take Sculley's opening address with grain of salt, especially when he acknowledged that "frankly, we wouldn't be interested in today's industry" in which "<96>hit products" are easily copied and profit margins can be very quickly narrowed." Nonetheless he charted course for Apple to revisit its original mission of delivering computers to home users. (Few remember that pre-Sculley Apple was founded as home computer company, that it offered computer for connection to home TV set in 1977 and that it exhibited at CES for several years, finally dropping out in 1979 when price-cutting was rampant and "home" computer business was collapsing.)

Sculley's talk highlighted continuing convergence of computer industry with consumer electronics. He laid out vision of Apple as galvanizer of new generation of "Personal Digital Assistant" (PDA) products. He said most CE products "have a particular defined usefulness" but aren't as flexible as personal computer-PDA's, which "can be the meeting ground for the convergence of these 2 industries."

Apple is "working this year to build relationships with several well-established consumer electronics company partners to develop PDAs based on Apple-developed software," he said. Product introductions are expected by end of 1992 -- "both under the Apple brand and also by several other companies under their own labels." Such PDAs, he said, "will focus on specific functional capabilities and will be designed to be much easier to use than personal computers. Personal computers have emphasized features and performance, while PDA's will emphasize usefulness and user appeal and will be much easier to use." Company also will introduce new lower cost versions of Macintosh personal computer into consumer electronics channels in 2nd half of year, and will have Macintosh-based CD-ROM multimedia computers for both consumer and computer distribution channels by year-end. He said consumer Macintosh has to resemble appliance that "you turn on and it works."

In news conference later, Sculley likened introduction of wide range of PDA devices to baseball game in which team goes for series of singles and doubles, rather than trying to hit one big home run. "We're going to have to get experience with a number of products," he said. When questioner noted contrast between Apple's extremely proprietary stance on Macintosh and evangelistic approach on PDAs, Sculley said that merely was different business model to address different market opportunity.

While not naming specific products, in his talk Sculley outlined these categories: (1) "Executive organizers that fit in the palm of your hand..." (2) "Wireless communicators with other useful built-in functions..." (3) "Electronic books." (4) "Multimedia players -- we are going to see an incredible expansion of CD-ROM multimedia titles for personal computers over the next year and this should stimulate the market for consumer interactive multimedia players." (Other CES reports will be found elsewhere in this issue and in subsequent issues.)

**EIA SEES INDUSTRY STAGNATION IN 1992:** Consumer electronics industry, whose dollar volume grew less than rate of inflation last year, faces another tough year in 1992, according to consensus forecast released by Consumer Electronics Show (CES) sponsor EIA Consumer Electronics Group at opening session of Las Vegas event Jan. 9.

EIA estimated 1991 industry sales at \$35.675 billion, up just 1% from revised \$35.306 billion in 1990, and predicted growth of only 2.1% to \$36.435 billion this year. Traditional consumer electronic products -- audio and video combined -- declined 2% in 1991 and are forecast to inch up only 1% in 1992, falling below 1990 level. All of reported gains last year were in areas EIA doesn't track statistically on regular basis -- home information, blank media, accessories, home security systems.

Here are EIA's estimates and forecasts of factory sales in millions of dollars:

Product Category	1990	1991	% Chg.	1992	% Chg.
Video.....	\$12,440	\$12,228	- 1.7	\$12,352	+ 1.0
Audio.....	9,502	9,318	- 1.9	9,409	+ 1.0
Home Information.....	8,254	8,810	+ 6.7	9,129	+ 3.6
Blank Media, Accessories	3,960	4,069	+ 2.7	4,275	+ 5.1
Home Security Systems...	1,150	1,250	+ 9.7	1,270	+ 1.6
<b>TOTAL.....</b>	<b>\$35,306</b>	<b>\$35,675</b>	<b>+ 1.0</b>	<b>\$36,435</b>	<b>+ 2.1</b>

Except for audio products, all historical figures have been revised, including major changes in "blank media and accessories" categories (see below). EIA consensus forecasts were based on input from 60 companies.

In terms of video unit sales to dealers, EIA forecast sees direct-view color TV sets edging up 1% in 1992 to 19.8 million, of which 41% will be stereo. (Presumably reflecting argument over dbx, EIA uses word "stereo" instead of initials "MTS" for first time in forecasts.) Projection TV is forecast to rise 6.4% to new record of 415,000, VCR decks to fall 2.8% to 10.55 million (of which 22.7% will be stereo, vs. 19% in 1991), camcorders up 6.2% to 3.1 million, laserdisc players up 22% to 250,000, VCPs down 4.9% to 485,000, home satellite stations up 3.2% to 320,000. Last year's figures reflect 53-week year in EIA calendar adjustment; 1992 is 52-week year. Here are EIA's estimates and consensus forecasts for video and related products (videogame software not included in dollar figures above):

**U.S. SALES TO DEALERS AND FACTORY VALUE**

Product	Units (add 000)		Value (\$000,000)		Average Price	
	1992	1991	1992	1991	1992	1991
<b>Total Color TV</b>						
Direct-view TV-only	19,800	19,600	\$6,059	\$5,998	\$306	\$306
with stereo.....	8,100	7,464	3,483	3,232	430	433
TV/VCR combos.....	800	675	320	271	400	402
Projection.....	415	390	747	702	1,800	1,801
LCD*.....	300	280	59	56	198	200
Monochrome TV.....	600	747	42	62	70	83
LCD*.....	490	500	29	31	60	61
<b>Total VCR/camcorders</b>						
VCR decks.....	10,550	10,850	2,374	2,485	225	229
with stereo.....	2,400	2,064	792	689	330	334
Camcorders.....	3,100	2,920	2,139	2,062	690	706
Vidcassette players.	485	510	68	72	140	141
Laserdisc players...	250	205	94	81	375	397
Home earth stations.	320	310	421	408	1,315	1,315
Videocass., blank...	380,000	365,000	1,018	986	--	--
C'corder accessories	--	--	67	62	--	--
<u>Videogame software..</u>	--	--	3,750	3,400	--	--

\* Not included in major category above.

EIA's review and forecast for other consumer electronics products will be found elsewhere in this issue.

**MULTIMEDIA 3-4 YEARS OFF--TOSHIBA:** Toshiba plans to be heavily in home multimedia hardware and software, but believes current systems aren't good enough and there can be no standard before 1995. Although joint ventures with Time Warner (TW) may lead eventually to multimedia software alliance, first results could well be in videotape programming, cable TV or even theme parks.

This was indicated by 2 of Toshiba's top video and media officials in discussion in Tokyo about significance of deal in which Toshiba and C. Itoh paid \$1 billion for 12.5% of TW's TV-related businesses (TVD Nov 4 p4). Arrangement leaves TW intact, while creating joint venture companies, Time Warner Entertainment, in both U.S. and Japan. Deal gives Toshiba stake in U.S. software industry without risk of political backlash felt by Sony and Matsushita when they bought American movie companies.

Participating in interview were Takeshi Okatomi, Toshiba senior vp and group executive of Video & Electronic Media Group, who led team that negotiated with TW, and Kojo Hase, senior mgr. of Toshiba Media & Communications Group, who was member of team. Said Hase: "This is not just a case of another Japanese company buying a Western company. C. Itoh brought us the idea of a joint venture and that started 6 months of mind-boggling work. For the last 9 weeks of that time, a team of 6 of us from Toshiba worked nonstop without a single weekend break. It was so intense that at the end most people from both sides went for medical checkups.

"We are not movie people. We could not afford to buy Time Warner. But Time Warner had heavy debts and our \$1 billion helped. They will become very profitable in the future." Said team leader Okatomi: "We will study what will be of most interest to both sides of the joint venture. Multimedia may be one thing we decide on. But we could also decide on theme parks or cable. We have no concrete ideas yet. We will work together to find what is of mutual benefit."

Taped video software could loom large in joint venture's future. Hase blamed Korea for low returns in consumer electronics. Although 30% of Toshiba's sales are from CE, "it generates only 15% of our profit," he said. "But we need a continued presence. The market is huge and there is no comparable technology ready to take over from [video] tape for at least the next 3 years."

"Our dream is a 5-inch disc with 120 minutes recording and playback time, erasable and with high-definition quality. A higher density disc and the next MPEG [Motion Picture Experts Group] standard for [movie-quality] full-motion video will provide this. But the standards negotiations are only beginning and there are 32 contenders. There cannot be a standard until 1995. Until then tape is very important. We also want interactivity. [In TV], we believe cable is better for this than satellite. And the U.S. is the best place for cable. Also the U.S. is the best place for entertaining people. All that led us straight to Time Warner."

As for existing interactive systems, "we do not think that CD-I is really fully interactive," Hase said. "It is based on 6-year-old technology. The fact that there are still only around 50 titles suggests that the tooling is wrong, that the platform is not sufficiently flexible. That is why Panasonic and Sony are so quiet. We are all studying it very carefully and asking what is the right material. Certainly not encyclopedias. We need something sparkling that makes people say <96>I must have it.'

"Sony's Data Discman will be another MSX [a failed home computer operating system]. It is quicker to take a book off a shelf and flip through the pages. We need more interactivity and more flexibility. One technology we need to look at is Quick Time, from Apple. That already gives motion pictures at around 15 frames a second. Multimedia is a clash of titans, between the consumer electronics industry and the computer industry. The computer industry knows how to make it a business. The consumer industry has to handle the user interface."

Multimedia will be consumer reality in "maybe 3 or 4 years," Okatomi said. Although both Commodore and Philips have approached Toshiba about joining their multimedia camps, "we have not decided on any format yet. The software still is not so attractive." But he emphasized that "it is not very profitable just to make hardware -- we want to join with software. We have no interest in selling only hardware."

Toshiba's big project for future is "VCCSS," which Okatomi said stands for "Video, Computers, Communications, Software and Systems," reflecting similar comments last summer by Toshiba America Consumer Products Pres. Hitoshi Ohashi (TVD July 1 p13). Okatomi said: "We want to make new ideas work for home use, not just combine existing ideas. We are looking at computers, TV, VCRs, facsimile and telephones. Fax and telecommunications are now personalized information systems" as line blurs between business and home systems. Toshiba will approach home electronic nerve center as single device -- "homes are too small for everything to be in different boxes."

**Household penetration**, by product, as estimated by EIA at opening of Consumer Electronics Show: All TV 98%, color TV 97%, color TV with stereo 31%, LCD TV 7%, monochrome TV 52%, projection TV 8%, VCR decks 77%, camcorders 17%, TV/VCR combos 3%, laserdisc players 1%, home earth stations 3%, audio systems 94%, compact audio systems 63%, rack systems 54%, radios 98%, home CD players 35%, car CD players 9%, cordless phones 41%, phone answering devices 46%, cellular phones 3%, home computers 33%, home fax 1%, home security systems 16%, videogames 31%.

**Key America** forms Key East, Philadelphia, under Exec. Dir. Dennis D'Angelo, with addition of Marta Group, which Key America Exec. Dir. Mel Hunger said adds more than 100 new members, bringing buying group's total membership to more than 1,000 retailers with approximately 2,000 storefronts. Details: Key East, 215-425-8220.

**Hitachi** has ended VCR assembly in U.S., according to Japanese reports, which explained that demand here for low-priced monaural units is increasing at expense of hi-fi recorders assembled in Anaheim, Cal., where annual production was given as 70,000 units. Production will be transferred to Malaysia, where Hitachi plant produces 600,000 units annually. Move leaves Matsushita Kotobuki as only company assembling VCRs in U.S.... **Philips-JVC** joint venture in Malaysia will start producing hi-fi VCRs for U.S. market in Oct. In May, it began output of monaural models, all of which are exported to U.S.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 124 yen = \$1, except where noted.

**HOT CES GAME--NUMBER WARS:** With latest generation of shoot-em-up and the other game software blaring throughout videogame section, most fascinating battle at Consumer Electronics Show (CES) in Las Vegas last week was numbers war between Nintendo and Sega, both claiming outstanding success in 16-bit arena and predicting strong growth in 1992. Perhaps number most indicative of real story in just-concluded Christmas season was \$179.95 -- new suggested retail price for Super Nintendo Entertainment System (SNES) that's \$20 reduction.

Although claiming consumers had bought 2-2.1 million SNES consoles in last 4 months of 1991, Nintendo said new retail tag (price at which some retailers actually had been selling unit before holiday) brings it into "price parity" with Sega Genesis. Nintendo said additional \$25 needed to purchase 2nd controller for Genesis system (SNES comes with 2 controllers) puts SNES on even plane with \$149.95 Genesis.

Despite widespread retail reports that Sega outsold SNES in stores where both were carried, Nintendo executives insisted that their 2-million unit sellthrough figure was accurate estimate. Mktg. Vp Peter Main said company would have verifiable data on carryover inventory, since Nintendo is price-protecting retailers on \$20 reduction. Despite his assertion that Nintendo had reports that Genesis sellthrough was 950,000-1 million units, Sega Mktg. Dir. Al Nilsen said company actually moved about 1.6 million through retail, mostly in year's 2nd half. Proof of competitive situation, Nilsen said, is in SNES price cut: "If they sold that many units and the product was so hot, then do they have to effect an immediate 10% price cut?"

Both Sega and Nintendo announced aggressive plans for 1992, former predicting it would sell 3.2 million Genesis consoles and latter forecasting sales of 6 million SNES units. Nintendo said total sales for its own and licensed products for SNES, handheld GameBoy unit and warhorse 8-bit NES would be \$4.8 billion in 1992, up from \$3.5 billion in 1991. In addition to 6 million SNES consoles, company said 25 million pieces of SNES software, 4 million Game Boy units, 25 million Game Boy cartridges, 4 million NES and 35 million pieces of NES software will be sold this year.

Nintendo also announced plans to introduce \$200 CD-ROM player next Jan. in Japan, U.S. and Europe, with startup production of 300,000 units per month. As disclosed at last summer's CES (TVD Jun 10 p14), SNES disc software will use CD-ROM XA format, and Nintendo is working with Philips to develop CD-ROM XA bridge format that will allow disc to be played on CD-I players in addition to SNES players. Nintendo officials said they're encouraged by discussions with Sony on establishing CD-ROM XA compatibilities with Sony's announced Play Station console. All indications are that agreement has virtually been reached, but that formal announcement has yet to be made.

Nintendo also reduced Game Boy price to \$80 from \$90, saying that retailers who had sold unit for lower price during Christmas saw sales rise "a lot more than the 12-to-15% reduction," in Main's words. Company also repackaged 8-bit system, bundling in Super Mario 3 cartridge at \$89.95. Company introduced accessory for SNES: Super Scope, shooting device that user rests on shoulder in manner of bazooka, will be packaged with cartridge that includes 6 different games at \$59.95 retail.

Sega's Nilsen said company still is airshipping Genesis consoles into country in effort to catch up with demand that outstripped company's ability to supply last year. Company

plans to launch CD-ROM accessory at June CES. Although Nilsen wouldn't estimate how much player will cost, version introduced in Japan is priced at more than \$350.

**SONY 'SHAKEUP' COMING?** "Internal structural breakup" to cope with slower growth in first half of 1990s, eliminate duplication within organization and adjust to "miscalculation" in multimedia and HDTV is in wind at Sony, Wall St. Journal concludes from unusually frank interview with Ken Iwaki, deputy pres. for corporate strategy in Tokyo.

Among surprising statements is Iwaki's admission that HDTV was "one of the miscalculations," although he himself was architect of Sony's dominance in Japanese HDTV origination equipment. He conceded that it's not "a real business" and added: "We're not quite sure, if we wait, will it come?" Other major miscalculation, according to Journal, is in multimedia area: "In our modified business strategy, we are now looking at this as slower growth."

Iwaki said he plans to eliminate duplication of projects within Sony -- particularly in area of computer-related products being developed by different teams in different company divisions. He's quoted as saying that in 2-3 months Sony probably will combine them into single entity. He said Sony wants 10% of its sales in 5 years to be from computers, particularly in terms of home combination audio, video and computer products.

"Our basic tone is now changing to the more cautious," Iwaki said, with cut in capital spending and more emphasis on profit from core businesses such as TV and VCR, as well as more alliances with other companies. As for deal with Apple, "nothing is completely decided." He said rise in value of yen was partly responsible for Sony's poor financial showing. He also conceded, according to Journal, that Matsushita "has really hit Sony across the board."

Meanwhile, Nikkei Weekly quoted unnamed "industry observers" as believing Sony "is in a bad way." It said analysts weren't fooled by "accounting magic" that produced nominal operating profits of 10.2 billion yen (\$79 million) in 6 months to Sept. 30 (TVD Nov 25 p10). Nikkei said Sony changed accounting system to "count royalty income from its overseas subsidiaries as operating income." If Sony had followed past practice and reported royalties as nonoperating income, its operating profits would have been only 2 billion yen (\$15.5 million), Nikkei said.

Sony America spokesman confirmed that company is seeking to eliminate duplication in organization and is working to improve efficiency in U.S., but pointed out that "in the U.S. we had the double-digit growth we wanted and met our target" in electronics. He said Sony's American financial figures looked weak principally because of change in accounting practices for Columbia House marketing operation. He hastened to add that Sony is "still making investments" in U.S.

Prerecorded Mini Disc (MD) facility is under construction by Sony's Digital Audio Disc Corp. (DADC), Terre Haute, company announced last week. Facility, scheduled to go on line in fall when first Sony MD hardware is to be introduced, will have monthly capacity of 500,000 discs at start, with ability to double rapidly if needed, DADC said. Sony Music (Japan) and DADC Austria also are committed to produce 500,000 discs per month each in fall, for total capacity of 1.5 million monthly at launch.

**SILO'S LOSSES CLIMB:** Bad news and good news on retail front: British parent Dixons reported deepening losses for Silo with little immediate prospect of improvement, while Best Buy said late buying surge resulted in 16% comparable-store increase of 16% for Dec.

Silo's loss for 28 weeks to Nov. 9 was \$18.7 million, Dixons said, up from \$3.9 million in same year-earlier period. In latest period, Silo's sales were \$487.5 million, up from \$420.8 million, reflecting first full year in L.A. market. Comparable-store sales fell 5% in 28-week period.

"Throughout the U.S., consumer electronics markets were weak and competition was intense," Dixons said: "We are taking determined action to improve Silo's market share and restore its profitability. However, there will also need to be an upturn in the U.S. economy before there is any significant improvement in Silo's results." Silo had 230 stores Nov. 9, up one in year.

**Best Buy** Dec. turnaround came after it warned security analysts Dec. 19 that its comparable-store sales were off 2-3% at midmonth (TVD Dec 23 p10). Dec. sales of \$187 million were up 48% from \$126 million year earlier.

For fiscal year's first 10 months (March-Dec.), Best Buy's sales were \$776 million, up 35% from \$575 million year ago. Comparable-store sales were up 11% for 10 months. Commenting on its earlier announcement of poor sales, Best Buy said: "This trend changed on Dec. 21 when the company experienced a strong surge in business, which continued for the remainder of the period." Month's strong performance, it said, "was accomplished in all markets." Company operates 73 stores, of which 53 are considered comparable.

Pickup was heralded 2 weeks ago when Chmn.-CEO Richard Schulze told us "Christmas came late" and saw possibility of "strong after-Christmas sales" (TVD Dec 30 p7). Stock market reacted to news, Best Buy shares on NYSE closing at 23-1/2 day after announcement, up 6-7/8 in 2 days.

**Circuit City** said Dec. comparable-store sales rose 2% as total sales jumped 16% to \$406.1 million. Pres.-CEO Richard Sharp said sales "met expectations," although results "continue to be affected by the overall weakness in retail sales and the aggressive promotional environment that has ensued." Company said it will open about 30 superstores in fiscal year beginning March 1, including entries into Baton Rouge, Corpus Christi, New Orleans, Oklahoma City, San Antonio, Tucson. Circuit City is "evaluating additional market entries subject to competitive conditions and real estate opportunities."

**The Good Guys** said comparable-store sales were up 7% and total sales 24% to \$155 million in first quarter ended Dec. 31.

**Sun TV** reported 19% sales increase to \$64.9 million and 80.5% rise in net income to \$1.2 million for 3rd quarter ended Nov. 30. Comparable-store sales dropped 1% in quarter, company citing effect of late Thanksgiving on sales levels. For first 3 quarters, sales rose 17.4% to \$168.1 million, with net income up 76.5% to \$3.3 million.

**Audio/Video Affiliates** reported gain of 7% in comparable-store sales in Dec., with total merchandise sales for month up 19% to \$40.8 million from \$34.2 million in Dec. 1990. For first 11 months of fiscal year, sales of \$179.9 million represented increase of 25% over \$144.2 million year

ago, with comparable stores up 7%. At end of calendar 1991, company operated 99 stores, up 9 in year.

**JENSEN GOES PUBLIC:** International Jensen Inc. (IJI), maker of Jensen, AR, Advent and Phase Linear speakers, filed registration statement for 1.65 million shares of common stock, to be sold at anticipated \$9.50-\$11.50 per share.

In glimpse at inner workings of highly secretive company, registration statement reveals its sales for fiscal year ended last Feb. 28 totaled \$138.8 million, more than 50% higher than the \$90.4 million of year to Feb. 21, 1988, final year under ownership of Beatrice Co., before it was sold to current owners for \$15.7 million.

In 9 months to Nov. 30, 1991, IJI had net income of \$5.8 million, up 29.1% from the \$4.1 million of 1990 period, while net sales rose 8% to \$119 million from \$110.2 million. For last complete fiscal year, through Feb. 1991, net income was \$6.2 million, down 25.8% from \$8.4 million in fiscal 1990. In last 2 years under Beatrice ownership, company had net losses of \$2.2 million and \$165,000.

In latest 9-month period, 65.2% of company's sales were to automotive market, as compared with 79% in Beatrice's final year of ownership, indicating stronger diversification into home field through addition of AR and Advent brands. For 9 months through Nov., 31.1% of IJI's sales (\$37 million) were to auto manufacturers, 34.1% (\$40.6 million) to automotive aftermarket, 27% (\$32.1 million) to home audio market and 7.8% component sales (\$9.3 million) to loudspeaker manufacturers.

Company was purchased by Chmn.-Pres.-CEO Robert Shaw and broker William Blair & Co. in Nov. 1991. After stock offering, Shaw will continue to hold 38.8% of stock, Blair Co. 27.2%, reducing their ownership to 66% from current 94.2%. In last fiscal year, Shaw received cash compensation of \$433,271.

When asked 2 years ago how much IJI paid for Acoustic Research (AR), Shaw snapped, "You're looking at a guy who's so private I wouldn't even tell people what I paid for my last pair of shoes." Financial statement indicates company paid some \$8.2 million for AR in 1989, received \$947,000 back next year in "adjustment." As of Nov. 30, IJI had total assets of \$73.8 million, current assets of \$64.2 million, current liabilities of \$41.1 million.

Five key customers accounted for about 37% of company's net sales in fiscal 1991, filing says, and "one domestic automotive OEM... accounted for approximately 20% of net sales." OEM customers include Ford, Chrysler, Honda and Mazda. Company plans this year to introduce line of 7 "Advent Mobile" speakers, priced at premium over Jensen brand, with "inductively coupled technology" which makes possible smaller size to fit behind many cars' speaker grilles. IJI employs 1,155, including 1,300 in manufacturing operations in 7 U.S. plants and 90 in sales and distribution. Prospectus will be available from William Blair & Co., 135 S. LaSalle St., Chicago 60603.

Corporate image campaign in U.S. is planned in spring by Toshiba. Japan parent has appointed Calet, Hirsch & Spector, ad agency that has handled Toshiba consumer products for 18 years, to develop print campaign.

**EIA AUDIO FORECASTS:** Audio equipment sales in 1992 are expected to rise just under 1% to \$9.41 billion at factory level, according to EIA's consensus forecast, after 1.9% decline last year.

Audio's share of total consumer electronics sales dropped in 1991 to 26.1% of total consumer electronics industry sales from 16.9% in 1990 and is forecast to fall again, to 25.8%, this year.

Recession hit audio industry hard in 1991 in most categories except portables, minisystems and total CD players, judging from degree to which EIA downgraded 1991 estimates from figures it had released 7 months ago in Chicago.

EIA also issued completely revised estimates and forecasts for home information and accessories, expanding battery category to include "primary" batteries for all consumer electronic products. Electronics furniture, in table below, isn't included in industrywide dollar figures reported elsewhere in this issue. Here are EIA estimates and forecasts for audio, home information and security products:

U.S. SALES TO DEALERS AND FACTORY VALUE

Product	Units (add 000)		Value (\$000,000)		Avg. Price	
	1992	1991	1992	1991	1992	1991
Audio Systems.....	4,550	4,380	\$1,268	\$1,247	\$279	\$285
rack systems.....	1,300	1,380	618	662	475	480
minisystems.....	3,250	3,000	650	585	200	195
Separate component.....	--	--	1,825	1,850	--	--
Total CD players....	13,050	11,600	--	--	--	--
Portable tape or CD.....	40,500	40,300	1,860	1,800	46	45
tape or CD only.....	11,000	10,800	473	443	43	41
with radio.....	29,500	29,500	1,387	1,357	47	46
Laserdisc players....	250	205	94	81	375	397
Home radios.....	18,300	18,300	311	311	17	17
Headset audio*.....	22,050	21,900	529	548	24	25
Total autosound....	--	--	4,145	4,110	--	--
aftermarket.....	--	--	1,235	1,235	--	--
factory installed.....	--	--	2,910	2,875	--	--
Blank aud. cassette.....	440,000	425,000	396	383	--	--
Home computers.....	7,050	6,400	4,406	4,160	700	700
PWPs/elec. typwtrs.....	3,000	3,000	600	600	200	200
Blank diskettes...	633,000	615,000	348	357	--	--
Home fax devices....	475	400	235	220	495	550
Telephones.....	36,450	35,900	1,878	1,832	52	51
cordless.....	15,950	14,500	1,324	1,323	83	85
corded.....	20,500	21,400	554	599	27	28
All cellular phones.....	3,500	3,100	1,068	1,070	305	345
Phone ans. devices....	15,200	14,500	942	928	62	64
Batteries.....	--	--	1,695	1,570	--	--
Elec. accessories...	--	--	818	773	--	--
Home security.....	--	--	1,300	1,150	--	--
E'tronics furniture.....	--	--	1,040	905	--	--

\* Includes radio, tape equipment, CD players and combinations also covered by other categories.

**Southeast Region** Home Electronics Show in Orlando March 13-15 is first in planned series of regional trade shows organized by former Consumer Electronics Show (CES) Vp Dennis Corcoran. Also including automotive electronics, show will be held at Orange County Convention Center, with space priced at \$12 per sq. ft. Corcoran said he expects 3,000-5,000 retailers from Southeast, region making most positive response to early telemarketing effort. Corcoran, who has formed own firm specializing in "trade show, conference and association management," was dismissed by EIA shortly after last June's Summer CES (TVD June 17 p11). Details on regional show: 703-684-4465.

**Muratec** is new brand name for former Murata Business Systems (cellular phones, fax).

**PANASONIC PUSHES S-VHS:** Compatibility -- VHS and S-VHS, VHS and VHS-C -- is key to completely new 16-model video line introduced at Consumer Electronics Show by Panasonic. All 11 VCR decks can play both VHS and S-VHS tapes, and all 5 new camcorders are Palmcorders in either VHS-C or S-VHS-C formats, with no full-size models introduced, although slimline full-size models remain in line.

Panasonic is putting heavy emphasis on S-VHS, as foreshadowed here last fall (TVD Nov 18 p10). Five models, including single 2-head unit, are standard VHS but will play back S-VHS tapes in standard definition ("quasi" S-VHS playback). There are 3 Super VHS stereo models; 4 of standard models are stereo. Nine models have unique feature -- their clock timers automatically set themselves for daylight time first Sun. in April and go back to standard time last Sun. in Oct. For delivery March-May, they were unpriced at our deadline, but Panasonic has promised lower price points on S-VHS.

First S-VHS Palmcorder, with 20:1 digital zoom and Digital Electronic Image Stabilization (DEIS) tops Panasonic camcorder line; it's still unpriced. Features of new Palmcorders include detachable 8-function wireless remote, "color digital fade" special effects, one-lux sensitivity and digital auto shutter that adjusts shutter speed as well as iris for high-contrast shots. Available in late spring, suggested retail prices on new VHS-C camcorders are \$899, \$999, \$1,099, \$1,299.

Panasonic's action in bringing S-VHS into full "forward" as well as "backward" compatibility is major step because similar models are expected to show up soon under brand names of other companies importing Matsushita-made decks, and most other sources of decks could add "quasi S-VHS playback" feature within year, giving S-VHS new lease on life.

**JVC**, meanwhile, introduced VHS-C camcorder in its GR-AX mini series with color LCD viewfinder, 8X zoom, detachable light, digital one-lux sensitivity, 270,000 1/3" CCD, digital superimpose, fade, syncro edit control, at \$1,499.

**Canon** added supertelephoto 250mm lens, available in April at \$800 list, to its series of interchangeable VL Mount lenses for its L1 Hi8 camcorder. It also introduced series of desktop video editing kits for Apple Macintosh computers at \$2,499-\$7,899.

**AT&T's 'HOME' VIDEOPHONE:** Color video telephone, which AT&T announced last week as potential mass market product, is merely video warmup for company, said Group Exec. Robert Kavner, who called it "just the first sight-sound product" from AT&T as it restructures its network "for wideband transmission at home and in the office."

Videophone, designed to plug into standard home or office phone outlet, uses regular phone lines. It will sell for \$1,500 in May at company's Phone Center stores and be available for rent at \$30 per day. AT&T Phone Centers also will offer videophone to consumers, and company plans to provide service in hotel lobbies and airports as well.

Phone resembles the many Japanese-developed systems that sporadically have been offered here and in Japan. It has 3.3" LCD screen and frames are delivered at 2-10 per sec. It will be made at AT&T's Shreveport plant, while Compression Labs Inc. (CLI), San Jose, will make video compression part.

**SONY 4" COLOR LCD TV:** Week's TV introductions at Consumer Electronics Show and outlying Las Vegas sideshows included brand new Sony Color Watchman and first 27" set in Panasonic's SuperFlat series.

**Sony** introduced what probably is most expensive color TV set per inch to date -- sleek and thin 4" at \$700 for Feb. availability. Set weighs just one pound, has card-sized remote control, 105,600-pixel active matrix screen whose backlighting adjusts to light conditions, on-screen channel display, audio/video input and output jacks, built-in speaker. It can use same rechargeable battery pack as Sony 8mm camcorders. Optional accessories are sports pack for outdoor use at \$300, car kit at \$230. If you want set loaded, it's yours for list price of \$1,230.

**Panasonic** SuperFlat 27" at \$1,200, announced last summer at same time as 31" at \$1,800, uses same technology and features (TVD Aug 19 p11). TV Product Mgr. Jerry Surprise said 31" model "enjoyed incredible response from both the media and consumers when it was introduced in the fall." To be sold under premium Prism logo, 27" model is to be available next month.

Panasonic also introduced two 51" projection TVs, using new 7" tubes with claimed 350 ft. lambert brightness, more than 700 lines of horizontal resolution. Sets have surround sound circuitry, 10-w-per-channel audio, PIP, 30-channel station ID. Its 51" sets, in 2 cabinet styles, are \$3,000; two 45" models with similar features are \$2,899.

**Citizen** adds 3 LCD color TVs -- 2.2" model with 53,320-pixel screen weighing 12 oz., using Citizen's "Super Matrix" system, at \$170; 2.9" model that will receive both NTSC and PAL has on-screen channel display, 94,608-pixel resolution, at \$270; model with pop-up screen and AM-FM stereo is \$300. Sets are sold by CBM America Corp.

**11-MONTH MTS BEATS 1990:** Sales to dealers of direct-view color TV sets equipped with MTS stereo in 1991's first 11 months exceeded total for all of 1990, latest EIA figures indicate, despite fact that total color TV sales were down last year.

Jan.-Nov. sales of MTS-equipped sets totaled 6,536,623, EIA reported, up 11% from 5,871,081 in same 1990 period and some 8% above estimated 6,050,000 sold in all of 1990. We have estimated total 1990 MTS sales because EIA is making running revisions for that year as it eliminates TV/VCR combinations from MTS-equipped total.

In Nov., 38.9% of color sets sold had MTS, compared with 34.1% in Nov. 1990. Record percentage was 43.6% in Sept. 1991. For first 11 months of 1991, MTS share was 37.9%, up from 32.1% year earlier. In Nov., when direct-view TV sales increased 7.7%, sets with MTS rose 22.8% to 786,286 from 640,298 in 1990 month.

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**VCR Plus programmer** will be incorporated into future VCR models built by Sanyo and Sharp as well as JVC (TVD Jan 6 p13), Gemstar Development Corp. announced at Consumer Electronics Show. New brand names are in addition to Thomson Consumer Electronics' GE, RCA and Ferguson (U.K.) brands and Toshiba and Zenith. Gemstar said it expects "several other VCR manufacturers" to announce licensing agreements early this year. VCR Plus will be a sponsor of NBC and Cablevision pay-per-view 3-channel Olympics coverage this summer. Cable systems in spring will offer free VCR Plus programmer to subscribers signing up for full 15-day 1,080-hour Olympics package.

## 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>Acclaim Entertainment</b>			
1991-qtr. to Nov. 30	42,033,000	2,468,000	.12
1990-qtr. to Nov. 30	37,593,000	319,000	.02
<b>Paramount Communications</b>			
1991-year to Oct. 31	3,895,400,000	122,200,000	1.03 <sup>a</sup>
1990-year to Oct. 31	3,869,000,000	259,100,000	2.16
1991-qtr. to Oct. 31	1,166,300,000	83,300,000	.70
1990-qtr. to Oct. 31	1,177,600,000	110,500,000	.93
<b>TCA Cable TV</b>			
1991-year to Oct. 31	127,090,000	8,493,000	.35
1990-year to Oct. 31	113,738,000	4,755,000	.20
1991-qtr. to Oct. 31	32,765,000	2,325,000	.10
1990-qtr. to Oct. 31	29,979,000	1,568,000	.07

Note: <sup>a</sup>After special charge.

## Personals

**Lyle Cavanagh**, ex-Philips Consumer Electronics, named Zenith ad and sales promotion dir., responsible for national and co-op advertising and sales promotion activities... **Larry Barruch** departs as ad and communications vp, Sony Consumer Products, may be reached at 914-941-4558...

**Manny Almeida** named group mgr., new Fujix Video Products Group formed by Fuji Photo Film U.S.A., with responsibility for all of company's electronic imaging products, including camcorders... **Sam Kusumoto** will become chmn.-CEO, Minolta Corp. (U.S.), effective Jan. 25, to be succeeded as pres. by **Osamu Kanaya**, gen. mgr.-planning and board member of parent Minolta Camera Co. (Osaka), who also will assume COO title... **David Nagle**, Apple new products vp, named also as acting gen. mgr., Consumer Products Div. (see separate report, this issue)... **Hans Schmidt**, gen. mktg. mgr., BASF Audio/Video Product Management in German hq., named group vp, BASF Corp. Information Systems, Bedford, Mass., succeeding **Dieter Thomaschowski**, who returns to Germany as head of Fertilizer Operating Div.

**Joseph Henderson**, vp-merchandise mgr. for major appliances and seasonal products, appointed Highland merchandising vp, succeeding **Louis Bernucca**, who left in Sept. to become pres.-CEO of The Appliance Store, based in Pittsburgh (TVD Sept 16 p16); since then, Bernucca's duties had been handled by Chmn. **Eugene Mondry**... **Robert Sirkis**, Silo pres., named to new Retail Management Group formed to assume responsibility for all retail businesses of British parent Dixons Group. Other members: **John Clare**, group managing dir.; **Dick Andrews**, group personnel dir.; **Tony Dignum**, Dixons Stores Group deputy managing dir.; **David Gilbert**, Dixons Stores Group deputy managing dir.; **Terry Kelley**, group systems dir.; **Peter Morris**, group property dir... **David Bradway**, ex-Data Groups World Expo Corp., joins Cahners Exposition Group as a mgr. in Information Technology Group.

**Ellen Beth Van Buskirk** appointed mktg. services dir., Sega of America... **Ross Glatzer**, operations exec. vp and onetime head of consumer marketing, promoted to pres., IBM/Sears' Prodigy Services Co., succeeding **Theodore Papes**, retired... **Mark Weisenberg** appointed Luxman national sales mgr... **Albert Cardenas**, product engineer, moves to Yamaha Corporate Planning Group, headed by **Tom Graham**... **Dennis Barker** leaves Consumers Union to join Industrial Mktg. Research, Clarendon Hills, Ill., working from his home in Ossining, N.Y.

# TELEVISION DIGEST

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

With Consumer Electronics

JANUARY 20, 1992

VOL. 32, NO. 3

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**NAB AVOIDS FIGHT**, delays network cable ownership issue, opposes teleo entry into cable. Negroponte says there's 'no chance' public wants HDTV, or that test deadline will be met. More HDTV tests planned. (P. 1)

**MUST-CARRY BACKED** by Michel and others at NAB forum. Sides gear up for cable bill fight. Bid made to assign bill to House Copyright Subcommittee. Mooney says must-carry or retransmission consent okay, not both. (P. 2)

**FCC MOVE OPPOSED:** GSA-selected Portals site called unlikely unless FCC approves. Handicapped access is issue. Southwest D.C. site called inconvenient. (P. 4)

**NAB BUDGET FLAT:** Revenue and expenses set at \$17 million. TV, radio dues to be down, convention income up. Staffing to be cut. (P. 4)

**FM FREEZE SOUGHT** by NAB radio board. Economy and oversaturation cited. In-band DAB endorsed. NAB apparently abandons Europe's Eureka DAB. (P. 5)

**FCC OKAYS IVDS**, allocates spectrum for interactive TV. Abel calls IVDS big opportunity for broadcasters to hike income. Lotteries planned. (P. 5).

**STRINGER EUPHORIC**, says CBS would have been 'embarrassingly wealthy' if it hadn't been for \$50-million hit on baseball rights. Predicts CBS will return to 'Tiffany' days. (P. 5)

**NAB AVOIDS NETWORK-CABLE FIGHT:** Threat of acrimonious NAB board meetings in LaQuinta, Cal., last week didn't materialize as tough decision by TV board on network ownership of cable systems was postponed, and rump group of radio dirs., after meeting on their own early in week, came back into fold. Radio issue centered on Dec. 26 letter by Jerry Papenfuss, Result Radio Group, and responses by NAB Pres. Edward Fritts and Radio Chunn. Richard Novik, WKIP(AM)-WRNQ(FM) Poughkeepsie, N.Y.

**TV board, in putting off decision** on TV network ownership of cable systems, directed 3 TV representatives to meet with 3 designated affiliate dirs. and INTV designated dir. and report back with recommendations by Feb. 15. Issue had been expected to be contentious, but decision to delay action was made in advance of meeting. On table was FCC rulemaking to permit TV networks to own cable systems, with comments due March 2. Last fall, in conference call, TV board voted 10-6 to oppose proposal -- going against recommendation of NAB Exec. Committee that Assn. remain neutral. Affiliate assns. of ABC, CBS and NBC also oppose permitting networks to own cable systems. ABC is most vigorous in pushing for cable ownership, and since NAB's original vote has offered proposal, with safeguards to protect stations, that also was rejected by its affiliates. Behind-scenes negotiations were heavy before TV board meeting and one of those to be involved in further talks told us that "I hope we can, I think we can" reach agreement to take

### Consumer Electronics

**BILL TO BAN SCRAMBLING** of basic cable channels and require Multiport, backed by EIA, expected to be offered as amendment to cable legislation next week. (P. 10)

**CES SCORES IN VEGAS**, with attendance up 7.6% over 1991 winter show, but most exhibitors appear to be undecided about May's Chicago consumer-trade show. (P. 10)

**100,000 WIDESCREEN TUBES** in 3 sizes planned by TCE's Italy plant next year. Company will offer widescreen camcorders in 3 formats and VCRs. (P. 12)

**TANDY PLANNING MEGASTORE** for branded electronics and appliances. Prototype 160,000-sq.-ft. emporium slated to open outside Portland, Ore., this year. (P. 13)

**HITACHI CLOSING ANAHEIM** plant that once employed 900, now making only VCRs and testing projection TV, opening offices in San Diego, nearer Mexico plant. (P. 14)

**SONY DIGITAL 'SCOOPMAN'** audio recorder using stamp-size cassette introduced in Japan at \$775, will be offered in other countries in spring. (P. 14)

**MULTIMEDIA HOT TOPIC AT CES**, from Sculley speech outlining Apple vision to displays and scenarios offered by consumer electronics and computer camps. (P. 15)

**NEWMARK & LEWIS LIQUIDATION** under way as company says it has interest from 10-15 possible buyers. (P. 15)

issue to TV board and FCC. Added another: "A compromise is in the works." Special meeting of TV board has been set for Feb. 19, if needed, on network-cable ownership issue.

In other actions, TV board endorsed positions adopted day earlier by radio board on telco entry into cable and broadband services. Said board: "It is not in the best interests of either the public or broadcasters that existing cable systems be owned or purchased by any telephone company."

About 20 radio dirs. -- calling themselves "owner-operators caucus" -- met (Novik didn't attend) to air their beefs before radio board session. One of their goals, in which they were successful, was to draft Bayard Walters, Cromwell Group, to run for radio chmn. against Wayne Vriesman, Tribune Bestg. Walters hasn't announced, but is expected to do so in couple of weeks. Robert Fox, KVEN(AM)-KHY(FM) Ventura, Cal., and Alan Box, EZ Communications, are running for vice chmn. There appear to be no contests on TV side, with current Chmn. Ronald Townsend, Gannett TV, unopposed for reelection. No candidate has emerged as yet for vice chmn., but William Ryan, Post-Newsweek Stations, has been urged to seek post. Elections will be held at June board meetings in Washington.

Meanwhile, Fritts called Futures Summit held before board meetings "immensely successful," with expanded version to be presented at April convention in Las Vegas. NAB has made its Radio and TV Futures Committees permanent. At summit, MIT Media Lab founder Nicholas Negroponte said communications media are moving toward "personalizable TV" and "tailored newspapers." He said trend will be to take spectrum away from signals to "stationary objects" (such as TV receivers) and give space to systems transmitting to something that moves, such as cellular telephones: "When I say the next 12 months will change the face of broadcasting, I really mean it." MIT is partner in 2 proposed HDTV systems, its own and that of General Instrument, fact Negroponte didn't mention in presentation.

Negroponte said "more and more intelligence" will be built into TV receivers rather than sent out by station transmitters. He said 2 groups (which he didn't identify) are working to build more computer capability into TV sets and more video capability into computers, predicting former will win out. Future TV sets in homes will have Apple logo, not those of current manufacturers, he said. As for HDTV, he said "there is no chance in hell" that FCC will meet its June 1993 target date to select standard. Most likely, Negroponte said, Commission will tell all proponents to get together to come up with joint system. He said: "There's no evidence that anybody out there wants high definition... I'm sorry that the industry spent all that money on the [Advanced TV] Test Center... but maybe it was necessary."

Meanwhile, FCC's Advanced TV Advisory Committee agreed to add up to 21 days to HDTV test schedule in order to add digital-specific testing, Chmn. Richard Wiley said: "In terms of the overall goal, this is essential. This will help us make a clearer comparison among the systems." He said Advanced TV Test Center (ATTC) may be able to absorb some of increase by reducing 2 days allocated for system-specific tests of each proposed HDTV system. New tests probably won't add to ATTC's financial burden, Wiley said, because he believes proponents will agree to pay for them. ATTC is trying to raise at least \$1.6 million more to pay for completion of testing. INTV Pres. James Hedlund, in column in Assn.'s magazine seeking broadcaster contributions, said ATTC will run out of money in spring, before 2 of proposed systems can be tested, if money isn't raised: "The lack of testing data for 2 of the 6 [proposed systems] will make it impossible -- both technically and legally -- for the FCC to select a broadcast standard." NAB will hold news conference at NATPE in New Orleans Jan. 23 to announce campaign to raise funds for HDTV testing. FCC Chmn. Sikes is among speakers.

**MICHEL ENDORSES MUST-CARRY, CONSENT:** House Minority Leader Michel (R-Ill.) for first time endorsed must-carry and retransmission consent, speaking at NAB legislative forum in La Quinta, Cal., last week. In other action as both sides gear up for Senate cable regulation debate next week (TVD Jan 13 p1), Register of Copyrights said cable bills should be referred to Copyright Subcommittee and NCTA Pres. James Mooney said cable could accept retransmission consent, but only without must-carry.

Retransmission consent also was endorsed by Rep. Upton (R-Mich.), while Reps. Lent (R-N.Y.) and Callahan (R-Ala.) repeated their support. Of 5 members of House -- Republicans all -- participating in forum preceding NAB board meetings at La Quinta, only Rep. Lewis (R-Cal.) didn't give clear endorsement of cable deregulation bill. Michel called S-12 "a good piece of legislation" and said broadcasters should have must-carry but that "may be on a collision course" with Bush Administration.

Lent said that "consensus is emerging that Congress must revisit the video marketplace" -- particularly as it relates to cable -- but any new regulations must be "carefully crafted." He's co-sponsor of House cable

bill (HR-3380) that he said takes "a reasonable and narrow approach" to solving "imbalance" that now exists between TV and cable industries. Lent warned that "prospects for cable legislation in the House are not clear." House will hold hearing on HR-3715 to regulate local marketing agreements (LMAs), Lent said. But, he said, Congress "must trespass into [LMAs] very, very carefully... and go very slow." He is co-sponsor of HR-3715, along with House Telecom Subcommittee Chmn. Markey (D-Mass.) and House Commerce Chmn. Dingell (D-Mich.).

Upton said cable rates and services have been major concern of his constituents. Asked if members of Congress understand economic plight of broadcasters, he said there no longer is perception that TV license "is a license to print money." However, he said, not many members of Congress realize plight of TV-radio industries except those on Commerce Committees. Callahan said he's going to vote for cable bill, "but I'm not going to co-sponsor that bill" because cable systems in his district would claim that he favors increasing cable rates.

Meanwhile, continuing bid to have cable bills referred to House Copyright Subcommittee, United Video (UV) is circulating letter from Ralph Oman, U.S. Register of Copyrights, saying that S-12 and HR-1303 "are copyright issues which should be considered by the intellectual property subcommittees." Raising jurisdictional issue between Telecom and Copyright Subcommittees is seen as way to delay cable bills further. UV also said Copyright Subcommittee should consider other issues such as syndicated exclusivity, network nonduplication, sports blackouts.

In letter to House Copyright Subcommittee Chmn. Hughes (D-N.J.) and ranking minority member Moorhead (R-Cal.), UV Senior Vp Jeffrey Treeiman said company hopes Oman's letter "helps establish the clear copyright foundation of the access and nondiscrimination provisions" of cable bills. Oman wrote that program access and nondiscrimination provisions of S-12 and HR-1303 affect copyright holder's ability to license programming. "I would hope that these copyright policy issues will be reviewed by the intellectual property subcommittees before enactment into law," Oman said in letter responding to query by Rep. Porter (R-Ill.).

In separate letter to Hughes and Moorhead, Fox Vp Molly Pauker said compulsory license can't work with new video technology, including video compression that will create plethora of new multichannel competitors. She said fairness would appear to require that compulsory license be extended to any "video services that look like cable." Pauker said "there simply will be no place to stop" if compulsory license continues: "It must be recognized that an intellectual property system originally designed to accommodate a single multichannel delivery service world may need to be changed to accommodate technological evolution."

Cable can live with either retransmission consent or must-carry "if they put our backs to the wall," Mooney told TV critics in L.A., "but the thing that drives us nuts is when they insist on having both." He said some cable reregulation bill "almost certainly" will be acted on by both House and Senate this year, mainly because of efforts of broadcasters. Retransmission consent would be "lousy public policy and would principally have the effect of raising cable rates," Mooney said. "You'd have then a supposed consumer protection law which resulted in cable rates' going up." He discounted broadcasters' claims that cable operators could simply absorb cost of retransmission fees, saying "that's a lot of crap. As businessmen, they should know better. And I think that they shouldn't be allowed to really go public with hypocrisy of that kind." He said cable opposes both must-carry and retransmission consent, but "if they want to put one of the 2 things they want back in, we'll roll over for it."

Mooney admitted that cable's shortcomings are one of 2 reasons industry faces reregulation. He said there have been "entirely too many local controversies involving cable rates and customer service." Fight between cable and broadcast is 2nd reason, he said: "Broadcasters are the principal organized political force behind S-12." He said they aren't having as much financial trouble as they claim -- average network affiliate had \$3.5-million profit in 1990, and CBS Chmn. "Larry Tisch shows up and asks Congress for relief right on the heels of... CBS buying back \$275 million worth of stock."

**Ex-President Reagan will receive 1992 NAB Distinguished Service Award** at April 13 all-industry lunch during NAB convention in Las Vegas. Reagan, who early in his career was sports announcer for WHO(AM) Des Moines, received special award from NAB in 1988 for his efforts in deregulation of broadcasting and for pushing for full First Amendment rights for electronic media. He also has been inducted into NAB's Bctg. Hall of Fame.

**Tex. Board of Education** has authority to ban Whittle Communications' commercially sponsored newscast Channel One, according to legal opinion, although Board's course remains undetermined. Its next meeting is Feb. 6-7. It's estimated that more than 1,000 Tex. schools have contracted for Channel One. N.C. Supreme Court ruled last year that decision to subscribe there rests with individual school districts rather than state board.

**FCC MOVE OPPOSED:** There won't be final decision on new FCC offices until Commission is satisfied, Managing Dir. Andrew Fishel said, and agency isn't satisfied with planned new Portals office building at 13th and Md. Ave. SW. Fishel said FCC is continuing talks with GSA and "we expect to wrap it up by the end of January." FCC offices were closed Jan. 14 because break in 36" water main flooded area. GSA narrowed its choice for FCC offices to Portals, rejecting other bids. Commission would occupy 320,000 sq. ft. of 620,000-sq.-ft. 2nd building in Portals project. Work on 2nd building hasn't begun, Fishel said, but Edward Henry of Cushman & Wakefield, senior broker for Portals, said first building is ready for occupancy.

GSA has several options if FCC turns down Portals, including extending current lease and reopening bidding. Technically, GSA can order agency into new quarters, spokesman said; practically, however, GSA "will only push [FCC] so far. If it becomes obvious that it won't work, no one will be happy."

Handicapped access is key issue, Fishel said. He acknowledged that GSA has final say on other issues involving FCC offices, but said Commission can reject GSA's selection if site doesn't meet access criteria. Fishel said building itself probably can be built to meet criteria, but Metro subway system and other nearby "amenities" also must be accessible to handicapped. He said sidewalks between Portals and nearest Metro station at 12th and Independence Ave. SW "clearly do not comply." FCC also doubts whether Portals would be ready on time since it hasn't been started, Fishel said. He said building would have to be finished in Sept. to allow FCC to begin occupancy in Jan. 1993. Henry said 2nd building, which would include FCC offices, will be "totally ready" in July 1993, although portion could be occupied sooner. FCC also doubts that GSA proposal would provide adequate space for its needs, Fishel said. He said Southwest D.C. location isn't major problem for FCC.

Location is concern for other groups that located in M St. corridor in order to be near FCC. FCBA will "do all we can" to oppose move to Portals, Pres. John Lane said. He said Assn. is "very unhappy" with potential move because members are "deeply concerned for not only our own ability to deal with the FCC in that location, but with that of the general public. That is just a very tough location."

In addition to FCC offices, flood forced closing of law firms and others in area. FCC wasn't damaged, spokeswoman said, and Commission was operating normally next day. Deadline for filings due Jan. 15 was extended to Jan. 16. Washington bureaus of NPR and CBS were among M St. facilities affected by flood. NPR said 6' of water flooded its basement and first floor, but newscasts and other programming continued on schedule. CBS said damage wasn't significant, although 1-1/2" of water covered floors of control rooms and studios.

Partnership of Meredith and New Heritage Assoc. bought cable system with 21,800 subscribers in Bismarck, N.D., from Meyer Bestg. Meyer Pres. Judith Johnson said proceeds will allow company to "seek other media and marketing ventures both domestically and overseas." Price wasn't disclosed. Cable system is first bought by partnership headed by former Heritage Pres. James Cownie and other former Heritage executives. Broker: Daniels.

TWA agreed to sell its 97% ownership of Travel Channel to Landmark Communications for \$50 million, airline said. Landmark already owns Weather Channel.

**NAB BUDGET FLAT:** NAB expects revenues of \$17,086,000 and expenses of \$16,984,000 for fiscal year beginning April 1 under budget approved last week by board. Figures compare with now-projected income of \$16,737,000 and expenses of \$17,150,000 for current fiscal year, leaving deficit of just over \$400,000. That will leave 1992-1993 budget "zero-based in all cases," NAB staff told board.

NAB is expecting \$3.22 million in radio dues for new fiscal year, down from \$3.4 million budgeted for current year, with actual radio dues income now expected to be \$3.27 million. On TV side, income of \$3.62 million is projected, down from \$3.65 million scheduled for this year, but actual TV dues income will be \$3.59 million, according to NAB expectations. Assoc. dues income will be up slightly -- to \$1.07 million from \$1.03 million.

NAB has budgeted for income of \$7.91 million from April annual convention in Las Vegas. In 1991, NAB had projected \$6.52 million, actually grossed \$7.06 million. Other sources of income expected in new budget: Radio show \$428,000, NAB Services \$1.1 million, advertising \$152,000 (up from \$67,000, which was nearly double projected \$37,000), interest \$340,000, miscellaneous \$30,000. Govt. Relations is expected to spend \$2.98 million (down from \$3.34 million), Legal \$1.04 million, Public Affairs & Communications \$737,000 (down from \$869,000), NAB Service \$1 million, Science & Technology \$1.08 million (up from \$907,000), Research & Information \$1.22 million (up from \$1.16 million), Radio \$862,000, TV \$671,000, General & Administrative (which includes president's office and board expenses) \$6.37 million.

In report to board, NAB said it expects "continued membership churn" on radio side, "minimal" churn in TV with membership remaining "relatively flat" at 925-950. Report predicted that "continued sluggish economy and membership turnover" will hurt sales by Services Dept. Marconi Awards at radio show will be scaled down considerably, reducing expected loss of \$161,450 by 44%. HDTV World at convention also will be much smaller, with only \$23,456 income projected, down from \$133,794 in 1991. NAB isn't raising dues except for increased minimum monthly rate for radio members. Assn. has 174 employes, expected to decrease to 167, mostly through attrition, in next fiscal year.

**Financials:** Century Communications had \$20.9-million loss in 2nd quarter ended Nov. 30, vs. \$14.8-million loss year ago. Revenue was up 12.4% to \$76.6 million... Jones Intercable posted \$9-million net loss for 2nd quarter ended Nov. 30, vs. \$6.6 million year ago. Revenue rose 12% to \$22 million... Alexcom L.P., affiliate of Cable Holdings, raised \$51.5 million in new financing, said investment banker Waller Capital. Alexcom has systems with 37,000 subscribers in Smyrna, Ga., and Oak Ridge, Tenn... Telemundo Group said it was delaying \$3.2 million of interest payments due Jan. 15 on subordinated debt. At same time, Telemundo hired Blackstone Group to advise it on financial restructuring plan to reduce debt. Chief Financial Officer Peter Housman said Spanish-language network's basic business is solid, but debt structure needs to be revised... King World profit grew to \$36.6 million in 2nd quarter ended Nov. 30, from \$36.2 million year ago, and revenue 16.8% to \$204.4 million... C-Cor had \$271,000 profit 2nd quarter ended Dec. 27, vs. \$849,000 loss year ago. Chmn. Richard Perry said sales were up 39% because of "improved buying levels in the cable industry".... International Cablecasting Technologies said its common stock had been approved for listing on Nasdaq, effective Jan. 21.

**FM FREEZE SOUGHT:** NAB radio board will ask FCC to freeze grants of new FM stations and reallocations of FM frequencies. In session in La Quinta, Cal., last week lasting 10-1/2 hours, board said broadcast economy and oversaturation of radio station marketplace justify freeze. Freeze petition is expected to be filed in few weeks. With surprisingly little debate, board also endorsed in-band digital audio broadcasting (DAB), apparently abandoning joint venture with European Eureka project.

On FM, board said FCC should: (1) Focus on existing stations "to meet changes in service demands." (2) "Delete fallow or silent allocations." (3) Require applicants for new stations to demonstrate that market to be served has "economic capacity" to support another station. (4) Encourage "termination of station operations" in exchange for tax benefits. (5) Encourage increased minority ownership by expanding existing distress sale and tax certificate policies. Board reaffirmed support for FCC structural review of industry, endorsed joint ventures and time brokerage agreements, said it will ask Commission to relax its duopoly rules to permit common ownership of AM-AM and FM-FM in same market.

Radio board approved 10-point plan by DAB task force to promote implementation of in-band system. Critics for months had called in-band DAB most viable system and complained that NAB had been too committed to implementing Eureka 147 L-band (1500 MHz) terrestrial DAB system. Status of NAB's relationship with Eureka partners was unclear, but strong indication was that talks with Europeans were dead. Following FCC announcement in fall that U.S. would seek S-band DAB allocation at World Administrative Radio Conference (WARC), NAB asked European consortium to adapt system for in-band use. But NAB officials indicated in-band Eureka system could require expensive modifications, losing many technical benefits it had as L-band system.

In-band DAB is "preferred option for broadcasters," according to policy approved. Vote of confidence is in sharp contrast to in-band resistance voiced last April by senior NAB officials, including Task Force Chmn. Alan Box. Said NAB: "If an in-band solution cannot be developed, broadcasters may not be able to remain fully competitive" with other digital audio delivery systems, including cable radio.

Other objectives of implementation plan include: (1) Establishing technical standards. Document said standards could be set by FCC or "industrywide standards-setting organization." It didn't mention EIA subcommittee on digital audio radio. (2) Developing industry consensus. (3) Lobbying Capitol Hill and Commission on in-band DAB. (4) Accommodating existing AM and FM services, advocating "preservation" of those broadcasters "indefinitely." (5) Identifying and minimizing implementation costs. (6) Opposing satellite DAB delivery, as NAB has done consistently over course of DAB debate.

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**FCC plans to fine Triad and TCI \$23,750 each for** additional cable signal leakage violations, it said in letters to MSOs. TCI fine is for signal leakage in Boulder system, Triad's for Hastings, Mich. In both cases, cable systems had to shut down for about a week channels that operate in aeronautical frequencies.

**RTNDA has compiled complete listing of rules** involving TV-radio coverage of state courts -- 202-659-6510.

**FCC OKAYS IVDS:** FCC allocated spectrum for Interactive Video & Data Service (IVDS), clearing way for TV Answer to provide shopping, poll response and other interactive services through TV. FCC said it will use lotteries to allocate IVDS spectrum in each market, and will try to reduce speculation by charging \$1,400 filing fee and setting limits on selling licenses. TV Answer is actively seeking bidders who would pay fee to use its technology in their bid.

In separate report to NAB board on IVDS, NAB Exec. Vp John Abel said it could be great opportunity for TV broadcasters and "momentum has been steadily gathering." He said TV Answer has received more than 5,000 inquiries after offering to license its technology to other companies: "Interactive video is still a wait-and-see phenomenon, but clearly ideas are being spawned, money is being spent and hardware and software are improving... NAB should stay on top of interactive technology and promote those technologies that offer broadcasting the potential for a significant additional revenue stream."

Second firm also is interested in IVDS. Radio Telecom & Technology (RTT) Pres. Louis Martinez said his company would have centralized network that uses existing telephone technology without need for satellites or other more expensive gear that will be used by TV Answer. Martinez characterized his service as open network like personal computer that will support many applications.

Comrs. Quello and Barrett expressed doubts about decision, though both voted for it. Quello said record didn't demonstrate that full 1 MHz of spectrum was needed; he would have preferred 500 kHz. He also criticized move taking spectrum from maritime services. Barrett similarly questioned how long service would be around, saying cable and fiber could provide same services more efficiently.

**STRINGER EUPHORIC:** If CBS hadn't had to take \$50-million hit because of price of baseball rights, CBS Best. Group Pres. Howard Stringer said, "we'd have been embarrassingly wealthy." As it is, euphoric Stringer seemed to assume that network had regained its former Tiffany reputation, despite current bottom line.

Stringer told TV critics in L.A. that year ago CBS had been "down long enough so that complacency wasn't likely to be our first disease." Now, he said, he was amending that to read: "We've a long way to go from complacency, and a long way before we can even assume to be arrogant." Nevertheless, he said proudly that CBS is "in first place in prime time, first place in daytime, first place in Saturday morning, number one in weekend sports. We've gone from being 'mired' in 3rd place to this exalted position -- which isn't very exalted yet because it's only the beginning."

Even CBS News Div. was in happy, profitable mood. Pres. Eric Ober told us that his unit "financially is in terrific shape... The News Division, in our opinion, is getting comfortably close to break-even."

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**New copyright agreement** between U.S. and China has been applauded by MPAA and International Intellectual Property Alliance as way to reduce copyright losses in China. Bilateral agreement signed Jan. 16 commits China to strengthen its copyright law and extend protection to foreign works. It also heads off threatened trade war between countries. MPAA Pres. Jack Valenti called deal "excellent first step [that] serves as a signal to the rest of the world."

**PRIVATIZING CPB URGED:** CPB "should be sold to the private sector," according to new background paper by conservative Heritage Foundation. It said that "growth of the multichannel marketplace in the 1980s makes today's public broadcasting system unnecessary and wasteful." Twelve-page report, based on study conducted at Washington-based Foundation by Laurence Jarvik, appears likely to stoke debate on CPB's FY 1994-1996 reauthorization (S-1504), which recently was placed on "hold" in Senate because of unspecified concerns by Republican leadership. APTS takes hold seriously, Dir.-National Affairs John Lawson said Jan. 15, "but I am confident that if this problem truly becomes a threat to [continued existence of] CPB that a lot of good people in the Senate, both Republicans and Democrats, would rally to the cause. The fact of the matter is, the people in this country want public broadcasting." Liberal entity People for the American Way, meanwhile, plans to issue alert to media activists to fight for reauthorization bill, although spokeswoman described move as largely routine and intended to ensure that content restrictions imposed on National Endowment for the Arts aren't applied to public broadcasting.

Jarvik contended in Heritage paper that field has violated fairness and balance provision of Public Bestg. Act, since CPB doesn't "maintain records of the political perspective of the programs it funds," and recommended that Congress shift responsibility for ensuring compliance from Corp. to FCC. U.S. Appeals Court, D.C., rejected that course in 1975 case brought by conservative group Accuracy in Media. In long-standing complaint of conservatives, Jarvik said in paper, dated Jan. 18, that there's "leftward" bent in programming, with no prime-time series to balance what he regarded as such liberal fare as *POV* and *Frontline* series, as well as multiple programs produced by Bill Moyers's company.

Jarvik said PTV already is "operating an essentially commercial network" and "a great number of outstanding PTV programs enjoy strong commercial sponsorship as well as healthy revenues from commercial sales." He said that "a fully private" CPB "would have a target audience extremely attractive to advertisers -- upscale, affluent and educated viewers and listeners." Such spinoff, he said, would be consistent with developments in Europe, where for example former French govt. channel TF-1 was sold to private investors 4 years ago and now "dominates" French TV market.

APTS Pres. David Brugger said Jarvik's conclusions appeared to "parrot" opinions he took into study, and said author would be "better served by listening to the American people" who he said are strongly supportive of current structure. CPB Vp-Corporate Communications Rozanne Weissman said: "We fail to see the logic in Jarvik's suggestion that privatizing public broadcasting will 'make it more public.' The public has spoken up repeatedly [in pledge drives] in support of public broadcasting."

Ad industry needs more self-regulation to head off govt. action, said former American Ad Federation Pres. Howard Bell, who retired Dec. 31. In article in AAF magazine, Bell said creation of National Ad Review Board (NARB) and National Ad Div. (NAD) of Council of Better Business Bureaus were among his main accomplishments. But he said: "In this period of deregulation, the NAD/NARB program needs to be reinforced and reinvigorated." He said program should assume greater leadership role and more groups such as Children's Ad Review Unit could "serve as a positive response to public concerns and pressures."

**VIDEOCIPHER UPGRADE PLANNED:** General Instrument (GI) will upgrade VideoCipher descramblers to new VideoCipher RS (renewable security) version, which will use computer-smart-card technology to modify security coding as required to counter signal piracy. Upgrade is expected to be completed by end of 3rd quarter. GI has established consumer upgrade center in Hickory, N.C., to distribute units to owners of unaltered VideoCipher II decoders.

GI will invest \$50 million to upgrade estimated 260,000 units, GI Senior Vp-Domestic Products Kenneth Kinsman told us. He said 2nd-generation VideoCipher II Plus, introduced in 1989, hasn't been tampered with by signal pirates, but piracy always will exist and new technology is way of "getting the table set to deal with it properly next time."

Satellite Bestg. & Communications Assn. Pres. Charles Hewitt said industry has been "anxiously awaiting" upgrade, which he predicted "will curtail piracy dramatically" in next year. Decoder will list for \$336, GI said, for those who choose to buy it because they weren't among subscribers eligible for upgrade.

**Reallocating 1.99-2 GHz band to personal communications networks (PCN)** could be "severely disruptive" for broadcasters, Society of Best. Engineers said in FCC filing last week. Reallocation shouldn't be considered, it said, because it would bring "extreme difficulty and expense to virtually all TV broadcasters." That band currently is used by broadcast auxiliary operations. NAB, RTNDA and C-SPAN, which use band for newsgathering and video production and transmission, said they oppose reallocation of those frequencies, saying they have invested heavily in equipment "that would be rendered useless." Other parts of telecommunications industry generally agreed that FCC should act quickly to establish framework for PCN. U. S. Telephone Assn. suggested that FCC allow local telcos to use 1.7-2.3 GHz for PCS and allocate 2 equal, contiguous blocks of spectrum totaling 60 MHz.

**Fledgling WYBE** (Ch. 35) Philadelphia has sued Pa. Public TV Network (PPTN) and its member stations -- state's 7 other PTV licensees -- contending that they unlawfully have refused to provide it with state program grant and to link it with PPTN's microwave program distribution network. Suit, filed Jan. 8 in U.S. Dist. Court, Philadelphia, also asked ruling on structure of PPTN board, which WYBE charged is impermissibly ridden with conflicts of interest since it includes representatives of all 7 member licensees. PPTN said in news release that it and its stations "are confident that they have acted scrupulously and correctly in their consideration of requests by... WYBE for interconnection" and that they "are fully confident that the lawsuit will be resolved in their favor."

**TCI-led partnership** canceled plans for Chicago all-news cable channel, clearing way for competing channel to be launched in midyear by Tribune Bestg. and Continental Cablevision. TCI had hoped to operate 24-hour News Channel in partnership with Fox affiliate WFLD and Fox network. News Channel CEO John Coleman said he still believes in concept, but "after reviewing the impact of the economy on Chicago television revenues, the cable network plan must be suspended." WFLD Vp-Gen. Mgr. Stuart Powell said timing was wrong for all-news channel. Cable systems with 830,000 subscribers had indicated they were willing to carry channel, officials said.

**Ad Notes:** Super Bowl ad rates will set another record this year at \$850,000 (up from last year's \$800,000) for 30-sec. spot, CBS said, and Ad Age said many of spots were going unsold. Magazine attributed slowdown in sales to high price, weak economy and Olympics that are siphoning off ad dollars. Among advertisers expected to be missing this year are AT&T and competing long distance carriers. However, CBS issued statement predicting it would sell remaining spots without discounting price because of viewer interest generated by quality of matchup between Redskins and Bills... Arbitron said its **MediaWatch** has added 17 markets, for total of 68. MediaWatch is electronic commercial monitoring service that began in May with 5 markets... **American Ad Federation** launched new monthly publication **AAF Government Report**, dealing with regulatory issues... **WMUR-TV** Manchester, N.H., turned down political ad in which gay activist group Act Up planned to give AIDS-related message to presidential primary candidates. Station cited "visual content" of ad... **American Assn. of Ad Agencies** will sponsor seminars on agency liability and other legal issues Feb. 6 at Regent Beverly Wilshire Hotel, L.A.; Feb. 19 at Drake Hotel, Chicago; Feb. 25 at Grand Hyatt, N.Y.C. -- 212-682-2500... **National Media Inc. and Bcst. Data Systems** said they jointly will market computer-based **POLARIS** (Political Advertising Reporting & Intelligence System) to political candidates. POLARIS will monitor TV and radio ads and provide daily computerized report to campaign managers on opponents' ads... **Radio Ad Bureau** is distributing **Instant Background** for 1992 as way to aid radio ad sales. Volume includes marketing profiles of 50 potential advertisers -- 212-254-4800... **Three former employees** of **TV Bureau of Advertising** (TvB) formed media marketing and sales training company in N.Y.C. The Media Center was founded by Barbara Zeiger, former TvB senior vp-mktg. services; Charles Hanson, former vp-station relations; Timothy Cornillie, mgr.-national mkt. development.

**At least 19 petitions** for reconsideration have been filed on FCC's AM improvement plan. Most request minor modifications or clarifications of decision, which gives AM stations incentives to reduce power in some circumstances and move to expanded AM band, and sets new AM technical standards. NAB, in its petition, said it's "gratified" by most of decision but asked that Commission: (1) Reassess mandated interference reductions when stations make modifications. (2) Set waiver policy for stations that undergo involuntary modifications. (3) Increase opportunities for Class C stations to move to expanded band. NAB said FCC shouldn't give Travelers' Information Stations (TIS) "free rein" to operate in AM band because that could "pave the way for a flood of TIS applicants." Others, including Md. and Okla. Depts. of Transportation, said FCC didn't go far enough in opening band to TIS. NTIA said Commission should reconsider ruling to give TIS only secondary status in band. NAACP criticized move because it didn't mention minority station ownership.

**Communications Act** doesn't limit FCC's jurisdiction over pole attachments for cable systems based on type of service system provides, NCTA said in filing at Commission objecting to U. S. Telephone Assn. petition for reconsideration involving Tex. case (TVD Jan 6 p3, Nov 25 p7). USTA said FCC has jurisdiction for pole attachment fees only for segment of cable used for video service, not for data or voice. NCTA said that argument is "belated effort to confuse the record by introducing unsubstantiated speculation." Cable group also said USTA interpretation would leave FCC unable to protect from abuse "those very services... that are most likely to compete" against telcos.

**Program Notes:** **CNN** and League of Women Voters have proposed debate between President Bush and Republican contender Patrick Buchanan, to be held in Manchester, N.H., Feb. 15, 3 days before primary there... **National Captioning Institute** said it will caption all network coverage of 1992 Winter and Summer Olympics, including that of CNS, NBC, TNT. Portions of Games were captioned in 1984 and 1988... **WGN-TV** Chicago said it will drop its Sun. morning religious programs after 36 years in favor of local news. Station cited ratings problems and desire to get head start on NBC, which plans weekend version of **Today Show**... **USA** and **WTBS** tied for 1991 ratings lead among cable networks, with 2.2, Nielsen reported. They were followed by **ESPN** (1.9) and **TNT** (1.8)... **New England Cable News** (NECN) channel will use **All News Channel** as source of national and international news under new agreement. NECN, with about one million subscribers, is scheduled to launch in March... **Learning Channel** said it added 250,000 new viewers in last month with launch on systems in Riverside, Cal., San Diego, Virginia Beach, Myrtle Beach, S.C... **WUPW** Toledo said it inadvertently broadcast sound track from pornographic movie during rerun of **Gilligan's Island** Jan. 14. Station switched to another episode of series, ending sound track, after about one min.

**TCI executives** borrowed \$500,000 from Bank of Commerce & Credit International (BCCI) affiliate, Capcom Financial Services, to invest in brokerage concern controlled by BCCI, according to audit commissioned by U.K. Securities & Investment Board. Report said TCI Chmn. Bob Magness borrowed \$100,000, Senior Vp Larry Romrell \$400,000. As result, Romrell owned 16% of brokerage firm, Magness 4%, said report by auditors Peat Marwick McLintock. Report also said that business associate of Romrell, Kerry Fox, received more than \$3 million through "artificial transactions" involving firm. Spokesmen for Magness and Romrell weren't available for comment, but they have said they were duped into role in BCCI affiliate (TVD Aug 19 p4), and Magness said he never attended Capcom board meeting. TCI spokesman said internal investigation showed no involvement with BCCI. MSO expects report on same issue from outside counsel soon; spokesman said there's "no reason to expect a different conclusion." Magness and Romrell were listed as 2 of firm's 6 board members -- both resigned after BCCI and Capcom were indicted in 1988 in Tampa on money-laundering charges.

**CableLabs** issued request for information to more than 200 potential manufacturers of ad insertion equipment for cable systems, Technical Operations Dir. Scott Bachman said. Information collected will be used to develop voluntary technical guidelines for equipment that will compress commercials digitally and insert them automatically into programming on local cable systems. Systems that now have ad insertion capability use labor-intensive analog videocassette players controlled by personal computers. High costs have caused many smaller cable systems to avoid carrying local ads (TVD Jan 6 p1). Christopher Bowick of Jones Intercable, chmn. of CableLabs task force, said digital ad insertion equipment will make it easier for advertisers to use local cable, increasing total cable ad revenue.

**U.S. faces "uphill battle"** at World Administrative Radio Conference (WARC), Thomas Stanley, FCC chief engineer, told FCBA. "Most difficult" U.S. issue is DAB, he said. Stanley described WARC process as "God-awful slow" because of large bureaucracy with "deep roots." He said that because of large size of terrestrial-based broadcasting systems here, U.S. will serve as "case study" for others on DBS and HDTV.

**NBC** ratified decision by KRON-TV San Francisco to move up prime time to 7-10 p.m., saying allowing affiliate to experiment with earlier schedule would add to information already being gleaned from similar experiment at KCRA Sacramento (TVD Sept 2 p5). KRON-TV is asking FCC for waiver of prime-time access rule to allow schedule shift, which would have network news beginning at 5:30, NBC entertainment programming 7-10 p.m., local news 10 p.m., Tonight Show 10:35 p.m. KRON-TV announced prime-time switch last year, before network gave approval. After announcement, KRON-TV Pres. Amy McCombs said: "I certainly appreciate NBC's commitment to the move." Two CBS affiliates, KMST Monterey and KPIX San Francisco, already have announced they're moving up prime time. KRON-TV test will run 16 months. NBC TV Network Pres. Pierson Mapes said: "Testing this concept in 2 markets rather than just one makes a great deal of sense. The data... added to that which we're gaining in Sacramento, should help up learn more about how we can best service both our mutual needs and the long-term health of our partnership." Chronicle Bcstg. CEO Francis Martin said KRON-TV move "reflects the reality" of west coast viewers' preferring earlier times.

**Meetings:** FCC Chmn. Sikes will speak Jan. 22 at lunch meeting of **Women in Govt. Relations** at Washington Court Hotel -- 202-298-2316... Assn. of National Advertisers **TV Ad Forum** Feb. 11-12 at Waldorf-Astoria Hotel, N.Y., will include NBC Pres. Robert Wright and Cap/ABC CEO Daniel Burke -- 212-697-5950... **Scientific-Atlanta** will hold technical seminars at Chicago Oakbrook Marriott Hotel Feb. 11-13, and at Pittsburgh Airport Holiday Inn March 10-12 -- 800-722-2009... Cable regulation will be key topic at **NATOA** regional conference March 5-6 at Dupont Plaza Hotel in Washington -- 202-626-3160... Investment bankers Wertheim Schroder will sponsor conference on **Business of Entertainment** March 26 at Pierre Hotel in N.Y.C. -- 212-492-6532... **FCC Chmn. Sikes** will be keynote speaker at NAB's Law & Regulation Conference that runs April 14-15 during NAB convention in Las Vegas... **Cable TV Administration & Mktg. Society** pay-per-view conference will be May 26-27 at Disney World Yacht Club Resort, Orlando -- 703-549-4200... **Atlantic Cable Show** will be cut to 2 days from 3 this year, organizers said. Show will be in Atlantic City Oct. 13-14 -- 609-848-1000.

**Technical Notes:** **Jerrold** said Comcast cable systems in Baltimore will be first to test new video-on-demand technology. Technology uses combination of 550-MHz fiber/coaxial hybrid cable systems and evolving digital technologies, Jerrold Pres. Hal Krisbergh said. Company also said: (1) Lenfest Group had placed first large-scale order for Jerrold's newest addressable CFT-2000 converters, which include on-screen display. Unit was shown first time at Western Cable Show. (2) ATC will make largest-ever deployment of Jerrold's 550-MHz AM fiber system, installing about 600 two-way links in Rochester, N.Y. (3) ATC will be first to use its Starfire laser. Deliveries will begin in March... **Ampex** said Crest National Videotape & Film Labs bought 3 Ampex D-2 videotape recorders, allowing it to transfer 70-min film direct to videotape... **Delco** said it will offer AMAX-certified AM stereo receivers on selected 1992 GM cars, first installation of AMAX equipment in vehicles.

**National Assn. of Physician Bcstrs.** issued new code of ethics for doctors who broadcast health and medical news. Code requires accuracy, full disclosure, editorial independence, rights to privacy and confidentiality.

**NCTA** will drop its National Cable Month promotion, 5 years after it was launched, board decided last week. Spokeswoman said promotion had fulfilled its purpose and required too much NCTA staff time. During NCTA-organized Cable Month, cable networks rolled out new programs and ran special promotions, while systems conducted special promotions. Most of Cable Month expense was paid by programmers and cable systems. Spokeswoman said Month no longer was related to NCTA's key objectives, and programmers were doing their own sophisticated marketing. Board also approved 1992 budget; spokeswoman wouldn't provide specifics but indicated there were no major changes from previous years. Board filled 2 seats formerly held by executives of United Artists, which has been absorbed by TCI. New members serving rest of terms are Marc Nathanson of Falcon Cable and Marvin Jones, now pres. of Marvin Jones Assoc.

Pentagon "tried to hide the true face of war by controlling the images of the conflict, frequently with the cooperation of the media," report by Washington-based Center for Public Integrity charged. Media share blame, despite their complaints about Pentagon restrictions, report said. Among charges: (1) Govt. for political reasons barred reporters from Dover (Del.) Air Force Base for arrival of caskets carrying Gulf War victims. (2) Private video firms producing movies showing positive side of military got more access to battlefield than real journalists. (3) Govt. covered up or delayed release of information on mistakes such as accidental killings of U.S. personnel by friendly fire in Gulf and bombing of mental hospital in Grenada. (4) Pentagon misled public by releasing dramatic footage of hits by "smart" bombs, without disclosing until later that only 8.8% of bombs dropped were "smart."

**ABC Entertainment** Pres. Robert Iger told TV critics in L.A. that his network, at least, was going to be in the black this year. "We did not lose money as a network," he said, disputing statement by NBC Pres. Robert Wright that all 3 networks were in red. However, he wouldn't say how much money ABC had made. Another source told us that ABC "was at least \$100 million below its net gain of last year." Obviously referring to CBS's spending more than \$1 billion for rights to baseball, which have produced \$450-million loss for that network, Iger said: "We have consciously tried not to spend money just to get rating points... We're not programming just for one night or one week or one month... or for one season, for that matter. We're in it for the long run."

**CNN** may be more important in rest of world than in U.S., CNN International Vp Peter Vesey told Washington Cable Club Jan. 16: "There are a variety of news choices in the U.S., so we are somewhat immune to its uniqueness. But it is unique in other parts of the world." CNN will continue international expansion in next few months, said Eason Jordan, vp-managing editor of CNN's international desk, raising number of bureaus to 20 from current 16. Correspondent Ralph Begleiter said CNN has been "debating" whether to broadcast in multiple languages and even to tailor newscasts -- and ad availabilities -- for different regions of world.

**Turner Bcstg.** said it will team with CBS in joint bid for broadcast rights to 1994 World Cup soccer tournament. Turner, which lost \$7.9 million on 1990 World Cup, will buy rights, then sell CBS broadcasts of some weekend matches. Turner also will be responsible for ad sales for both networks and may sell some rights to regional sports networks. Other bidders are expected to include ESPN and ABC, with decision due in about month.

**Personals**

**James Blunt** appointed vp-controller, GE, succeeding **James Costello**, retired... **Marty Haag**, exec. news dir., WFAA-TV Dallas-Ft. Worth, named vp-news, parent A.H. Belo Best. Div... **William Murphy** named vp-custom mktg., Meredith, new post... **Nick Bolton**, pres.-gen. mgr., WBRC-TV Birmingham, retires March 1.

**Brian Conboy**, vp-govt. affairs, Time Warner, and **Mike Hammer**, dir.-communication policy development, leave to form law firm; **Tim Boggs**, vp-public affairs, adds govt. affairs duties... Appointments at C-Cor: **Daniel Finch**, ex-T-COM, as pres.-C-Cor/Comlux; **Steven Day**, ex-vp Times Mirror Cable, as dir.-marketing and product development... Elected to Women In Cable exec. committee: Pres., **Sharan Wilson**, United Artists; Vp, **Ruth Warren**, Jones Intercable; treas., **Dianne Blackwood**, Cablevision of Alamance County, N.C.; secy., **Joan Gundlach**, Arts & Entertainment; at-large members: **Eva Dahm**, Disney Channel; **Madie Hellman**, TCI; **Jill Slavin**, HBO.

**Gary Lieberthal**, chmn., Columbia Pictures Entertainment TV Div., retires Feb. 29, no successor named... **Ronald Lightstone**, exec. vp, Spelling Entertainment, appointed exec. vp-COO, succeeding **Jules Haimovitz**, resigned... **Michele Neiman** promoted to vp-litigation, MGM-Pathe... **Marcus Evans**, ex-gen. counsel, Group W Cable, Chicago, appointed vp-gen. counsel, Primestar Partners; **Steve Osman** advanced to dir.-systems engineering... **Don Meek** promoted to dir.-sports mktg., Prime Ticket, new post... **Anthony Ruopoli**, asst. gen. man., Cablevision of Chicago, named to new post of vice chmn., Chicago Cable Mktg. Council.

**James Hoge**, ex-publisher, N.Y. Daily News, appointed a senior fellow, Freedom Forum Media Studies Center, Columbia U., will examine "future of metropolitan dailies"... Elected to Associated Press board: **Roger Ogden**, pres.-gen. mgr., WCNC-TV Denver; **Ken Maness**, pres., WJCW(AM)-WQUT(FM) Johnson City, Tenn... **Allen Neuharth**, chmn., Freedom Forum, will receive RTNDA First Amendment Leadership Award at April 8 banquet at Mayflower Hotel, Washington.

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**Texaco will become Bravo's first corporate underwriter** under new arrangement in which cable network will seek limited number of companies to sponsor program showcases in such categories as film, jazz, arts profiles. Eighteen-month commitment calls for shows to appear under Texaco Performing Arts Showcase banner. Texaco has sponsored public TV telecasts of N.Y. Metropolitan Opera for last 14 years. Bravo, which reaches more than 7 million homes, said its programming otherwise would remain "commercially uninterrupted."

**Wireless Cable Notes:** (1) FCC delayed wireless cable lottery scheduled for Jan. 14 until Jan. 31. Commission offices were closed Jan. 14 by flood. (2) Wireless cable firm Magnavision Corp. said it completed purchase of 98% of stock of Yardley Ventures, completing wireless system in South Orange, N.J.

**Academy of TV Arts & Sciences** research library moved to new site on Academy property at 5220 Lakeshore Blvd., N. Hollywood. New location will provide more space than old site in Burbank, ATAS said.

**FCC affirmed transfer** of license of WOAC Canton, O. (Ch. 67, independent) from bankrupt limited partnership to former general partner Morton Kent. Transfer had been opposed by Franklin Lavin, who claimed that Kent should have been required to make long-form application, including demonstration of financial qualifications. FCC said that Lavin had failed to demonstrate any error and that transfer didn't involve substantial change of ownership.

**Second of 7** planned Democratic presidential candidate debates is scheduled for Jan. 31 from studios of WETA-TV Washington, PBS announced. Event, to which 6 candidates have been invited, will be produced by MacNeil/Lehrer NewsHour and won't include studio audience. First debate aired on NBC Dec. 15; under agreement, ABC, CBS, CNN, C-SPAN and Fox each will produce one of rest.

**NAB will hold** special teleconference with stations on political broadcasting issues at 1 p.m. Jan. 30. Teleconference, delivered by Satcom C-5 satellite, will include explanation of new rules, plus live phone-in question session with NAB Exec. Vp Henry Baumann, Assoc. Gen. Counsel Steven Booksheter, FCC Gen. Counsel Robert Pettit, FCC Political Best. Branch Chief Milton Gross, lawyer Craig Blakeley.

**FCC extended comment deadline** on video dial tone (VDT) proceeding to Feb. 3 from Jan. 23, replies to March 5 from Feb. 24. Extension was requested by MPAA, INTV, Ameritech. MPAA said it needed more time to consider "technological and regulatory requirements" of VDT because they would radically affect how video is distributed and "competitive balance in the video distribution business." Groups had sought Feb. 20 and March 23 deadlines.

**BMI lost copyright suit** against retailers who play music on radios as part of demonstration to potential buyers. BMI had argued that stores should pay license fee, but 7th U.S. Appeals Court, Chicago, upheld lower court decision in case involving Claire's Stores that rejected BMI claim.

**FCC fined former owner** of WXIN Indianapolis, Atlin Communications, \$10,000 for overcharging political candidates for ads. Atlin acknowledged 14 overcharges, including 2 cases of discrimination between candidates, but attributed it to inexperience. FCC said stations are expected to know rules.

"**Little demand**" was shown for reversing spectrum for wireless UHF TV cameras, FCC said in closing -- without taking action -- rulemaking (MM Doc. 85-36) to permit use of spectrum for electronic newsgathering. At same time, Commission ended freeze on use of such microphones above Ch. 23.

**Walt Disney Co.** said it will buy 50% interest in CBS/MTM Studios in Studio City, Cal., from MTM Entertainment. CBS and MTM jointly own 39-acre production facility.

**Radio Ad Bureau** fax-delivered newsletter made debut last week. Radio Sales Today will be distributed twice weekly and include sales promotion ideas and marketing news.

**Turner Bctg.** selected 5 cities as finalists for 1998 Goodwill Games, Vp Barry O'Donnell said: Dallas, Indianapolis, Miami, N.Y.C., St. Louis. Selection committee will pick winner in Oct.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

EIA figures on total 1991 TV and video sales to dealers are scheduled for official release next Mon. (Jan. 27) after traditional one-week year-end delay. They will cover 53 weeks of EIA's statistical calendar for 1991 as compared with 52-week figures for 1990. At same time, EIA will release data for 6-week Dec. 1991, compared with 5-week Dec. 1990.

**EIA BACKS BAN ON BASIC CABLE SCRAMBLING:** Finally reacting to raging battle in big cities over scrambling of basic cable channels (TVD Nov 18 p10), EIA Consumer Electronics Group (CEG) and Home Recording Rights Coalition (HRRC) threw their weight strongly behind legislation to compel cable system compatibility with TV sets and VCRs.

CEG Vp Gary Shapiro devoted large part of his speech at opening session of Consumer Electronics Show (CES) in Las Vegas to drumming up support for "Cable-Ready Equipment Act" (S-2063) introduced by Sen. Leahy (D-Vt.). Cable industry, Shapiro said, "now threatens the well-being of TV and VCR suppliers," adding that scrambling "effectively chokes off access to many of the latest features built into those [devices]..., seriously diminishes the value of our products, deprives consumers of choice and charges them unnecessarily in the process. This is wrong, this cannot go unchallenged and this will not continue if we can help it."

It's expected that attempt will be made to add wording of Leahy bill as amendment to cable deregulation legislation (S-12), scheduled for debate in Senate next week (see related report in Broadcast/Cable Section). In addition to banning basic channel scrambling, Leahy bill would: (1) Require cable operators to notify subscribers that converter box will limit use of VCR and eliminate such features as PIP. (2) Require cable operators to hook up all unscrambled channels directly to subscribers' cable-ready TVs or VCRs at no charge. (3) Make remote-controlled cable converters compatible with universal wireless remotes that may be purchased in stores, and inform subscribers of fact. (4) Require Multi-Port connectors in all sets 13" or larger and require cable systems to replace converter boxes with Multi-Port-compatible descramblers on request.

Home Recording Rights Coalition distributed leaflets at CES supporting Leahy bill and opposing Motion Picture Antipiracy Act (S-1096 and HR-2367) that would allow copyright owners to prevent copying for any purpose, in effect reversing Supreme Court's Betamax decision (TVD July 29 p11).

CEG Video Div. Chmn. Joseph Clayton, Thomson Consumer Electronics, who advocates working closely with cable industry to prevent such problems from arising in future (TVD Dec 30 p11), conceded there was "difference of opinion and approach" among TV manufacturers. While supporting ban on scrambling of basic channels, he said: "We're not about to dig up the bones of Multi-Port -- a 10-year-old technology -- in the face of the digital age. We want to work with the cable people to promulgate a new standard for digital [TV of future], involving encryption and compression. If Multi-Port means going back to the past, count us out. If we're talking digital, we must be part of it." Language of bill, whose provisions would be administered by FCC, makes clear that newer technology may be substituted for Multi-Port. Thomson is particularly bitter about Multi-Port, RCA having built connector into 718,000 sets in 1987-1988 at cost of almost \$2.5 million, while cable industry largely ignored system.

**CES SCORES IN VEGAS, CHICAGO A QUESTIONMARK:** Virtually unanimous verdict on 1992 Winter Consumer Electronics Show as it wound up 4-day stand in Las Vegas Jan. 11: Most successful in years. Roomy, rebuilt Convention Center complex and fervor to start 1992 business on clean economic slate after recession-ravaged 1991 were among ingredients contributing to most upbeat Winter Show in years, according to our informal poll of exhibitors and attendees.

Attendance figures confirmed strong interest in show. Sponsor EIA Consumer Electronics Group (CEG) said 79,094 showgoers constituted record number since first use of "verifiable" badge procedure. Figure is

7.6% over 73,516 at Las Vegas show year ago (TVD Jan 14 p11). CEG said 24,716 -- 31.25% of this year's attendees -- were buyers, up 4.3% from 1991 Winter Show's 23,663.

Few we polled could disagree with EIA party line that show featured best quality of attendance in years. One skeptic told us it was first in recent memory that he could recall having quality business meetings even well into 4th day. General level of satisfaction was as pleasant a surprise as airy new Convention Center lobby. Considering widespread preshow complaint that "nothing new" was in works for loss-riddled industry gasping for innovation, this was surprising accomplishment.

While top story at show year ago, Philips' DCC, unfolded well off show floor (TVD Jan 14 p17), promoters could at least claim Panasonic and Philips as official exhibitors on main floor this time. Conspicuous by its absence was Sony, which eschewed 1992 Winter event in favor of introducing new gear at zone shows. As Sony exhibit didn't materialize in Las Vegas, neither did expected first Mini Disc mockups from others in hardware camp. In video, we have covered show highlights -- widescreen TV, videogames, multimedia -- last week and elsewhere in this issue.

Goodwill generated by Las Vegas event didn't seem to be rubbing off on prospects for first public show, in Chicago in May, considering dissenting voices heard during and after Winter Show. With Jan. 31 deadline for display applications approaching, we conducted spot poll of some 20 companies to gauge opinion on Summer Show's consumer format. Only handful committed to being "definitely" in (Thomson and Jensen, among others) or out (Pioneer), with rest still undecided, pending internal meetings on subject scheduled for this week and next.

CEG Fri. released list of companies with "written confirmations" to exhibit. Of 19 listed, 6 include Jensen and/or Jensen-affiliated companies or divisions. Others on list: Aiwa, Canton, Casio, Cerwin-Vega, Gates, Goldstar, JBL, Kenwood, Nintendo, Sonance, Thomson, Thiel, Toshiba. The 36 companies or brands listed as having "applications in" include Brother, Eastman Kodak, IBM, Panasonic, Recoton, Dynascan and 2 affiliates, Recoton and 3 affiliates.

In his CES welcoming speech on opening day, CEG Vp Gary Shapiro conceded "there are mixed emotions" over consumer format in Chicago, acknowledging that "some people fear that crowds of consumers will prevent exhibitors from conducting business, that exhibitors will be forced to spend more for elaborate displays, that manufacturers will not benefit from direct contact with consumers." Emphasizing that Chicago show would remain trade-only event for first 2-1/2 days, he urged exhibitors concerned about costs "to examine other consumer shows." Shapiro said: "It does not take hundreds of thousands of dollars in elaborate exhibits to attract and impress consumers. It takes exciting product and technology, something we have in abundance."

While most companies appeared to be undecided and waiting till last min. to make up minds, some held very firm opinions one way or other. One manufacturer who asked not to be identified said his biggest fear was "having my product move out the door at 100% below cost." Sega Mktg. Dir. Al Nilsen was more concerned about videogame area becoming magnet. "We'll be there," he said, "but we're definitely not in favor of having consumers there." He said that "you can't move in our booth as it is," and he expects "90% of the people there are going to want to go to the videogames." But Thomson Consumer Electronics, which used Las Vegas as launching pad to promote upcoming widescreen TV to dealers, plans to kick off consumer campaign at Chicago show. Asked whether he was worried about dealer access to company exhibit on public days, Senior Vp Joseph Clayton replied: "I want dealers to come to my booth and see so many people they can't get in."

Both TCE displays -- tubes for TV manufacturers and TV sets for dealers -- were impressive. Tube display showed better pictures, since they were made with Thomson widescreen camera and recorded on Sony digital recorder, while TV set display for dealers used principally letterbox recorded software. However, dealers we talked with were enthusiastic. Demonstration, at Las Vegas disco rented to showcase RCA and GE lines, showed 34W" tube in "generic cabinet" bearing RCA nameplate, which, it was emphasized, was not actual prototype. In addition, mockup of projection set was exhibited. TCE has christened its RCA widescreen sets "Cinema Screen" (as opposed to "Space System" used in Europe).

As reported here, TCE plans to introduce 34W" sets late this year under ProScan and RCA labels, along with widescreen camcorders and VCRs, to be followed by projection set (TVD Dec 23 p11). Camcorders, which will be widescreen switchable (letterbox format), actually will be available before TV sets, full-size and 8mm versions coming in June, VHS-C in 2nd half of year, said TCE Video Group Exec. Vp Pierre Creau. S-VHS VCRs, which will be built for TCE by JVC and automatically switch between 16:9 and 4:3 modes, is

scheduled for delivery late this year and presumably is similar to models already on sale in Europe that store horizontally compressed widescreen picture as well as standard TV material (TVD May 13 p12). Dual-format laserdisc player is under development for U.S. market.

TCE officials point out that there already are some 400 letterboxed titles available on laserdisc and that 5 feature films will be released on tape in 16:9 format in Europe by Sony's Columbia Pictures. At CES, Sony Consumer Products Co. Pres. John Briesch said company has made no decision yet about offering 16:9 sets in U.S.

Although widescreen sets were abundant at last summer's Berlin show and at Summer CES in Chicago that preceded it, only Philips showed non-HDTV 16:9 sets in Las Vegas -- 34W" tube set and 46W" projector -- but they were presented without any accompanying comment or promises. "We don't think it's a consumer product yet," said Panasonic TV Product Mgr. Jerry Surprise, who added that consumers will rebel at high price for what he saw as basically a stretched-out 27" set. He said Panasonic's first 16:9 set probably will be projection, although he declined to say when it would be offered.

JVC, which is now selling 16:9 sets in Japan, will have 34W" set in U.S. around midyear, said U.S. JVC Color TV Div. Gen. Mgr. Al Levene, who said company will offer fewer than 1,000 units. Assembled at its Elmwood Park, N.J., plant, they will use tubes imported from parent Matsushita in Japan and will be basically similar to company's Japanese sets. Unlike TCE sets, they won't be IDTV models and will have only one tuner. Company obviously is racing TCE to be first in market in U.S., and Levine told us: "We want to be there from the beginning, to be known as the company that brings technology to the market first." He estimated industrywide sales of 16:9 sets in U.S. this year would be fewer than 10,000.

JVC has sold total of about 1,000 widescreen sets in Japan since last Sept., according to news reports there. Although JVC's set hasn't yet been priced for U.S. market, it's 7 million yen (about \$5,500) in Japan. JVC hopes to make widescreen TV a mainstay of its worldwide business.

**TCE PLANS 100,000 16:9 TUBES THIS YEAR:** Even as Thomson Consumer Electronics (TCE) was giving dealers at Consumer Electronics Show (CES) convincing preview of its 16:9 widescreen TV set, due late this year (TVD Dec 23 p11), TCE's Picture Tube Div. was wooing competitive set manufacturers with demonstrations of widescreen tubes in 3 sizes, all currently available. JVC, meanwhile, hopes to beat TCE to widescreen TV market in U.S. by offering small number here around midyear.

TCE's tubes are being made at its Anagni, Italy, plant, which has been producing 34W" size for 14 months and supplied "tens of thousands" last year. Two smaller sizes, displayed at Berlin Audio-Video Show last year (TVD Sept 9 p11), are also in production now -- 30W" and 26", latter having gone into production last month and expected to account for majority of this year's tube sales, which were forecast as "approaching 100,000."

More than 65 officials from 11 "worldwide TV manufacturers" visited TCE tube suite in Las Vegas Hilton in 3 days during CES, according to company officials, who said they were "amazed at the level of interest" and forecast Far East manufacturers will introduce 16:9 sets here using TCE tubes in next 12-24 months. Although plans for U.S. production of widescreen tubes are indefinite, depending on demand, they said it would take 6-9 months for Marion, Ind., plant, already equipped for giant tubes, to get into widescreen tube production. Recent addition to plant (TVD Oct 29/90 p11) is capable of producing 16:9 tubes in sizes up to 38W", and company says that giant size is "under study."

Adding widescreen sets is major decision by set makers because of high costs of tube as well as super-size cabinet and more sophisticated electronics. TCE estimated 34W" tube currently costs 5-6 times as much as 27" standard (4:3) tube, which means tube alone would cost TV set manufacturer about same as retail price of complete 27" set (Nokia official recently forecast that premium eventually should be only 30% over 4:3 tubes [TVD Dec 23 p14]). Currently produced tubes have invar mask, antiglare antistatic coating and are designed for double horizontal scan (IDTV), although cheaper versions without those features also are planned. Widescreen 34W" sets being produced in Europe sell for \$5,000-\$6,000, and TCE Senior Vp TV-Americas Joseph Clayton said U.S. equivalent will have "an image price" at introduction, eventually coming down to \$3,000-\$4,000 in quantity production.

New, smaller 16:9 tubes, produced in response to demand of European set makers, are roughly equivalent to 25" and 20" in viewable height dimension, and 38W" would be comparable with 31" in height. Picture dimensions of 34W" are 16.6" high by 29.6" wide, of 30W" 14.7" X 26", of 26W" 12.7" X 22.6". The 34" tube weighs 103.6 lb.

**TANDY PLANNING NAME-BRAND MEGASTORE:** In effort that would far outstrip anything attempted to date in electronics retailing, Tandy plans to open prototype mammoth 160,000-sq.-ft. electronics and appliance store later this year in Wilsonville, Ore., just south of Portland. The Oregonian, Portland newspaper, quoted Tandy Name Brand Retail Group (TNBRG) Vp Rich Hollander as confirming store would open in late summer, assuming approval by local authorities. Although Hollander is heading project for TNBRG, store won't carry name of any existing Tandy retail business.

Tandy executives made detailed presentation to suppliers at Consumer Electronics Show (CES) of format that, from what we have pieced together, sounds like hybrid of N.J.-based Tops Appliance, furniture retailer Ikea and Best Buy's Concept 2 format. At our deadline, we hadn't been able to determine how much volume Tandy thinks store can generate, or other sites being considered for future units. Tandy Mktg. Vp Lowell Duncan declined to comment on any aspect other than to acknowledge that company "is always looking at new formats, but it would be premature to discuss any of them."

Store will have about 100,000 sq. ft. of selling space staffed by highly trained salespeople who will be working under "unconventional" incentive program, according to those who have seen Tandy's presentation. By comparison, average Circuit City superstore sits in 33,000-sq.-ft. space, and Best Buy Concept 2 stores measure about 28,000 sq. ft. New Tandy building's selling space is about same as typical warehouse club or Home Depot.

Company wants to create destination store that offers "the best shopping experience ever," as one source described it. Tandy's market research apparently brought it to same conclusion Best Buy reached before it developed Concept 2 format -- that consumers are turned off by experience of shopping for what otherwise are highly desirable goods. But instead of developing barebones warehouse-like ambiance similar to Concept 2, Tandy plans building that combines merchandising pizazz, high service quotient, extremely broad assortments and competitive though not rock-bottom pricing.

Lines would be stocked as broadly as supplier desired; flip side, one large supplier said, is that vendor would be responsible for managing inventory. As example of breadth of stock, it was said store would have more than 300 direct-view TVs and 50-60 projection sets on display. Given size of assortments, format's success would seem to depend on sophistication of Tandy's and its suppliers' systems, and their ability to replenish on quick and timely basis.

Customers must have (no-fee) membership card to enter store. Card is wanded in reception area, presumably allowing Tandy to capture data on demographics and shopping patterns. First merchandising arena that consumer enters, sources said, will be 8,000-sq.-ft. feature area for in-store events and series of adjacent shops for small products, including music, computer and game software. Customers will proceed to primary display area for massive arrays of audio, video, home office and major appliances.

Aside from its sheer size, store offers other uncommon touches for consumer electronics outlet, such as children's play area, restaurant, backroom so highly automated that products purchased theoretically will be at checkout before customer (in those categories in which backup stock isn't on sales floor); bazaar-like area for closeouts and accessories; full CAD-CAM setup for room design.

Most vendors with whom we've spoken give Tandy credit for taking unconventional path, but question project on several points, among them whether high inventory costs will preclude profitability and whether store can pull shoppers from wide enough geographical area past well-stocked competitors.

**ID Logic**, which developed automatic station ID car radios, was pushing TV version at Las Vegas hotel suite during Consumer Electronics Show. Unlike radio, TV system requires transmission by station, in vertical interval. It would display week's programs for each station, allow viewer to dial program by type. VCR version would permit viewer to program recorders by on-screen list giving names of shows.

**Latest Apple-Sony linkage:** Sony licensed AppleTalk network software to enable Sony work stations to communicate with other systems that support AppleTalk, including all Macintosh computers.

**Tandy's earnings** for 2nd quarter ended Dec. 31 are expected to follow same track as in preceding quarter, falling about 20% below year-earlier period, company announced. Chmn. John Roach said sales of consumer electronics and computers increased, but late season surge in lower margin computers took toll on bottom line.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 129 yen = \$1, except where noted.

**HITACHI CLOSING ANAHEIM:** Hitachi will shut Anaheim, Cal., plant at end of year, transferring its HQ functions to new facility in San Diego. Although plant once assembled most of Hitachi's large-screen TV needs in U.S., it currently is assembling VCRs and conducting final test and adjustment of projection TVs made in its plant in Tijuana, Mexico, which currently builds its large-screen direct-view sets as well.

As reported last week (TVD Jan 13 p12), most of Hitachi's VCR needs here will be met by its Malaysia plant. Anaheim has been assembling some 70,000 units annually. It currently employs 250, will phase out VCR assembly by end of April, with all projection TV manufacture moving to Tijuana. Hitachi Home Electronics (America), which operates U.S. and Mexican plants, said it will eliminate 30 jobs March 16, another 30 May 4, almost all of rest by year-end, is offering "early retirement and voluntary separation packages" as well as transfers to San Diego or Tijuana for some employees.

"The consumer electronics industry is being affected by the same recessionary pressures confronting every other industry," company said. "We are confident that moving our manufacturing HQ to San Diego and consolidating all manufacturing operations in our existing Tijuana plant will improve operating results." Moving U.S. operations closer to Tijuana plant is designed to improve efficiency.

Halt in VCR assembly marks end of "image" experiment that began in 1986, when Hitachi was first U.S. company to begin consumer VCR assembly (TVD June 9/86 p17). Mitsubishi, Toshiba, Samsung and Goldstar announced plans to produce VCRs here, but never really got started. Only other current U.S. VCR assembly operation is Matsushita's American Kotobuki, assembling VCRs and VCR/TV combos in Vancouver, Wash.

Anaheim plant has been cut back gradually. As recently as 1990, it had 700 employees, making and assembling 10,000 VCRs, 10,000 projection TVs and 25,000 direct-view TVs monthly (TVD June 25/90 p15), and in 1988 it was listed in survey as employing 900, turning out more than 360,000 large-screen sets annually.

Hitachi thus joins Zenith in eliminating U.S. TV assembly. Hitachi moved its corporate, sales and marketing operations from Compton, Cal., to Atlanta last year (TVD Feb 4 p14). Newly completed Hitachi picture tube plant in Greenville, S.C. has started production, eventually will employ 700, company said.

**Airborne interactive** video system will be installed at all seats of all 42 Northwest Airlines Boeing 747s by end of 1993 under \$70-million contract with Hughes Aircraft. Touch-screen Worldlink system with headsets and telephones will offer movies, videogames, shopping services and eventually satellite-delivered live news and sports as well as phone calls. Payment will be through credit card reader at seat. Move will mark Hughes's entry into merchandising business; company plans to open 8 distribution centers in U.S. and 6 in Asia and says it will deliver orders within 36 hours.

**Acclaim Entertainment** has acquired "certain assets" of Mirrorsoft, computer and videogame software publisher that was part of Robert Maxwell empire. Acquisition, which includes American subsidiary Arena Entertainment, strengthens Acclaim's strength in Sega Genesis market, in European game market and in R&D for CD-ROM based programming.

**SONY DIGITAL 'SCOOPMAN':** Sony's digital microrecorder using postage-stamp-size cassette, first announced 2 years ago (TVD Jan 22/90 p13), goes on sale in Japan Feb. 21 and is scheduled for overseas sale this spring. Product of 11 years' development, pocket recorder will carry list price of about \$775 in Japan, 60-min. "microtape" will be \$8.50, 90-min. tape \$10.85. Two-hour tape is scheduled for fall, still unpriced.

Although stereo recorder has sound quality adequate for music -- and was demonstrated at last fall's Japan Audio Fair playing music (TVD Oct 14 p14) -- Sony said it's aiming recorder at use for "conferences, newsgathering and other applications in business, education and communications." Newsgathering application apparently was responsible for name Sony gave product -- "Scoopman."

As reported here earlier, Scoopman uses unique "nontracking" recording system that doesn't require precision tracking by playback head, as well as "nonloading" principle whereby head drum enters cassette. Tiny cassette is 1/25 size of standard Compact Cassette, 1/4 size of microcassette, measures 1.2x0.2x0.85". Recorder itself is somewhat smaller than microcassette recorder at 4.4x0.9x2.2".

Although recording is digital, first model has only analog direct input and output, although microphone goes directly to A/D converter. Future models, Sony said, will have digital in and out. Recorder has SCMS copy limiting system, presumably in accordance with agreement to incorporate that feature in all consumer digital recorders designed "primarily" for audio. Sampling frequency is 32 kHz, as opposed to CD's 44.1 kHz. "Although we believe its sound quality is adequate for [music] audio, we want to create a different market from DCC or MD, one which makes full use of its compactness," said Toshio Asai, gen. mgr. of Sony General Audio Div. No. 2. While it would be possible to expand audio quality and to change sampling frequency for compatibility with music recording systems, Asai said Sony didn't want to add to number of already burgeoning digital music systems.

Sony says it's in discussion with other companies on licensing technology. Tape uses evaporated metal coating similar to that of Hi8 cassettes, but deposited in 2 layers. Thin (4.8 micron) base film for tape was developed by Toray Industries.

**New LCD panel** technology for projection TV developed by Sharp uses microscopic lenses to eliminate virtually all space between pixels, resulting in 150% increase in brightness over its existing panels, company said. System also delivers high resolution of 112,000 pixels in 3" panel, said Sharp, which has applied for patents. First projector using new LCD, now on Japanese market at about \$4,850, boasts 1,000 lux brightness, 336,000 pixel resolution, contrast ratio 2.5 times greater than previous models, has zoom lens, satellite, broadcast and cable tuners. In separate announcement, Sharp said it had developed 16.5" widescreen full-color direct-view LCD compatible with TV, multimedia, computer software. Also in Japan, Sharp announced 5.6" LCD car TV with built-in stereo FM audio transmitter designed to use car stereo for sound, at about \$950 on Japanese market (car mounting kits \$1,300-\$1,385 extra).

**Philips** said it will close semiconductor production facility of its Signetics subsidiary in Orem, Utah, by end of year.

**MULTIMEDIA PROGRESS AT CES:** While no single event dominated multimedia spotlight at Winter Consumer Electronics Show (CES), series of product displays, speeches and prototypes pointed toward bright but still undefined future. Basic division between computer and consumer electronics camps, as one CES panelist put it, remains over "where that [multimedia] box lives." At same time, though, factions are moving closer together.

CES panel on subject contained only fleeting references to CD-I and CDTV and was dominated by personal computing and networking issues. Many expressed hope for platform standardization that would allow media for one device such as videogame player to be used in computer too. For now, though, Interactive Multimedia Assn. Exec. Dir. Larry Lytle said wryly: "One great thing about standards is that there are so many of them."

Even before show opened, keynote speech by Apple Chmn. John Sculley (TVD Jan 13 p9) promoted vision of "digital world [in which] all content is storable, retrievable and interactive -- not just text and speech as we think of in today's computer systems, but also video, stereo sound and animation."

CD-I was most prominent multimedia technology on show floor, taking up nearly half of Philips booth. Sanyo showed off prototype portable with 4" LCD screen, although only as example of future technology, and Kodak presented Photo CD system (including audio capability) in Philips booth and in its own display. Newest version of Photo CD permits photo processor to add sound to photo disc, presumably from selection of prerecorded background music. Philips said it also will provide interactive Photo CD software with audio and nonmotion video.

In addition to showing off range of new and existing software titles, Philips displayed portable CD-I player with 5.6" Philips-made color LCD screen for 2nd-half delivery. Company wasn't quoting price for player, which will be built by Marantz Japan.

Sony and Matsushita have said they will have players on Japanese market this year, but executives of their U.S. arms continued wait-and-see stance on plans for this country. Technics Vp-Gen. Mgr. Michael Aguilar said company informally is gauging retail reaction to Philips introduction and has no specific CD-I marketing plans for U.S. Sony Consumer Products Co. Pres. John Briesch said "future of CD-I will be very interesting when they hit with full-motion video (FMV) capability," but for now he said he would "prefer to listen to sellthrough reports" from Philips dealers. However, he did say that CD-I "direction is right," and left door slightly ajar for Sony U.S. entry late this year.

Availability, pricing and quality of FMV remained prominent issues at show. While stressing that FMV is "a feature of CD-I and not something necessary to play any existing title," Philips Interactive Media Systems Vp Gerald Calabrese repeated earlier assertions that company will deliver upgrade FMV cartridge for existing players and 2nd-generation player with FMV at reasonable price in 2nd half, now that first standard (MPEG 1) has been finalized by Motion Picture Experts Group (TVD Dec 2 p13).

Questions remain whether adequate FMV software will be available at same time, since chip sets and authoring systems for full-screen FMV must be in place. Commodore officials also raised pricing question, saying FMV chips alone would cost about \$200. Philips officials acknowledged high cost but continued to insist they would charge early

purchasers of \$800 player reasonable price to upgrade. Philips plans to bundle FMV software with upgrade cartridge.

Other major FMV issue is whether video quality under MPEG 1 standard will be adequate to promote CD-I player as medium for viewing movies -- function that Philips has been discussing in positioning CD-I player as home entertainment and information center. MPEG is developing MPEG 2 standard with upgraded compression scheme that would produce higher resolution picture, but it's expected to be at least 2 years before that's evident in market.

Pioneer LDCA Mktg. Mgr. David Wallace said company's technical staff estimates MPEG 1 will deliver 180 lines of horizontal resolution, 25% less than typical VHS quality. Pioneer Pres.-CEO Setsujiro Onami, while saying that Pioneer eventually plans CD-I player, said length of time before MPEG 2 comes to market leaves laserdisc as only acceptable disc format for movies.

**NEWMARK & LEWIS LIQUIDATING:** Newmark & Lewis (N&L) has begun liquidating all assets, beginning with "Going Out of Business" sale that started last weekend. Even as it tries to liquidate inventory that Pres. Ron Fleisher said is worth \$10 million at retail, it's accepting bids from parties interested in buying company. Since outsiders are interested in N&L's locations and possibly in maintaining its name, Fleisher said inventory sale wouldn't affect selling price. Late Fri., Fleisher said 10 outside companies also had accepted N&L's invitation to come in to interview N&L employees for jobs.

Company had filed for Chapter 11 bankruptcy Aug. 30 (TVD Sept 2 p14) and announced just before Las Vegas Consumer Electronics Show that it was seeking buyer or investor (TVD Jan 6 p11). Fleisher said N&L decided on present course because "at this time of year few people in electronics and appliance business make money. If you're an ongoing company, you can accept that. But with our situation, we couldn't sustain any more losses."

Fleisher said he's had inquiries from 10-15 companies. William Trawick, sales and mktg. vp for P.C. Richard, major Long Island competitor that recently joined NATM buying group (of which N&L was founder), said his company has spoken to N&L executives about buying chain (and changing name of stores it decided to maintain), or bidding on 6-8 N&L locations if no other buyer emerges. N&L began 1991 with 67 stores; most closed during year, with 19 remaining open for beginning of liquidation sale.

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**Highland Superstores**, which will meet with unsecured creditors Jan. 22 in effort to negotiate restructuring deal, is cutting 500 jobs (out of 2,800 fulltime and parttime posts) as part of "plans to reduce expenses by more than \$20 million per year," according to company statement. Company emphasized it doesn't plan to close any of its 49 remaining stores. "The streamlining of our work force and operations, both in our stores and in our corporate office, is designed to enable Highland to become an even lower cost operator," said Pres.-CEO Ira Mondry. Company didn't specify any other measures to cut costs.

**Service Contract Industry Council (SCIC)**, organization of 3rd party extended warranty providers formed in 1989 as unit of NARDA, is now independent. SCIC named Tim Meenan, attorney formerly with Fla. Dept. of Insurance, as exec. dir., to be based in Tallahassee.

**SKYPIX SETS APRIL 2 LAUNCH:** With consumer and retailer finance plans in place, Skypix says it now plans launch of its 80-channel satellite pay-per-view system April 2. Just as date for first retail sales has slipped from original Feb. 1, 1991 (TVD Jan 14/91 p14), price of receiver package has burgeoned from \$700 to \$850 plus installation.

According to most recent schedule, announced in Las Vegas during Consumer Electronics Show, demonstration hardware will be shipped to dealers in March, when sales training instructions will begin via SkyPix downlink. Sales of receivers will start at time of official launch April 2. Sanjeeet Saxena, recently named corporate affairs dir., said company currently has dealers with more than 2,100 storefronts. He declined to comment on volume of receiver shipments and said manufacturers ("one domestic and one offshore") will be announced before end of month.

SkyPix announced 3 new credit agreements, 2 of them with financing subsidiaries of automobile manufacturers. Ford Motor's Financial Services Co., Dallas, will provide national consumer financing for hardware and installation, offering 6-, 12-, 18- and 24-month terms. Chrysler First Commercial Corp. (CFCC) will finance "selective dealers." SkyPix promises "dealers will be able to leverage their SkyPix hardware inventory 100%, thereby reducing the need to use their working capital..." National Data Corp. (NDC) will provide customer and credit card authorization services for SkyPix, presumably for customers ordering programs, etc.

Asked about Canadian launch, handled by affiliate Aladdin Project, which is selling distributorships to "associates" who take orders for system directly from public, Saxena said Canadian company's practices "still carry some taint with people who don't understand... multilevel marketing companies." He said SkyPix had "no dealer relationship in Canada," so engaged multilevel marketing firm that he said "works like Amway, sort of an advanced Tupperware system." He said that approach "started as a test, and the results were phenomenal." However, he said SkyPix was "leaving our options [in Canada] open for the future."

SkyPix announced its receiver-decoder is now designed to accommodate technology upgrades through use of "replaceable data cartridge which houses the compression, encryption and video circuitry." System can be upgraded by providing new consumer replaceable cartridges to subscribers. That makes possible 5-year warranty on hardware, SkyPix said. Future upgrades will be free to subscribers.

Uplink facility in Oxford, Conn., has been upgraded, company said, to provide better picture quality through increased power and new signal processing system. S-VHS output now is standard on receiver-decoders to make possible best quality off-air recording. Direct digital audio output will be included for recording digital music channels. RS232 data port will permit downloading of digital data to computers.

**Matsushita's multimedia** activities are arousing speculation in Japan. Nikkei reported that Matsushita will work with Sun Microsystems to develop home multimedia system by end of 1993. However, Matsushita spokesman in Japan told us company has been approached by many firms, including Sun, for cooperation on multimedia projects, but nothing has been decided yet. As reported here, Matsushita and Gain Technology, Palo Alto, jointly are developing multimedia software (TVD Dec 23 p15).

**MITSUBISHI GOES VHS-C:** Worst-kept secret in camcorders is Mitsubishi's long-delayed entry into U.S. market with its line of VHS-C models, already on sale in Japan and Europe and foreshadowed here more than year ago (TVD Dec 10/90 p15). Its 3 models are similar to those introduced in Berlin last summer (TVD Sept 16 p13).

Two palm-size models weigh 1.4 lb., with "StableCam" feature, utilizing gyroscope system for image stabilization. They have preset "event positions" for various light and speed conditions and both have 8X zoom. VHS-C version is \$1,199, S-VHS-C with hi-fi stereo is \$100 more. Larger S-VHS-C model has 3 interchangeable lenses -- basic version with 6X zoom, plus telephoto and wide-angle model. Suggested list is \$1,699, including 3 lenses.

Mitsubishi's "ultimate" TV monitor receiver, built around 3rd-generation 35" tube, with dual conversion and ghost elimination circuit, demonstrated for first time at Consumer Electronics Show (CES) last summer in Chicago (TVD May 27 p11), has now been priced at \$7,499, delivery starting in March. Mitsubishi introduced "Instant Home Theater" component, 4-channel amplifier with Dolby Pro Logic surround sound at \$600. Among other products introduced in Las Vegas during recent CES, in addition to those already reported:

**GE** previewed 2 new high-end products for future delivery -- that brand's first 35" TV and 46" projection. Direct-view TV with matrix surround, all-plastic cabinet is expected to sell at street price around \$1,600. Both sets are similar to RCA branded models except that they lack PIP, and are designed to sell for about \$100 less.

**Thomson Consumer Electronics** demonstrated new high-end Dolby Pro Logic Surround Sound system that will be sold under "Video Acoustic" name. Developed at RH Lyon Corp., it's claimed to take "new approach to surround sound" and consists of newly developed front, rear and subwoofer speakers. System will be priced below \$2,000 when available in 2nd half.

**Casio** introduced 2 LCD color TVs designed for mounting in cars for back-seat viewers. Active matrix TFT 3" model lists at \$799; version with "High Quality Matrix" 2.2-in. panel is \$399. Both have A/V inputs and are scheduled for June delivery. Handheld 2.2" model is \$250, available this month. "World's smallest" LCD color TV, also 2.2" and weighing 6.2 lb., is due in May at \$280.

**Preliminary antidumping review** by Commerce Dept.'s International Trade Administration (ITA) on color TVs imported from Taiwan in year to March 31, 1991, drew little response from manufacturers. Five companies didn't respond to ITA questionnaire (AOC, Nettek, Paramount, Shinlee, Teco). Four others had no shipments during period (Funai, Hitachi, Sampo, Sanyo). Nonresponders were assigned highest margins levied on any responding firm, while penalties on those with no shipments were continued from period of last shipments. Here are tentative penalties with previous penalties, if different, in parentheses: Action Electronics 2.57% (1.64%), AOC 23.89% (0.12%), Funai 23.89%, Hitachi 23.89% (10.82%), Kuang Yuan 0%, Nettek 23.69 (10.82%), Paramount 23.89%, Proton 4.13% (1.04%), Sampo 0.78%, Sanyo 4.66%, Shinlee 23.89% (10.14%), Tatung 0.23% (1.31%), Teco 23.89% (5.46%), all others 4.13%.

**NOV. COMPONENT RECESSION:** Drop of 20.5% in Nov. factory dollar sales of audio's bread-and-butter category -- components -- negated strong gain in portable audio, as overall industry sales fell modestly in month and 1991's first 11 months, EIA Mktg. Services Dept. reported.

Overall Nov. audio sales declined 2.6% from same 1990 month. While most serious erosion came in components, largest of 4 broadbased EIA classifications, relatively modest drop was experienced in aftermarket autosound, which fell 4.4%. Portable audio was industry's best hedge against recession in Nov., climbing 15.1%, while systems were virtually flat.

Through 11 months, despite year many said they would rather forget, industry stood in decent position of avoiding loss for 1991 in 4 dominant product categories. EIA estimates released at Consumer Electronics Show indicated 1.9% loss in 1991 sales vs. 1990, although figures encompassed more categories, including factory-installed autosound (TVD Jan 13 p15).

According to monthly EIA figures, overall sales in Jan.-Nov. dipped mere 0.6%. Components were down 6.5% and systems 1.6%. On positive side, portable audio sales in 11 months increased 3.4% and aftermarket car stereo 2.9%. Here's EIA breakdown of audio dollar sales to dealers in Nov. and in year's first 11 months:

**FACTORY SALES OF AUDIO EQUIPMENT  
(add 000)**

Category	Nov. 1991	Nov. 1990	% Chg.
Portable Audio*.....	\$230,798	\$200,472	+15.1
Components.....	167,608	210,954	-20.5
Systems.....	135,872	135,667	+ 0.2
Autosound (aftermarket)	91,012	95,155	- 4.4
<b>TOTAL.....</b>	<b>\$625,290</b>	<b>\$642,238</b>	<b>- 2.6</b>
	<b>11 Mo.'91</b>	<b>11 Mo.'90</b>	<b>% Chg.</b>
Portable Audio*.....	\$1,925,319	\$1,861,249	+ 3.4
Components.....	1,671,573	1,787,673	- 6.5
Systems.....	1,164,260	1,183,374	- 1.6
Autosound (aftermarket)	1,157,177	1,124,096	+ 2.9
<b>TOTAL.....</b>	<b>\$5,918,329</b>	<b>\$5,956,390</b>	<b>- 0.6</b>

\* Includes home radio.

Figures may not add due to rounding.

**Nintendo, Philips and Sony Pictures** will be among major shareholders of Activision (formerly Mediagenic, which has reverted to original name). Debt is being converted into common stock of videogame and computer software firm under Chapter 11 reorganization that will leave it debt-free. Of the 3, Philips holds largest stake as result of \$7.5 million patent infringement judgment, Chmn. Bobby Kotick said. Sony presumably was owed royalties for Ghostbusters and other films that became basis of Mediagenic titles. Largest Activision shareholder is MGNC Funding, he said, although no one entity owns majority of stock. There will be approximately 100 million shares of stock outstanding, of which existing shareholders will own about 4.5%. Activision plans reverse stock split to reduce shares to about 10 million.

**SONY EXECUTIVES GET NEW TITLES:** Sony has halted proliferation of presidents by issuing new titles to heads of product areas and sales functions within major business units. Spokesman said move is "part of an internal review of organizational titles" and new ones are "more consistent" with those in rest of industry and avoid "confusion of having so many presidents." New titles weren't announced officially to media, but became known at Consumer Electronics Show in Las Vegas.

John Briesch remains pres. of Sony Consumer Products, but following executives who formerly held title of pres. now are senior vp-gen. mgrs. for their areas: Masayuki Nozoe, Consumer Video Products Co.; James Palumbo, Consumer TV Products Co.; Martin Homlish, Audio Component Systems Co.; Michael Vitelli, Personal Audio Products Co.; Anthony Piazza, Consumer Sales Co. Richard Tyrell, former pres. of Sony Consumer Service Co., now is vp-gen. mgr. Charles Steinberg continues as pres. of Business & Professional Group, with Mark Gray now exec. vp and gen. mgr. of group.

Whether coincidentally or not, retitling comes to light at about same time as Sony Deputy Pres. Ken Iwaki was quoted in Wall St. Journal as setting stage for "internal structural shakeup" of corporate organization (TVD Jan 13 p13).

Final approval of settlement of Mitsubishi price-fixing case (TVD April 1 p15) was granted by U.S. Dist. Court, Baltimore, with company agreeing to pay \$4.3 million to approximately 140,000 consumers who bought certain TVs in 1988. Spokesman for Md. attorney gen., who along with N.Y. attorney gen. had filed original suit, said about 48% of eligible consumers either claimed refunds in response to ads or were located through warranty records. Refunds were \$20-\$54, depending on model. Mitsubishi also is paying \$75,000 each to N.Y. and Md. and lesser amounts to other states and D.C. that joined in suit. Total payment of approximately \$5 million is due from Mitsubishi Jan. 27, Md. spokesman said. Mitsubishi has denied guilt, saying it entered agreement to avoid business disruption.

**Sony Recording Media** adds 150-min. 8mm cassette, 2nd company to do so following Denon (TVD Nov 25 p15); Sony's standard-grade version lists at \$11.99. Also new from Sony is "shock-resistant Sports 8mm" tape in HG formulation, packed in special rubber case, at \$11.99 for 120-min. length. Company has reformulated its premium "V" line of VHS tapes, improving retentivity and audio output. It will market line of alkaline batteries, including "Walkman" label on AA cells.

**Know when to say when?** Hudson Soft USA, videogame software manufacturer, is starting awareness campaign advising young customers to limit their game play. "We want to get a message out to kids that videogames are just one of life's pleasures and that there are other important and fun things they should investigate," Mktg. Mgr. Kevin Sullivan said. Program includes POP materials, phone support line and pamphlet advising parents on how to "diplomatically regulate video play."

**JVC's European VCRs** include on-screen programming in 10 user-selectable languages -- Danish, Dutch, English, Finnish, French, German, Italian, Norwegian, Spanish, Swedish.

## 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>C-COR Electronics</b>			
1991-26 wk. to Dec. 27	20,466,000	396,000	.09
1990-26 wk. to Dec. 28	18,113,000	(1,093,000)	--
1991-13 wk. to Dec. 27	11,067,000	271,000	.06
1990-13 wk. to Dec. 28	7,969,000	(849,000)	--
<b>Franklin Electronic Publishers</b>			
1991-9 mo. to Dec. 31	42,394,000	2,821,000	.42
1990-9 mo. to Dec. 31	47,625,000	(4,476,000)	--
1991-qtr. to Dec. 31	16,744,000	1,899,000	.28
1990-qtr. to Dec. 31	17,863,000	104,000	.02
<b>Jones Intercable</b>			
1991-6 mo. to Nov. 30	51,416,000	(20,246,000)	--
1990-6 mo. to Nov. 30	49,781,000	(12,786,000)	--
1991-qtr. to Nov. 30	26,052,000	(9,672,000)	--
1990-qtr. to Nov. 30	23,267,000	(6,643,000)	--
<b>King World Productions</b>			
1991-qtr. to Nov. 30	204,397,000	36,560,000	.94
1990-qtr. to Nov. 30	175,024,000	36,217,000	.93
<b>Motorola</b>			
1991-year to Dec. 31	11,341,000,000	454,000,000	3.44
1990-year to Dec. 31	10,885,000,000	499,000,000	3.80
1991-qtr. to Dec. 31	3,039,000,000	126,000,000	.96
1990-qtr. to Dec. 31	2,934,000,000	109,000,000	.82
<b>Video Display</b>			
1991-9 mo. to Nov. 30	39,924,000	1,466,000	.36
1990-9 mo. to Nov. 30	41,441,000	1,825,000	.44
1991-qtr. to Nov. 30	13,384,000	487,000	.12
1990-qtr. to Nov. 30	13,783,000	650,000	.15

## Consumer Electronics Personals

**Robert Lorch**, sales and mktg. mgr., N. America Tube Div., Thomson Consumer Electronics, promoted to gen. mgr.-mktg., sales and new business development...

Resignations at Silo: **Les Gordon** as senior vp-finance and **Neil Weinstein** as vp-logistics; no replacements named... **Rick Selvage**, exec. vp, sales marketing and programming, Skypix, promoted to pres., succeeding **Brian McCauley** and reporting to Chmn. **Frederick Greenberg**; **Sanjeet Saxena**, ex-Mitsubishi International, named corporate affairs dir., with hq in N.Y... **Yasuo Ishizaka**, ex-Mitsui & Co. and Equitable Life in Tokyo, named non-exec. chmn. of Dixons Japan Ltd. and special adviser to Dixons Group in Far East.

**Jorma Ollila**, head of Nokia Mobile Phone Div., named pres. of Nokia, to become chmn.-CEO June 1 on retirement of **Simo Vuorilehto**; **Kalle Isokallio** resigns as pres.-COO... **Yoshito (Super) Yamaguchi**, dir.-deputy gen. mgr., Mitsubishi's International Operations Group, and **Dominic Gallelo**, pres., Intergraph Japan, named co-chmn. of joint "Support Committee to Promote Local Procurement in the U.S.," representing ElAJ and American Electronics Assn. (AEA), respectively... Promotions at Smith Corona: **Jerry Diener**, sales vp, to senior vp-sales; **John McGrath**, operations and engineering vp, to senior vp-operations and engineering... **Joseph Carfora**, ex-Scitex, appointed national sales mgr., Nikon's Electronic Imaging Dept.... Changes at Sears Roebuck: **Forrest Haselton**, vp automotive, named pres.-retail, Merchandise Group, succeeding **Laurence Cudmore**, retiring; **Edward Liddy**, senior vp-operating, Merchandise Group, appointed Sears Roebuck senior vp-chief financial officer, replacing **James Denny**, who moves to vice chmn., responsible for Allstate Insurance Group and Coldwell Banker Real Estate Group; Chmn. **Edward Brennan** retains responsibility for Merchandise Group and Dean Witter Financial Services.

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Elected to one-year terms as officers of new DCC Group of America, following Jan. 11 meeting at Las Vegas Consumer Electronics Show: **Michael Aguilar**, Technics, chmn.; **Geoffrey Holmes**, Time Warner, vice chmn.; **Ron Parrish**, Tandy, treas.; **Gary Rockhold**, PolyGram, secy.; **Bud O'Shea**, EMI, asst. secy.; **Randy Miller**, MCA, vp-promotions. Also elected to board: **Christian Jorg**, BMG; **Robert Garcia**, Sharp; **Ken Furst**, Denon; **Frans Schmetz**, Philips; **Emiel Petrone**, PolyGram; **Mike Grubbs**, Tandy... **Steve Schoen**, ex-Capitol EMI, joins Schwartz Bros. as N.Y. branch mgr... **Shugo Matsuo**, deputy pres., named pres., Sony Music (Japan), succeeding **Toshio Ozawa**, who moves into new post of chmn.

Changes at Academy Entertainment: Mktg. & Operations Vp **Joe Lisaius** will depart when company moves to L.A.; Sales Vp **Jules Abramson** will work from N.J.; **M.C. Peckos**, ex-CLG Films and Vestron Pictures, named theatrical mktg. and distribution vp... **William Sondheim** promoted to PolyGram Video sales vp... **LIVE** Home Video Midwest Sales Dir. **Pam Kelley** named sales dir. for Vestron line; **Melanie Rothfeld**, ex-Communications Diversified marketing and promotions agency, joins **LIVE** as product mgr. for rental releases; **Nancy Coleman** promoted to human resources dir.

# TELEVISION DIGEST®

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

With Consumer Electronics

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**PTAR WAIVERS BACKED:** Commissioners say San Francisco stations probably can move up prime time, but full review is unlikely. Syndicators, stations threatened, NATPE told. (P. 1)

**S-12 SUBSTITUTE 'IMPROVEMENT':** Cable won't support alternative but tells senators it's better than S-12. Amendment status unclear. Senate debate starts today. (P. 3)

**SIKES SEEKS REVIEW** of FCC regulations in wake of Bush moratorium. He says agency will comply with Presidential request voluntarily, but little impact is expected. HLT on way out. (P. 5)

**MASS MARKETING 'DEAD':** Expert tells NATPE that TV needs new data to support targeted marketing. Foreign broadcasters call U.S. program buyers 'timid.' (P. 6)

**COMPULSORY LICENSE 'BOMB':** Sikes calls it 'ticking time bomb.' Diller tells NATPE 'broadcasters got to get paid.' (P. 6)

**MEDIA BLAMED FOR RACISM:** Criticized by panel as NATPE launches campaign. Group announces Minority Bestg. Corp. network. (P. 7).

**APPLICATION MILLS HIT:** FCC officials say they seldom are illegal but still mislead. Nev. orders American MicroTel halt. (P. 7)

**COMMISSIONERS BACK PTAR WAIVERS:** FCC probably will waive prime-time access rule (PTAR) for San Francisco stations to air prime-time programming hour earlier (TVD Jan 20 p8), commissioners said at NATPE convention in New Orleans last week, but majority of them said they were "profoundly unenthusiastic" about total overhaul of PTAR. Statements came hours after syndicators said that granting PTAR waivers would cause earlier prime time to spread across nation -- development that they called profoundly dangerous for syndicators and independent TV stations.

FCC Chmn. Sikes and Comr. Quello said PTAR waiver for KRON-TV San Francisco will be virtually automatic. Quello said he wonders why station even bothered to apply for waiver to allow it to start prime time at 7 p.m. Sikes told reporters that earlier prime time is just recognition of changing life-styles and said of KRON-TV waiver: "I can't imagine the government having any role in telling TV stations that they can't do it." One possible dissenter is Comr. Duggan, who told us that KRON-TV waiver won't necessarily be automatic if it reaches full Commission, although it could be granted at staff level. He said he's reluctant to "slice away" by waiver at issue that's likely to be before Commission as a whole.

On FCC panel, Quello and Comr. Marshall echoed Duggan's reluctance about taking on overall PTAR review. Duggan said nothing's likely to happen on issue in at least next few months, and when it does he

### Consumer Electronics

**FINAL 1991 SALES FIGURES** show records in projection TV and TV/VCR combos and 6% increase in VCR decks. Color TV ends year at 20.5 million, off 3%. (P. 11)

**EXPECTED TOUGH START** for 1992 leaves most in industry expecting minimal TV and video sales growth for year. Camcorder format mix is point of disagreement. (P. 12)

**CAMCORDER IMPORTS** dropped in Nov. for only 2nd time in more than 1-1/2 years, apparently reflecting sales slowdown. All other categories up. (P. 12)

**PIONEER BETS ON LASERDISC** as entertainment medium, citing 'unanswered questions' on CD-I's suitability for movies. Erasable MO disc stars at CES. (P. 14)

**TAKANO, 'FATHER OF VHS,'** dead at 68. JVC executive spearheaded VHS development and popularization. (P. 14)

**SILO HOPES INTERNAL** operations improvements will reverse losses. Sirkis says controversial promotion brought sales at little extra cost. (P. 15)

**JVC'S 'RADICAL REFORM'** cited by Pres. Bojo in speech highlighting plans in widescreen TV, camcorders and new A/V amusement products. (P. 15)

**GO-VIDEO DUAL-DECK TROIKA** unveiled, with models aimed at specific channels. Company promises 4-head hi-fi model this year, 8mm-VHS version in 1993. (P. 15)

believes FCC should "fix" some parts of PTAR rather than "junk" good parts. Marshall agreed that fine-tuning is likely, and said she believes that should happen only after results of current KCRA-TV Sacramento experiment are in. Sikes said he believes PTAR should be revisited "at some point in the future" because of changes in TV industry since rule was adopted. He also said that likely support for KRON-TV doesn't mean that FCC necessarily will sign off on all such waivers.

West Coast experiment with earlier prime time is extremely dangerous for syndicated programming and for networks, syndicators said. In addition to squeezing access time for syndicated shows and making it more difficult for independent stations to compete, they said, it could hurt quality of network prime time. "San Francisco is extremely dangerous," King World CEO Roger King said: "The idea of changing for a quick fix may open one hell of a Pandora's box. People don't realize how fragile we all are. You can't just whip [schedule] around." Some officials said King World's successful game shows, which usually air in access slot, would be among programs hardest hit by earlier prime time because they might not transfer well to after-prime-time slots.

KRON-TV prime-time experiment will spread eastward almost inevitably if FCC allows it and essentially will mean end of PTAR, 20th TV Chmn. Lucie Salhany said. She said earlier prime time is response to perceived changes of life-style that cause audience to go to bed earlier. Change will hurt networks because typically lower 7 p.m. ratings will make it more difficult to justify high cost of producing quality programs, she said: "This could be the death of quality prime-time programming." She said result would be even more defections from networks and would increase TV market fragmentation. Columbia Pictures TV Pres. Barry Thurston said move could be mistake anyway because there's no evidence that similar experiment by KCRA-TV with earlier prime time has been success.

Earlier prime time almost certainly will hurt economic viability of weaker independent stations, which generate much of revenue during access period, Viacom's Dennis Gillespie said. He called KRON-TV waiver "back-door way to eliminate the PTAR." Change that hurts viability of independents could violate public interest by reducing program diversity, Paramount Domestic TV Pres. Steven Goldman said. Change would open up more opportunities for late-night programming, field that already is described as "hot" because of Johnny Carson's imminent retirement, success of Arsenio Hall show, lack of other quality alternatives. "There's a lot of audience up for grabs when Carson retires," Tribune Entertainment CEO Donald Hacker said. Several new late-night shows were offered at NATPE or are in development, in part because advertisers pay twice as much per rating point for late-night audience as for daytime, Goldman said.

On other govt. issues: (1) Duggan said he's not enthusiastic about giving lenders ownership interest in broadcast licenses, in part because he doesn't believe it would have big impact on amount of money available to broadcasters. (2) Marshall said relaxation of highly leveraged transaction rule (see separate story in this issue) will do more to ease TV financing than other proposals. (3) Quello said he has changed his leaning on network-cable cross-ownership in last 3-4 months. Although he originally leaned toward supporting proposal, he said he's now "leaning against it" because of potential impact on network affiliates. (4) Duggan said FCC shouldn't move too quickly on allowing telco entry into cable because it's "an enormous question that poses the threat of terrific dislocation." He said he still worries about telco cross-subsidies and it shouldn't be assumed telcos would build competitive cable systems rather than simply forming joint ventures with existing cable operators.

PTAR issue generated most of heat at relatively quiet NATPE convention. Few new shows were introduced, situation attributed to recession, relative success of current programs, reluctance of producers to make heavy investments. "There's a real problem when 4 major studios come here and don't launch a first-run show," MCA TV Pres. Shelly Schwab said. But King said "doom and gloom" is exaggerated because many shows are in development and just weren't introduced at NATPE because of high cost. Syndicators are looking for new ways to launch shows, syndication officials participating on panel said. Viacom's Gillespie said many are experimenting with "slow rollouts" -- for example, launching new show on only about 20 stations to reduce promotion costs. Slow rollout allows programs to be fine-tuned and find their audience before national promotion begins, he said. But Richard Robertson, pres. of Warner First-Run TV, said it costs as much to produce quality program for 20 stations as for 200. Several speakers said solution is to convince stations to make larger investment in shows, partly by being less anxious to cancel them after only few months. "If there is hope and growth, it makes sense to stay with a show... rather than fall in love with the next pretty girl," Robertson said.

NATPE officials were pleased at success of convention. Despite slow preregistration, final attendance figures nearly matched last year. Final registration was 8,692, about 200 below 1991 figure. International attendance (1,334) surpassed 1991's 1,260. However, exhibit space was down slightly to 245,000 sq. ft., from

247,000. Last-min. shuffling as some exhibitors pulled out and others were added was apparent on floor which had occasional empty islands in midst of exhibits and clearly had space on edges that could have been filled.

**CABLE CALLS S-12 SUBSTITUTE IMPROVEMENT:** Cable industry won't actively support proposed substitute for cable regulation bill (S-12) to be debated beginning at 3 p.m. today (Jan. 27), but is telling senators that if they feel they must vote for some cable measure, substitute is far better. Debate is expected to be heated, lasting several days, and to include introduction of several amendments. Among those listed as probable are one by Sen. Leahy (D-Vt.) to assure that cable is compatible with cable-ready TV sets (TVD Jan 20 p10) and one by Sen. Helms (R-N.C.) to limit indecency on cable.

Main alternative for S-12 will be proposed by Sens. Packwood (R-Ore.), Stevens (R-Alaska) and Kerry (D-Neb.). It would allow rate regulation for virtually all cable systems, but only for what's described as "basic basic" tier including broadcast channels; public, educational and govt. (PEG) channels; C-SPAN. It would eliminate program access provision of S-12 and FCC restrictions on multiple station ownership, expand rural exemption for telco ownership of cable systems and retain must-carry and retransmission consent provisions of S-12.

Nobody is completely happy with alternative. Broadcasters, for example, say it would virtually eliminate any possibility of cable rate regulation because bare handful of customers would take only tier where rates are regulated. They also object to lack of program access provisions, but are happy that must-carry and retransmission consent are included.

Cable industry still doesn't believe there's need for any bill, CATA Pres. Stephen Effros said, "but if the senators believe they need to vote for something, this is far better." NCTA spokeswoman confirmed that Assn. is passing similar message to lawmakers. Cable is pleased that program access provisions, which industry considered key issue, would be removed if substitute is accepted by Senate, but still objects to must-carry and retransmission consent. However, Effros said that even if bill is passed by Senate it's far from final and "I have always said that must-carry won't pass court muster no matter how many times they put it into legislation."

Other provisions of proposed alternative: (1) Rural exemption for telco ownership of cable systems would be expanded to areas with 10,000 residents, from current 2,500. Authors said change would mean telcos could own cable systems serving 1/3 of U.S. population. (2) Rule limiting station ownership to 12-12-12 formula would be ended. Sponsors believe that eliminating FCC rule would encourage competition to cable through development of regional broadcast networks and that ownership diversity wouldn't be hurt because Commission policies on local ownership would remain.

(3) Cable system would be considered to face effective competition only if multichannel competitor serves at least 10% of potential customers, rather than current definition of 6 broadcast channels. New definition would mean virtually all cable systems would face local rate regulation. Alternative also would require FCC to set standards for local rate regulation and would eliminate cable systems' ability to hike rates 5% per year virtually automatically. Unlike S-12, alternative wouldn't allow FCC to oversee rates on tiers beyond lowest one. (4) Must-carry and retransmission consent provisions of S-12 would be retained, as would its customer service standards and minimum technical standards. (5) FCC would have to report at beginning of each congressional session on status of video competition. (6) DBS systems, as in S-12, would have to devote 4-7% of capacity to noncommercial public service.

Status of alternative isn't clear. Backers originally had said "compromise" had been cleared by White House, but lobbyists now say approval didn't come from top officials there so it's not clear whether Administration will back plan actively. However, NAB Exec. Vp James May did say: "We are pleased that the Administration has finally endorsed must-carry and retransmission consent [and] we are pleased that it has finally accepted the reality that there will be cable legislation." He said NAB will continue to back original S-12 unless chief sponsors agree to compromise. Cable officials also admit that alternative might have difficulty winning Senate approval.

However, NCTA Pres. James Mooney sent memo to board members saying that "the Administration is on board" and will back substitute bill. But he said Administration won't support final bill even if amendment is adopted, and "we are taking the same position." Despite that, he told board, "there is no doubt... that the bill will pass -- by a large margin -- with or without the substitute." Mooney said that it's "very important that the press and public understand that the substitute straightforwardly and effectively addresses the

consumer issues... If this is seen -- wrongly -- as a gutting amendment... the substitute will have no chance." Finally, he said that if substitute receives even 34 votes (enough to sustain any veto) "the politics of the controversy will have been substantially altered and the likelihood of Congress coming up with a reasonable bill will be substantially enhanced." May said key isn't how many senators vote for substitute proposal, but how many vote against passage of any cable bill.

Few details were available on other possible amendments, including potential Helms bid to limit cable indecency. Sen. Hatch (R-Utah) was said to be considering amendment that would delete retransmission consent from S-12, and Sens. Lieberman (D-Conn.) and Metzenbaum (D-O.) were said to be considering changes that would toughen S-12 and aid broadcasters.

Senators and lobbyists were working phones furiously all last week to push their special interests in bill. Original S-12 will get floor support from several influential senators, including Gore (D-Tenn.), who issued statement saying that "anyone who argues that this bill ought to be put aside or defeated or vetoed cares more about preserving the [cable] industry's out-of-control monopoly than they do about protecting already-strapped consumers... It's time the cable monopoly was broken." Meanwhile, dozen of largest cable networks wrote to senators saying that original S-12 "imposes complex new federal rules on the prices, terms and conditions under which cable networks are sold to cable and noncable distributors. This provision puts government at the bargaining table in an unprecedented and unjustified way."

Fox affiliates briefly endorsed S-12 at closed-door meeting at NATPE in New Orleans last week, but later decided to remain neutral. We're told affiliates voted to endorse bill by large margin at Jan. 20 affiliates-only meeting, after Harry Pappas of Pappas Telecasting made impassioned plea for bill. After Fox network officials heard of vote, they asked affiliates to new meeting Jan. 22 and convinced them to rescind earlier vote and remain neutral. Fox Senior Vp-Affiliates Preston Padden told stations at meeting that it would be "counterproductive to poke the cable industry" and that their endorsement would have little impact anyway.

**Broadcasters** launched major fund-raising campaign at NATPE to keep Advanced TV Test Center (ATTC) operating long enough to finish HDTV testing. ATTC needs about \$2.5 million more (in addition to \$15 million already raised) to complete testing. Consumer electronics companies and TV networks have pledged \$1 million, and new Committee for Advanced TV Testing is trying to raise rest from TV stations. Group, headed by Tribune Bestg. CEO James Dowdle and A.H. Belo Bestg. Pres. Ward Huey, is seeking per-station contributions ranging from \$15,000 for top-5 markets to \$1,500 for smallest stations. Dowdle said more than \$325,000 has been pledged already. Campaign got support from FCC Chmn. Sikes, NAB Pres. Edward Fritts and others at news conference in New Orleans. Richard Wiley, chmn. of FCC's Advanced TV Advisory Committee, said testing is entering "crucial stage... We've come too far and achieved too much to strike the flag and abandon uncompleted the future of television." Sikes, meanwhile, said in Wall St. Journal opinion piece Thurs. that HDTV selection process should be lesson to bureaucrats that govt. shouldn't try to "freeze" technology. He said Japanese and European govts. limited technological development by selecting HDTV winners without competition. In contrast, Sikes said: "Relying on the creative energy of markets rather than the false prophecies of an 'industrial-bureaucratic complex' has let the American vision of advanced television flourish while others have gone stale."

**PBS** says recent IRS ruling on sponsorship doesn't apply to public TV. IRS decided to treat income received by organizers of college football bowl games as unrelated business income in move that will make it taxable. But PBS "believes these rulings have no potential impact on corporate funding of public television's programming... because such funding supports the heart of our mission" rather than unrelated activities, it told station development staffers recently.

**TvB**, at news conference in New Orleans Jan. 23, announced new pres., said it's considering name change and promised to focus more on member service than on membership drives. New pres., replacing James Joyella, who moved to Katz Communications last month, is Avram Butensky, exec. vp-Fries Entertainment and former pres., Viacom TV Production. He said TvB name change is "under consideration" because of need to modernize group's image. TvB Chmn. Edward Reilly of McGraw-Hill said group has spent too much time on membership drives in past, now is gambling that if it provides enough member services, "membership will take care of itself." Reilly said funding for TvB, which recently decided to concentrate on spot ad market, is "secure for 1992." Butensky said next major change is likely to be TvB effort to develop information sources that will allow stations to enhance target marketing. He said it's too early to say whether that will mean developing TvB's own data base.

**President Bush** speaks at noon today (Mon.) at National Religious Bcstrs. (NRB) convention at Sheraton Washington Hotel. More than 7,000 attendees are expected at 5-day event, which ends Wed. All FCC commissioners except Barrett are scheduled to attend, although none is scheduled to speak. Major topics are expected to include: (1) Status of Ethics and Financial Integrity Commission (EFICOM), compliance with which is mandatory for NRB membership. More stringent implementation may be considered following recent ABC PrimeTime Live show that alleged fraudulent practices and/or false representations by 3 televangelists, although only one was NRB member. (2) Opportunities for religious broadcasters in Eastern Europe and former Soviet Union. (3) Impact of weak economy.

**NATPE** unveiled its TV Program Guide at convention in New Orleans last week. Guide includes program descriptions, distributors, sales terms and other details on TV programming. Information is distributed via NATPE\*Net.

**SIKES SEEKS REVIEW:** Pointing out that despite deregulatory efforts, FCC rules still take up 3,000 pages in Code of Federal Regulations, and that agency requires applicants and licensees to deal with more than 300 forms, Chmn. Sikes suggested to fellow commissioners last week that agency undertake broad review of its lesser known regulations. His action came shortly after it became known that President Bush plans to call for 3-month moratorium in putting into effect all new federal regulations as hoped-for spur to economy. Sources said move is related to White House effort, although Sikes didn't mention that in memo to commissioners.

Despite chmn.'s statement that FCC would comply with moratorium voluntarily, there was general feeling that it would have little impact on Commission, which is independent of White House, although members are appointed by President. However, it's understood that Sikes has been called to White House for briefing Jan. 29 on Bush's proposal. It isn't expected to affect FCC rulemaking decisions, which are required by Administrative Procedure Act. "We've not seen anything yet" in writing, FCC Managing Dir. Andrew Fishel said.

Agency heads (including Sikes) were briefed on Administration plan by Michael Boskin, chmn. of President's Council of Economic Advisers, and White House Counsel Boyden Gray (said to be chief architects of plan) 10 days ago. At breakfast meeting, White House officials stressed Bush's interest in reducing govt. regulation as spur to economy. Sikes told us it would be premature to comment on details of White House plan because FCC doesn't yet have specifics. Administration also will tell agencies to review all their regulations during 3-month ban to determine which can cause undue burdens on businesses. Shortly after taking office in 1981, President Reagan ordered 2-month moratorium on new agency regulations, which set tone of his antiregulation Administration.

In Jan. 21 memo to his colleagues, Sikes said he has started ball rolling by telling bureau and office chiefs to begin review of their own, with goal of "eliminating or consolidating" many rules. Mass Media Bureau Chief Roy Stewart already has called meeting of division chiefs and told them to get to work on Sikes' proposal. Said Commission official: "He's gearing up for an underbrush clearing." In memo, Sikes asked other commissioners to "give some thought to this process and I will look forward to getting your thoughts as to how we should pursue it." He suggested process be overseen by senior legal assistants to commissioners. Chmn. wasn't in his office Jan. 24, nor were any of other commissioners, and none could be reached for comment.

Sikes attached list of 14 FCC deregulatory actions to memo to commissioners and said he also had sent list to White House at Administration's request. Said chmn.: "The need to address regulation more broadly has been precipitated not only by President Bush's interest.., but replies we have all received" in formal comments and informal talks with licensees. "We can leave, as part of our legacy, the termination of needless contact between the government and the private sector which siphons off a measure of private wealth and FCC resources." On other hand, one FCC official pointed out to us that Commission has some reregulatory proposals pending, including rulemaking on fraudulent broadcasts. Agency formerly had rules covering such broadcasts, but they were repealed some years ago in deregulatory move.

Meanwhile, in move praised by broadcast and cable industries, one govt. regulation is slated to go. Federal Reserve Board (FRB) announced Jan. 21 that it has joined with Office of Comptroller and FDIC to rescind rules on highly leveraged transactions (HTLs), effective June 30. In interim, FRB said, HLT reporting requirements will be relaxed "to respond to concerns" expressed in comments to 3 banking agencies in joint reconsideration of HTLs. Agencies, which solicited comments last July, said that more than 260 were received -- most of them opposing HLT restrictions.

Broadcasters and cable operators launched massive attack on loan requirements and restrictions in HTLs, saying they had dried up financing for acquisitions. NAB formed special task force on issue, headed by Milton Maltz of Malrite Communications, which surveyed stations and group owners to determine how they had been hurt by HLT rules. Said NAB Pres. Edward Fritts of Administration plan: "We are extremely pleased... The immediate recognition of a cash-flow criterion and the total elimination of the HLT definition should go a long way to improve the broadcast lending climate." From NCTA Pres. James Mooney: "This is a big artificial weight off our backs. We welcome this change, which recognizes that the HLT definition has, unnecessarily limited the availability of credit to companies that are financially strong."

FRB said HLT definition "has largely served the purpose for which it was adopted and should be phased out. In addition, circumstances have changed since the definition was implemented. Merger and acquisition activity has declined significantly... It is also recognized that the HLT definition may be having an undue effect on pricing and availability of credit to certain highly leveraged borrowers." FRB said that although its staff no longer will collect HLT data from banks, all highly leveraged credits would continue to be "closely reviewed" on annual basis and "would be subject to supervisory criticism when appropriate." Further comments will be sought in attempt to make uniform the way federal agencies consider intangible assets other than goodwill, FRB said.

**First Amendment conflict** related to Anita Hill's allegations against then-Supreme Court nominee Clarence Thomas could be brewing. Attorney Peter Fleming, who's in charge of Senate's investigation into leak of allegations, is expected to subpoena National Public Radio's Nina Totenberg, who along with Newsday's Timothy Phelps filed first reports on charges Oct. 6. Officials said subpoenas hadn't arrived at our deadline. First Amendment lawyer Floyd Abrams, Totenberg's attorney, wrote Fleming Jan. 15 that his client had received materials stating allegations in confidence and "Ms. Totenberg will not breach her promise of confidentiality to her source or sources." Abrams also questioned "basis for seeking Ms. Totenberg's testimony at all," saying she "has violated no law."

**After being threatened** with contempt of court citation, NBC News has turned over 12 videotapes, most of which have never been aired, to federal prosecutors and attorneys for defendants in San Francisco drug case. Tapes were made during undercover stakeout of suspected drug operation to which federal officials invited NBC to participate. Stakeouts led to charges against 5 people and largest-ever heroin seizure in U.S. Tapes were subpoenaed after U.S. Dist. Judge John Walker ruled that network had acted as "an agency" of govt. Judge had threatened to dismiss all indictments in case if tapes weren't turned over to defendants' lawyers. Case is being watched closely by First Amendment specialists.

**MASS MARKETING 'DEAD':** Mass marketing that has been basis of TV advertising "essentially is dead, we just refuse to bury it," Northwestern U. Prof. Donald Schultz told NATPE general session last week. He said technology has given viewers too many choices and fragmented market too much for mass marketing. Meanwhile, international speakers said U.S. broadcasters are too "timid" about buying overseas programming.

Networks originally were built to meet needs of mass manufacturers such as Procter & Gamble and Kraft, Schultz said, but emphasis now is on more targeted marketing. That doesn't mean TV ads are obsolete, he said: "TV advertising can enter a new golden age, but not with the concepts of the past." He said broadcasters must develop data bases on audience that's more detailed than women 18-49 in order to convince advertisers that they can reach group they want. On separate spot ad panel, speakers said 90% of radio stations have quality audience data, but few TV stations do.

Speakers generally were upbeat about future of TV ad market. John Suhler of investment banker Veronis, Suhler said that even though TV ads were down in 1991, "all the factors that created a negative frame of mind for TV have reached equilibrium." He said ad money that has migrated to direct mail and others will come back because they now suffer from clutter. Broadcasters shouldn't focus on luring traditional advertisers back to TV, Katz Communications Chmn. James Greenwald said: "We've got to talk about finding new advertisers."

U.K.'s Channel 4 CEO Michael Grade said ad market can't grow fast enough to meet rising cost of programming. He said changing technology provides "infinite variety" of distribution outlets, assuring that there's not enough audience to make any one profitable. Several speakers said international co-productions are one solution to reduce program costs, but they also indicated that they were less enchanted with co-productions than in past, partly because there never has been one that became big hit. U.S. broadcasters should be more open to using foreign shows, speakers on international panel said. "We find the American [program] buyers terribly timid," Grade said. "Why shouldn't more good European programming be seen in the U.S.?"

European insistence on analog HDTV "helps assure the continued dominance of Hollywood" as worldwide program producer, CBS Senior Vp Joseph Flaherty predicted. He said European HDTV is incompatible with rest of world and will offer inferior video quality. In addition, U.S. continues to use 35-mm film, which easily converts to HDTV, for virtually all TV production, while Europe has focused on videotape, which doesn't. Flaherty said that means most of U.S. library will remain viable in HDTV era.

U.S. is well positioned to compete in international TV, said John Naisbitt, author of *Megatrends* and *Megatrends 2000*, in part because English is language of "new world order." He discounted worries that Japanese dominate VCR market: "I hope the Japanese keep building VCRs because 90% of the software comes from the U.S., and that is where the profit is." TV market will be different in year 2000, Naisbitt said: (1) "Smaller players" will come to dominate TV, as networks continue downward trend he said he had predicted 10 years ago. (2) Telcos will be part of distribution mechanism in change he described as "chaotic." (3) Shakeout in TV and communications in general will continue. He pointed out that 2,300 companies have manufactured cars in U.S., and only 3 are left.

**COMPULSORY LICENSE 'BOMB':** FCC Chmn. Sikes, in speech to NATPE convention in New Orleans last week, called compulsory license "Rube Goldberg" structure that's "a ticking time bomb" for broadcast TV and public. Sikes speech echoed many of themes in keynote NATPE address 2 days earlier by Fox Chmn. Barry Diller, who said end to compulsory license is necessary to assure broadcasters' continued viability: "Broadcasters got to get paid."

It would be "literally insane" for govt. to decide value of programming through compulsory license, Sikes told reporters at NATPE. In speech, he said compulsory license means broadcasters bear all risks, while cable reaps rewards. Result, he said, will be broadcasters' either ceasing investing in innovative programs or going out of business. Consumers would be hurt by continuing compulsory license, he said, because it would lead to more programming mediocrity and, if broadcasters go out of business, to less news and public affairs.

Consumers wouldn't necessarily pay significantly more if cable systems have to reimburse broadcasters for programming, Sikes told reporters. He doubted estimates that payments to broadcasters would add 20% to cable bill, saying inelasticity of cable market wouldn't allow operators to pass on that much, even if their costs went up that much. Sikes said cable's increasing interest in having large audience for ads and pay-per-view give operators "very high incentives" not to raise basic cable prices.

During panel discussion day earlier, FCC Comrs. Quello and Marshall agreed broadcasters should be compensated for programming, although Quello said it would be "delicate" issue to assure that programming is available in remote, underserved areas. On related retransmission consent issue, Comr. Duggan said there's possible "dark side," especially if cable operators obtain "whip hand."

Only difference between NBC and MTV is time it takes viewer to switch channels, Diller said: "The distinction between free, over-the-air TV and cable is fast disappearing. For 143 million people, all TV is pay TV." Diller devoted keynote speech to bid for elimination of compulsory license, saying broadcasting is simply one element of pay TV, so broadcasters should share in revenue. He said alternative is eventual demise of free TV, meaning TV would be available only to those who could afford it. Diller joked that govt. may eventually have to issue "cable stamps" as it does food stamps.

Repealing compulsory license wouldn't be bailout for broadcasters or subsidy for Hollywood, Diller said; it would be just removing "heavy-handed" govt. regulation. Fears that cable operators won't be able to negotiate fair deals for broadcast programming are unfounded, he said, because cable networks already do so. He said broadcasters must convince cable operators that eliminating compulsory license is in latter's best interest because it would allow cable to negotiate exclusive programming deals, which could help it compete against telcos and others.

Comsat Mobile Communications was to broadcast Super Bowl XXVI to cruise ships and U.S. govt. craft as part of demonstration of new maritime compressed video service via satellite that it hopes to begin marketing next month. It planned to air CBS coverage of game to Regent Sea cruise ship, NOAA's Mount Mitchell ship and several Navy vessels via Armed Forces Radio & TV Services (AFRTS) over Inmarsat II (F-2) in Eastern Atlantic Ocean and Marecs B-2 in Western Atlantic.

**MEDIA BLAMED FOR RACISM:** Media received much of blame, at NATPE panel, for continuing racism in U.S. NATPE also said it will launch campaign to encourage antiracism PSAs and programming. Meanwhile, a group announced it plans to start new broadcast network aimed at black market, called Minority Bestg. Corp. of America (MBC).

Minorities are becoming more visible as TV anchors and personalities, CNBC anchor Cassandra Clayton said, but they aren't involved in decisions and profits. She defended much of TV news coverage of minority issues, but said media tend to cover such things as David Duke candidacy as "events, instead of peeling back the layers." Richard Lobo, gen. mgr. of WTVJ Miami and one of highest-ranking Hispanic network executives, said his biggest problem is finding competent minorities for staff. Shows such as *All in the Family* help treat American racism, creator Norman Lear told NATPE, but he said it's difficult to imagine that any one show had major impact on "2,000 years of Judeo-Christian ethic."

MBC plans to launch within 6 months on single independent station in top-10 market, Chmn. Alvin James told us. It would begin adding affiliates within 6-8 months, he said, and needs stations in minimum of about 30 of top black TV markets to break even. James said MBC has identified likely affiliates in 50 top black markets, which would give it access to 80% of all blacks. He wouldn't identify TV station that will serve as MBC flagship, or say how much money network has or where it's coming from.

Dallas-based firm has "our finances well in place" to buy flagship, James said, and is working on private stock placement to finance network. He said success of recent Black Entertainment TV (BET) stock offering increases optimism about placement. He said he couldn't provide more details because deals are in works. MBC would compete directly with cable's BET, as well as with other broadcasters, James acknowledged. Even though BET has high penetration in black homes, he said availability of free broadcast TV aimed at minorities would entice many away from BET and cable in general. He said program mix, which will include 60% syndicated black-oriented TV series movies, 20% news and sports and 20% original programming, will be more attractive than BET.



**Canadian TV content quotas aren't protectionism,** said Harold Greenberg, chmn. of Montreal-based Astral Inc. and head of Canadian industry group supporting Canadian content restrictions. In NATPE debate on cultural restrictions in U.S.-Canada Free Trade Agreement, Greenberg said Canadian culture already is dominated by U.S., and restrictions are intended only to give Canadian industry chance to grow. There are few limits on U.S. programmers, Greenberg said, since 85% of Canadian TV viewing is of foreign programs, and 90% of videocassettes are American: "Canadians have the right to sponsor and encourage Canadian industry. We won't solve the problem unless the American industry realizes that we are an independent nation." Opponent, MPAA Pres. Jack Valenti, said supporters contend restrictions are to protect "culture, but they spell it commerce... Canada trusts its people to choose their Parliament, but not to choose what they will watch on TV." He said it's wrong to claim that Canadian program producers can't compete without protection, and competition is best way to improve quality. Valenti said MPAA doesn't back reopening U.S.-Canada agreement, despite quotas, but does oppose extending it to bilateral or trilateral deals involving Mexico.

**FCC DISCUSSES APPLICATION MILLS:** FCC hasn't had much success blocking distribution of misleading information about Commission licensing, such as wireless cable lotteries, panelists said at FCC brown-bag lunch last week. Despite misleading sales pitches, FCC officials said that much of work that mass application preparers do isn't illegal. Diane Hofbauer, special adviser on licensing oversight in Office of Gen. Counsel, said much written material isn't "flat-out lies," but there's lot of information "that isn't told."

Senior FTC Trial Attorney Stephen Gurwitz, noting that agency has brought 2 cases against wireless cable application preparers, also known as application mills, said: "The only people making money in the wireless cable business are selling applications." He said mass application preparations are beginning to sprout up in relatively new Multiple Address Service, in some instances by companies also selling wireless cable applications. Hofbauer and other panelists -- Richard Shiben, chief of Land Mobile & Microwave Div., and Myron Peck, deputy chief of Mobile Services Div. -- said that FCC rules to some degree encourage public participation. Peck said that "just because a mill prepares an application doesn't mean it's not acceptable or that the applicant isn't sincere." Shiben said solution was to find different mechanism, such as auctions, for licensing new spectrum.

Meanwhile, Nev. Secy. of State filed cease-and-desist order against American MicroTel, marketer of wireless cable applications. Securities Div. said that American MicroTel hasn't told potential investors that company is subject to cease-and-desist orders in Mass. and Alaska, that it's defendant in civil lawsuit in Mich. alleging securities violations and that it doesn't disclose to investors that locations of wireless cable markets won't be disclosed until investment is made and application is filed with FCC. Nev. order also said MicroTel made projections to investors on potential market value of wireless cable systems without providing adequate information. Hearing on order is Feb. 11.

Comsat has filed with FCC for permission to offer international digital audio distribution service. If approved, new service will begin Feb. 24, company said. Service differs from digital audio broadcasting (DAB) in that programming is provided to stationary terminals -- small C- or Ku-band antennas at AM/FM radio stations or to cable headends -- rather than to public, Comsat said. As incentive, it's offering promotional rates for up to 6 months' trial through Sept. 15. Service will be available on preemptible and nonpreemptible basis for up to 10-year lease in bandwidths from 100 kHz to 72 MHz. For preemptible service, for example, monthly rates will range from \$220 for 100 kHz lease to \$156,265 for 72 MHz. For nonpreemptible service, rates will be \$355 for 100 kHz to \$193,365 for 72 MHz.

In move to bail out financially troubled R.H. Macy & Co., CBS-Loews Chmn. Laurence Tisch has offered to increase his stake in retailer to 90%; cost would be about \$1 billion, according to N.Y. Times. Through L.T. Holding Corp., Tisch owns 2.29 million shares (17.7%). NBC parent GE owns 2.49 million shares (19.2%). Sources said deal with Tisch (who is a Macy dir.) is far from final. Retailer is some \$3.6 billion in debt, mostly caused by 1986 leveraged buyout by its management, and 2 weeks ago announced it would delay payments to suppliers.

**Program Notes:** Tribune Bestg. said it signed deal for TCI systems in Chicago area (300,000 subscribers) to carry all-news **ChicagoLand TV** channel when it launches... NuStar cable cross-promotion channel said it added 6 million subscribers in last year, bringing total to 22 million.

**CAPTIONING 'GOOD BUSINESS':** National Captioning Institute (NCI) is moving beyond saying captioning is right thing to do, Vp Jane Edmondson said, and is trying to convince broadcasters, program producers and advertisers that it's good business and will be even better when law takes effect in July 1993 requiring that all TV sets larger than 13" be capable of displaying captioning.

"We're still appealing to their sense of social responsibility," Edmondson said. "But now we are saying that there is tremendous potential beyond the early days when we saw it only as a service for the hard of hearing." NCI says captioning will be attractive for 24 million hearing-impaired persons in U.S., plus 20 million immigrants who use captioning to improve English skills, and 30 million elementary school children and 28 million adult illiterates who could use it to improve reading skills. Aging population also will boost captioning as more people lose some hearing, she said.

Edmondson compared captioning with Braille, which originally was designed to allow military to read in dark: "We are just seeing the tip of the iceberg on how people will use captioning." She said about 50% of 400,000 captioning decoders now in operation are used by people learning English as 2nd language. Use will grow as TV sets arrive on market already equipped with simple switch that allows viewer to turn on captions, Edmondson predicted. By 2001, she said, virtually all U.S. households will have sets capable of receiving captions.

At NATPE, Edmondson was trying to convince program producers to add captions, which typically cost \$800-\$1,800 per hour of programming. NCI says that adding captions will attract new audiences to shows. Virtually all network prime-time, children's, news and sports programs are captioned, but only handful of daytime programs are. Seven of top 10 syndicated programs are captioned, but Edmondson estimated that only 10% of all syndicated and cable programming has captions. Increased potential audience size generated by TV Decoder Act will make captioning more attractive economically to program producers, Edmondson said. NCI also says that it will show broadcasters' -- and cable's -- interest in public service.

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**Head of WXEL-TV-FM (Ch. 42) W. Palm Beach, PTV station, has been suspended with pay following recent dispute over hiring of \$85,000 staffer that has pitted majority of station's staff against its long-time chmn. Chmn. Lewis (Dusty) Sang was confronted with resolution signed by more than 50 of station's 65 employes that urged him to resign. When Sang, recently reelected by board to his 10th one-year term, said he wouldn't step down, station's management, including Pres.-Gen. Mgr. Sam Barbaro, held news conference later that day. Barbaro was suspended by board 2 days later, as was Vp-Development Anita Kirchen. Asst. Development Dir. Cameron Harris, said to have been vocal in call for Sang's resignation at private meeting, was fired. Dorlis Johnson, exec. vp-finance and reportedly one of only 2 staffers who raised their hands in support of Sang at meeting, has been named acting head of stations.**

**EIA said** its Digital Radio Subcommittee, meeting Jan. 22 at NAB hq in Washington, drafted performance objectives "and discussed timelines to select a single technical system" for digital audio broadcasting (DAB) in U.S. Assn. said subcommittee "discussed a possible schedule" for testing DAB systems, but next action was unclear. Group's next meeting is March 17, J.W. Marriott Hotel, Washington, site of EIA spring conference.

**WIRELESS WINS CONDEMNATION CASE:** Mich. Appeals Court, Lansing, Jan. 21 rejected condemnation of private property for cable franchisee on ground of insufficient public purpose or necessity. Three-judge panel unanimously ruled that public benefit of providing franchised service to tenants who already have access to landlord's cable system "is marginal at most and must be deemed secondary to the commercial benefits flowing to [defendant Continental Cablevision]." Most previous cases challenging property condemnation under mandatory access laws have focused on issue of just compensation of landlord rather than public purpose or necessity resulting from access to franchisee's service.

Deborah Costlow, attorney for Lansing landlord, Edward Rose, said decision "should encourage private property owners and competing video suppliers to challenge mandatory access statutes and should encourage state legislatures and local governments to think twice" before passing them. "Obviously, we are disappointed by the decision," Continental Senior Vp Richard Weigand said. "It means that the landlords in Michigan will be able to deny tenants the cable television services of their choice. This is clearly anticonsumer, and we are confident that other states will not adopt the [Appeals Court's] stance."

In 1980-1987 period, plaintiff Rose had cable service contract with defendant Continental for 2 apartment complexes, but he installed SMATV systems at end of period when, according to Costlow, MSO refused to cap its rates. When city of Lansing, acting at request of Continental, condemned easements on Rose's property to enable MSO to provide service, Rose sued on ground of insufficient public necessity. Appeals Court, in overturning lower court ruling, found Continental's public, educational and govt. (PEG) channels to be "primary" difference between systems, but concluded such added public benefit was outweighed by Continental's private interest in seeking to offer its service: "Rather than benefiting the public interest, it appears that the proposed condemnation is an attempt by a private entity to use the city's taking powers to acquire what it could not get through arm's-length negotiations with defendants."

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**On-again-off-again** live feed of State of the Union Address to Comedy Central (CC) was on again as of weekend. Cable channel wants to use live feed of President Bush's Jan. 28 speech as part of humorous commentary show transmitted simultaneously with speech. Network pool covering speech originally said its feed would be available to Comedy Central, then decided Jan. 23 that it wouldn't be because channel isn't news organization. By Jan. 24, CC spokeswoman said, feed was back on. CBS, meanwhile, plans to follow Bush speech with interactive show on issues. CBS News special anchored by Dan Rather and Connie Chung will allow 300,000 homes to use special 800 number to register their views at no cost. At same time, core group of 1,200 will be polled through separate 800 number, CBS said.

**Financials:** **Westinghouse** reported 4th-quarter net income of \$171 million on revenue of \$3.42 billion, vs. loss of \$449 million on revenue of \$3.7 billion year ago. Company said broadcasting profits were "down substantially" ... **TCI** said it raised another \$600 million through sale of senior unsecured bonds maturing in 2012. Bonds, part of earlier shelf registration, yield 9.845%... **Viacom** said it extended revolving portion of its \$1.7-billion credit agreement, allowing it to delay any principal payments until 1995 and permitting revolver to increase \$200 million... **Turner Bctg.** isn't commenting on Wall St. Journal report that it may bid for Orion Pictures.

**Greatest difficulty litigating political broadcasting cases in state courts is that many state judges are elected and concerned about need for their recusal because they buy broadcast time,** attorney Craig Blakeley told FCBA seminar in Washington Jan. 23. Cases are pending in Ga., Ala., and Cal., but litigation may expand to other areas. Atlanta attorney Robert Kahn, who represents candidates suing Blakeley's clients, said he has been "contacted by candidates in a number of states," mentioning only Colo. as possibility. Describing political broadcasting rules as "carrot" for campaign reform "stick," Steven Bookshester, NAB assoc. gen. counsel, said "it doesn't appear anything will happen legislatively" to change situation.

**New Spanish Cable Network (SCN) will be launched this year, executives announced at NATPE convention in New Orleans.** At outset, channel will target Hispanic audience in U.S., they said, then be uplinked to all of Latin America in 1993-1994. Pres. Carlos Barba said SCN should be attractive because Hispanic population in U.S. has grown 53% in last decade, now totals 22 million. Barba, former Telemundo senior vp-programming, said SCN hopes to reach one million cable subscribers within 3 years. Miami-based SCN plans 8 hours of programming per day, with programs repeated twice per day for 24-hour service. Much of offering will be "novelas" and movies, along with sports, children's shows, hourly newscasts.

**Ex-communications attorney Thomas Root has been sentenced to 33 months in prison and 3 years' probation for filing false documents at FCC and defrauding clients.** Maximum sentence was imposed, after Root had pleaded guilty, by U.S. Dist. Court Judge John Penn in Washington. Root was accused of, among other things, submitting counterfeit FAA form to FCC, forging FCC law judge's signature on document, lying to applicants he represented, accepting unauthorized settlement on behalf of client. Root's attorney Eugene Proper said sentence may be appealed.

**Jones Intercable** reported operating income of \$13.9 million (up 7%) for quarter ended Nov. 30, on revenues of \$32.2 million (up 9%). Jones said most of revenue increase came from higher subscriber fees of \$2.4 million for quarter, \$5.1 million for half... **Harris Corp.**, citing strong performances by most of its divisions, said its earnings were \$19.2 million (49¢ a share) for quarter ended Dec. 27, compared with \$55.8 million loss for same 1990 period. Revenue for quarter fell 1% to \$755.7 million.

**European Bctg. Union (EBU) will organize demonstration of digital HDTV for satellite broadcasting during World Administrative Radio Conference (WARC) in Spain next month.** Demonstration, which will show technology developed in EBU members' R&D labs, will be given for 35 min. 6 times daily. WARC delegates will consider allocation of new frequency band for wideband HDTV broadcasting at 20 GHz.

**HBO is working to make its N.Y. hq building green.** N.Y.-based Croxton Collaborative Architects announced Jan. 23 it has been retained by pay programmer to develop "full-spectrum environmental master plan" for 16-floor midtown building that houses 1,300 employees. HBO is first private-sector company to signal "major commitment" to such program, Croxton said. Program will address energy and materials conservation, indoor air quality and procedures for operation, maintenance, renovation, testing.

**Claim that translators should have priority over LPTV made by broadcasters in advanced TV filing is "narrow and self-serving,"** Community Bctrs. Assn. said in reply comments to FCC: "It certainly would not be in the public interest to shut down an LPTV station providing a community's only local programming services in favor of the rebroadcast of a distant home shopping service or all-day old movies... via a translator." LPTV group said it's unlikely such choice ever will have to be made, but switch between LPTV and translator status is possible "any time."

**Meetings:** NATOA Pres. Susan Herman and Hubbard Bctg. CEO Stanley Hubbard will be featured speakers at Minn. Assn. of Cable TV Administrators meeting Jan. 31-Feb. 1, Radisson Hotel, Plymouth, Minn. -- 612-782-2812... Colo. chapter of National Assn. of Minorities in Cable will sponsor work force seminar Feb. 27, Marriott Hotel Southeast, Denver -- 303-792-3111.

**FCC refused to disqualify Comr. Quello from participating in political broadcasting complaint against WXIA-TV Atlanta.** Several past candidates have accused station of violating lowest-unit-rate requirement in 1986 and 1990 campaigns. Quello refused to recuse himself. Complainants charged that in public remarks he had shown that he was biased against former candidates.

**Viacom and NBC Station Group** launched joint venture at NATPE aimed at developing all-night programming. First project is 90-min. Night Talk With [psychiatrist] David Viscott. Six NBC stations agreed to carry Night Talk, and are expected to produce some of later projects. Viacom Chmn. Henry Schleiff called project "major new business opportunity."

**Some 200 CBS TV affiliates** will be in Washington Jan. 28-30 to conduct some business, do some lobbying. Sessions, at L'Enfant Plaza Hotel, open with meeting of affiliates' board and dinner. CBS said speaker lineup -- mostly from Congress, where lobbying also will take place -- hadn't been finalized by weekend. Sessions will be closed to press.

**Cablevision Industries** is offering \$300 million (increased from original \$150 million) in senior notes, due 2002. Notes pay 10-3/4% interest. Cablevision said it will use proceeds to redeem at par company's 15-1/4% senior subordinated discount notes and 14-1/2% debentures and for working capital.

**AAF ran full-page ads** in Jan. 22 Wall St. Journal and N.Y. Times urging President Bush to "support incentives to advertise" as part of economic growth package. Ad states: "We respectfully remind you of advertising's role as an engine of economic growth. It raises capital, creates jobs and spurs production..."

**Galaxy Cablevision** reached agreement to purchase \$21 million worth of Supreme Cable assets in Tex., including its MMDS, ITFS and Operational Fixed Services serving Lubbock, San Antonio, Sherman/Dennison, Temple/Killeen, Waco, Phoenix. Deal also includes \$4-million noncompete agreement.

**Mercom Inc.**, Mich.-based cable company, said it expects net loss in 1991 of \$7.6 million (\$3.19 per share) on revenue of \$11 million. Loss includes unusual and nonrecurring charges of \$5.2 million, company said. C-Tec Corp. won control of Mercom in Dec. after long proxy fight.

## Personals

Cap/ABC promotions: **George Cain** to senior vp-network group; **Marvin Goldsmith** to pres.-sales and mktg., ABC TV Network; retirements: **Jules Barnathan**, senior vp-technology and strategic planning, after 37 years with network; **Paul Sonkin**, vp-network audience research, after 36 years; radio sports commentator **Howard Cosell**... **Sherrie Rollins**, chief spokesman for ABC News, will be appointed White House asst. to pres. for public liaison and intragovernmental affairs... **John Zanotti**, pres., Great American Communications TV group, named pres.-COO, Great American Bestg. and exec. vp, parent Great American Communications.

**Kip Frey**, legal counsel, TBS, named exec. vp, TBS's World Championship Wrestling, succeeding **Jim Herd**, resigned... **Andrew Dixon** promoted to senior vp-human resources, Continental Cablevision... **Marty Appel**, vp-PR and sports, WPIX N.Y., joins Atlanta Committee for the Olympic Games as dir.-PR... **Susie Dowdy** promoted to mgr.-communications, Okla. Educational TV.

**John Kompas** resigns as exec. dir., Community Bestrs. Assn., to start rep-information firm K/B Data: K/B Sales (414-781-0188); he remains on Assn. board... Newly elected to Southern Cal. Cable Mktg. Council: **David Limebrook**, Times Mirror Cable, chmn.; **Tim Krass**, Prime Ticket, treas.; **Del Heintz**, A&E; **George Jostlin**, SportsChannel/L.A.; **Jerry Norris**, UA Cable; **Paula Winn**, Disney Channel... Speakers at Freedom Forum's "TV in America" series, all events at Arlington, Va., hq, 4 p.m.-6 p.m.: Authors **Liz Trotta**, Jan. 29; **Sally Smith**, Feb. 13; **Ken Auletta**, April 30.

**Wayne Gowen**, managing dir., U S West Cable Communications, U.K., returns to company's Denver hq as a vp with responsibility for "several of the company's cable telecommunications investments worldwide"... **Lawrence Ryckman** resigns as vice chmn. and a dir., Archer Communications... **Ronald Gavillet**, attorney, Skadden, Arps, Slate, Meagher & Flom, moves to Hopkins & Sutter, Chicago... **Jeffrey Chester**, dir., Teledemocracy Project, is keynote speaker at Minn. Assn. of Cable TV Administrators conference, Radisson Hotel, Minneapolis, Jan. 31, 7 p.m.

Among panelists at IRTS 1992 Faculty/Industry Seminar, Feb. 6, N.Y. Marriott E. Side: **Pierson Mapes**, NBC TV; **Joseph Ostrow**, Foote, Cone & Belding; **John Suhler**, Veronis, Suhler & Assoc.; **Reuven Frank**, ex-NBC News; **Jerald Fritz**, Allbritton Communications; **Ed Turner**, CNN; **David Leach**, House Commerce Committee; **James May**, NAB; **Andrew Schwartzman**, Media Access Project... Speakers at IRTS lunch, Waldorf-Astoria, Feb. 7, 12:30 p.m.: **Peter Chernin**, Fox; **Robert Iger**, ABC; **Warren Littlefield**, NBC; **Jeffrey Sagansky**, CBS... **John Tinker**, ex-Country NatWest Securities USA, named managing dir.-media and entertainment, Furman Selz... **Marc Schneider**, ex-CBS, joins Children's TV Workshop as dir.-planning and analysis.

FCC Calendar -- Jan. 27: Comr. **Barrett** speaks at National Telephone Cooperative Assn., Orlando Marriott World Center, 11 a.m. Jan. 29: **Barrett** participates on "Town Meeting: The Local Exchange: The New Competitive Frontier" panel, ComNet '92, Washington Convention Center, 2:15 p.m. **Richard Firestone**, chief, Common Carrier Bureau, participates on "The Washington Scene" panel, same conference, 10:45 a.m. Jan. 30: Comr. **Duggan** addresses S.C. Bestrs. Assn. Winter Convention,

Columbia Marriott, 7:30 p.m. **Thomas Stanley**, chief engineer, participates on "Spectrum: Limited Resource, Unlimited Demand" panel, ComNet '92, 2:15 p.m. He also participates on Land Mobile Practice Committee's "PCS: Prospects and Pitfalls" panel, Washington Marriott, 5:30 p.m... NTIA Schedule -- **Thomas Sugrue**, deputy dir., participates on "The Washington Scene" panel, ComNet '92, same time.

Preregistration for RAB sales conference Jan. 30-Feb. 2 at Opryland Hotel in Nashville is up 40% from year ago, assuring largest attendance in last 5 years, RAB said. RAB said 1,050 station managers have registered, vs. 750 in 1991. Number of exhibitors is double those of year ago.

**Pay cable penetration** inched up to 28.1% in Nov. from 28% in July but down from 28.6% year earlier and peak of 29.7% in Feb. 1990, according to Nielsen. Percentage of homes subscribing to pay cable networks had been slipping since Feb. 1990. VCR penetration, meanwhile, reached 73.3% in Nov., vs. 70.2% year earlier.

**FCC fined WMCA(AM)** N.Y. \$12,500 for "repeated violation" of sponsorship identification rules. Incident involved weekly program *Heathline*, paid for by Dr. Stuart Berger, during which he discussed health issues, promoted his medical practice, sold time to other sponsors.

**First Native American**-controlled public radio station in urban area will be proposed by Anchorage-based Cook Inlet Region Inc. Foundation. It said it would form new nonprofit organization to apply for station there that also is planned as model training facility for minority broadcasters.

**U.S. Dist. Judge** Alan Bloch in Pittsburgh has dismissed \$1.4-million lawsuit by WLTJ(FM) against Arbitron as without merit. Station had charged rating service didn't follow standard methodology in ratings report and credited some diary entries to wrong stations.

**TCI** has signed with Tribune Co. to carry ChicagoLand TV, 24-hour news service, on Chicago-area cable systems serving 300,000 subscribers.

**Moody's** raised subordinated debt rating of TBS Inc. to B1 from B2. It said outlook for Turner's networks is "positive."

**Bcst. Cable Financial Management Assn.** holds 32nd annual conference April 22-24, N.Y. Hilton.

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# Consumer Electronics

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

## FINAL 1991 SALES FIGURES

Final & official EIA statistics on consumer video sales to dealers for 1991, with 1990 and 1989 comparisons, and for year's final week:

	1991 53 WEEKS	1990 52 WEEKS	% CHANGE	1989 52 WEEKS	% CHANGE	DEC. 29/91- JAN. 3/92#
<b>TOTAL COLOR TV...</b>	20,516,224	21,159,798	- 3.0	21,971,424*	- 3.7	195,926
DIRECT-VIEW....	20,136,387	20,808,396	- 3.2	21,706,124*	- 4.1	193,567
TV ONLY.....	19,474,018	20,384,860	- 4.5	N.A.	--	188,256
TV/VCR COMBO..	662,369*	423,536	+56.4	N.A.	--	5,311
PROJECTION.....	379,837*	351,402	+ 8.1	265,300	+32.5	2,359
DECKS.....	10,718,336	10,118,839	+ 5.9	9,759,772	+ 3.7	127,127
CAMCORDERS.....	2,864,395	2,961,691*	- 3.3	2,286,326	+29.5	30,559

Color TV 5-week moving average: 1991--354,207; 1990--361,063 (down 1.9%).

VCR deck 5-week moving average: 1991--196,369; 1990--176,659 (up 11.2%).

Camcorder 5-week moving average: 1991--49,227; 1990--59,691 (down 17.5%).

\* Record for any year. # No comparable 1990 week.

**1991 SALES--PROJECTION RECORD, COLOR DOWN 3%:** EIA's final 1991 figures on sales to dealers (above) show records set in projection TV sets and TV/VCR combinations. VCR decks were up 5.9% from 1990. Perhaps most significantly, total color TV and total direct-view color sales, though down 3%, came out over 20 million for 4th consecutive year -- indicating that in those 4 years virtually every U.S. household bought color set.

Total color sales were down only 6.6% from all-time record year of 1989, and exceeded 20 million without help of projection TV, which was up 8.1%, falling just 163 sets short of 380,000 units. Biggest increase -- 56.4% -- was registered by new category of TV/VCR combinations. VCR deck sales were best for any year since 1987 and 3rd best in history, but still well short of record 12,167,000 sold in 1987.

Major disappointment of 1991 was sales of camcorders -- most postponable big-ticket consumer electronic product -- that started out dully last Jan. with Persian Gulf crisis and continued sluggish all year, ending year with 8 consecutive weeks of declines. Seven months of camcorder sales in 1991 were in minus column, as compared with 1990, but they still had their 2nd best year, coming out more than 500,000 units ahead of 1989 and less than 100,000 behind record 1990.

Last year was helped, but not much, by additional week, which EIA adds to its calendar every 6 years to keep year-to-year comparisons valid. That extra 53rd week was pretty pale, however -- year's lowest or close to it in all products except camcorders.

That extra week did help Dec. figures by giving that month 6 weeks instead of normal 5, making it best Dec. in history for total color and total direct-view TV. It also boosted seasonally adjusted monthly figures, raising Dec. direct-view color sales to year's high of 22.2 million annual rate, VCR decks to 1991 high of 12.4 million, projection TV to 414,000 rate, camcorders to 2.5 million. Eliminating final week resulted in more realistic 20.3 million for color, 11.3 million for VCRs, 395,000 for projection, 2.3 million for camcorders.

Fourth quarter was best of year for color, working out to seasonally adjusted annual rate of 21.4 million direct-view units, as compared with 20.1 million in first quarter, 18.8 million in 2nd, 19.9 million in 3rd. In VCR decks, it showed letdown from hot 2nd and 3rd quarters, coming out to 9.9 million, after 11.4 million in 3rd, 11 million in 2nd, 9.1 million in first. In camcorders, by far poorest quarter was 4th, at 2.4 million

annual rate, down from 3 million in 3rd, just under 3.3 million in 2nd, 3 million in first. In projection TV, 3rd quarter was by far best, working out to 424,000 annual rate, dropping to 375,000 in 4th, while 2nd quarter ran at 340,000 and first at 362,000. Here are sales-to-dealer figures for Dec. from EIA:

Product	Dec. 1991 (6 weeks)	Dec. 1990 (5 weeks)	% Change	Dec. 1989 (5 weeks)
Total color.....	2,343,867*	2,208,058	+ 6.1	2,256,894
Direct-view...	2,290,999*	2,150,293	+ 6.5	2,218,834
TV only.....	2,212,978	2,091,795	+ 5.8	N.A.
TV/VCR combo.	78,021**	58,498	+33.4	N.A.
Projection....	52,868	57,765*	- 8.5	38,060
VCR Decks.....	1,458,594	1,148,731	+27.0	1,337,882
Camcorders.....	357,327	413,672**	-13.6	352,074

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

**EXPECTED TOUGH START BRINGS CAUTIOUS 1992 OUTLOOKS:** Relatively upbeat atmosphere that seemed to prevail in aisles at Winter Consumer Electronics Shows for most part didn't extend to executive suites where 1992 TV and video forecasts were being discussed. Consensus held that unit sales in most major categories would be essentially flat, with hope that tough early months would be balanced by upbeat 2nd half buoyed by Olympics, election year politics or sheer force of will. "We may have to talk our way out of this one," Panasonic Video Vp Stanley Hametz said, predicting that successful year could hinge on forced optimism that blossoms into self-fulfilling prophecy.

Biggest question in many minds is how and how quickly camcorder inventory will be worked through system after a 1991 that fell far short of expectations. All suppliers with whom we spoke said that they would resist dumping carryover stock at low prices but that they were nervous about what competitors would do. Sony Consumer Products Pres. John Briesch estimated pipeline inventory at just under 3 months, saying "it was scary to look at all the promotional activity in the industry [late last year], a lot of people doing things they wouldn't normally do." He conceded that most camcorder inventory is in 8mm, but said that's "logical" given claim that 8mm accounted for about 55% of market last year. Like others, Briesch said much of pricing erosion seen on selling floors has come from retailers, not manufacturers, making cuts. Canon USA Video Div. Senior Dir.-Gen. Mgr. Isao Yoshii struck similar note, saying that early in 1992, price moves from retailers "might be more dramatic than moves from manufacturers." Discussions with major dealers after show seemed to indicate that for now, at least, vendors were holding line, avoiding dramatic price moves in effort to clear pipeline.

As they had year ago, most predictions of camcorder sales for year ahead hovered around 3 million. Biggest disagreements, not unexpectedly, came in discussions of format breakdowns. Yoshii expects 8mm to attain more than 60% of market in 1992, full-size VHS to fall to 20-25%, with rest going to VHS-C. Martin Holleran, pres.-CEO, Thomson Consumer Electronics Sales & Mktg. Co.-Americas, predicted 7% camcorder unit growth in 1992 will feature 18% gains for 8mm and 5% for VHS-C.

However, Hametz said that "at worst, VHS-C will double the rate of growth of 8mm." He said 8mm sales had slowed in Nov. and Dec. as VHS-C picked up steam, due mainly to overwhelming impression made by Panasonic TV campaign with woman asking: "Will it play in my VCR?" Hametz has said his only regret is that campaign didn't start earlier. He also credited better profitability in VHS-C as factor that drove extra sales.

Most of those with whom we spoke expect 1992 color TV sales to come in at around 20.5 million sets, same as in 53-week 1991. Philips Mktg. Vp James Newbrough anticipates biggest growth in TV/VCR combos, which he projected would jump to about 750,000 from 662,339 sold last year. Thomson's Holleran, who projected 5% color TV growth for year, said gains would continue in higher end and large-screen sets. Growth leaders, he said, will be: 35" table models (up 54%), 35" consoles (up 40%), 31" table models (up 17%), 27" table models (up 18%).

**CAMCORDER IMPORTS DROPPED IN NOV. AS SALES SLOWED:** Finally reflecting 2nd-half sales slump, imports of camcorders in Nov. fell 1% behind 1990 results, first time that had happened since April and only

2nd dropoff in more than 1-1/2 years. According to Commerce Dept. data, 1% decline in overall camcorder imports was generated by 13.6% drop in non-8mm units; imports of 8mm camcorders (which accounted for 43.8% of total in Nov.) were up 19.4%, relatively modest increase compared with last several months.

Through first 11 months, camcorder imports were up 27.4%, although in same period sales to dealers were off 2.2%, according to EIA figures for period through Nov. 29. During that time, 8mm models represented 42.8% of all units coming into country.

Camcorders were only area we tracked in which imports declined in Nov. Mexico and Korea, 2 largest sources for color TVs in Nov., also were among those showing largest percentage gains as imports surged ahead 23.1% for month. More than half (53.7%) of all color TVs imported during month came from Mexico. Monochrome TV imports were up for 2nd straight month.

VCR imports bounced back from Oct. decline with 21.4% increase. Drop in Oct. had been surprising, since VCR sales to dealers were up each month in 2nd half of 1991. Fundamental shift away from Japan as primary VCR source continued in Nov. For first time, fewer than 40% of units that came into U.S. were sourced directly from Japan, and if pattern of recent months holds true for Dec. figures, 1991 will stand as first year in which Japan was source for fewer than half of VCRs entering U.S.

CD player imports rose 15.6% in Nov. Both for month and year to date, nearly 80% of all CD players came from Japan. Here's tabular summary of major imports in Nov. and first 11 months of 1991:

Product	Nov. '91	Nov. '90	% Chg.	11 Mo. '91	11 Mo. '90	% Chg.
Color TV.....	1,083,100	879,900	+23.1	8,621,500	8,673,600	- 0.6
Monochrome TV....	246,900	215,900	+14.3	1,932,200	2,292,100	-15.7
Flat-screen TV...	44,800	na	--	274,300	na	--
VCR decks.....	1,408,100	1,159,400	+21.4	11,227,200	10,588,900	+ 6.0
Camcorders.....	369,400	373,000	- 1.0	3,601,600	2,826,500	+27.4
8mm.....	161,800	135,500	+19.4	1,540,400	960,150	+60.4
Other.....	207,600	237,500	-13.6	2,061,200	1,866,400	+10.4
Videocass. players	46,200	37,400	+23.6	609,000	545,400	+11.6
CD players.....	780,700	675,400	+15.6	6,730,600	6,016,000	+11.9

**Blockbuster-Philips** joint venture could be forthcoming now that Blockbuster has gained majority stake in Cityvision, U.K. video software chain. Under terms of agreement with Blockbuster, Philips, which last year agreed to provide \$66 million in exchange for either stock or share in joint venture (TVD Nov 25 p11), has until March 25 to decide whether to buy Blockbuster stock at \$11 per share or take Cityvision stake; Blockbuster shares traded at \$13 last week. As for Blockbuster's possible acquisition of Philips' 51%-owned Super Club chain, which industry observers had speculated about when Philips-Blockbuster arrangement was announced, Blockbuster Treas. Joseph Burke said there's "no commitment on either side" for such transaction to occur. However, he said: "I'm sure the subject will come up in due course. It's an opportunity to be addressed."

**Elly Valas**, Denver retailer serving as chmn. of National Assn. of Retail Dealers of America (NARDA), will take newly created full-time position as NARDA's dir. She will leave day-to-day management of Valas TV & Appliance, concentrate on NARDA educational programs, communication and working with EIA and vendors on creating standard system for electronic data interchange (EDI). NARDA has been without permanent exec. dir. since John Shields resigned to take post with AVB buying group (TVD Aug 5 p18); Henry Dekker has been serving in interim position, and NARDA is expected to name permanent exec. dir. soon.

**Financial Reports:** **Tandy** posted 21% decline in net income on 1.1% drop in net sales for 2nd quarter ended Dec. 31 (see financial table). For first half, company's net income fell 13.8% as sales dipped 1.8%. In earlier statement (TVD Jan 20 p13), Tandy blamed much of income decline on late-season surge in low-margin computer sales... **Audio King** parent **Image Retailing Group** reported 23.9% sales increase and 23.9% profit gain for quarter ended Dec. 31, crediting consolidation into new larger store prototype and more aggressive promotion. For 6-month period, sales rose 20.6% and profits 144.7%.

**Discrimination case** involving Quasar and 3 former American employees "has been resolved," said Michael Reiter, their attorney, who would give no details. Late last year, Quasar won appeal of earlier verdict that in dismissing John Fortino, Carl Meyers and William Schulz it had discriminated on basis of national origin (TVD Dec 9 p13). They also had charged Quasar with age discrimination, which in Fortino's case was thrown out by appeals court and in cases of Schulz and Meyers was remanded to lower court for retrial.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 123 yen = \$1, except where noted.

**PIONEER BETS ON LASERDISC:** Although Pioneer plans to introduce CD-I players, its chips are all on current laserdisc format as entertainment medium. That was made clear by Pioneer USA Pres.-CEO Setsujiro Onami in interview at Winter Consumer Electronics Show (CES).

"Eventually we will introduce CD-I players," Onami said, but "we will stay with laserdisc for movies and music. CD-I is for games and education. It will be a long time before MPEG 2 [movie quality full-motion video] is ready." Pioneer Home Audio Mktg Vp. Michael Fidler elaborated, charging forecasts of movies on CD-I were based on "misinformation" and adding: "There are many unanswered questions" about MPEG 2 and CD-I's eventual applicability to movies.

"We will concentrate on promoting laserdisc," Onami said. Demand for players became "huge" in 2nd half of 1991, he said. Fidler said Pioneer underestimated U.S. demand for players, "and we are back-ordered, still trying to catch up." Pioneer says 260,000 players were sold last year, including industrial and educational versions. Even EIA figures on consumer models only -- 168,000 sold in 1990, climbing to 205,000 in 1991 and with 250,000 forecast for this year (TVD Jan 13 p11) -- show 22% annual growth, Fidler said, asking "what other consumer electronic product can make that statement?" Pioneer, which claims lion's share of player sales, contributes its data to EIA statistics. Fidler cited latest entries in player sales -- addition of Carver, Onkyo, Samsung and Toshiba this year -- as further encouraging signs, along with growth of home theater concept.

Software is booming as well, Fidler said, citing sales of 160,000 discs of Terminator 2, despite "small base of about a million installed players." Increasingly, he said, schools are adopting laserdisc, with 200 educational titles now available and with Cal. and Tex. approving board of education funding for LDs.

Software still is predominantly a sellthrough product, Onami said, since laserdiscs generally sell for less than videotaped movies and player owners like to build up collections.

One of highlights of Pioneer exhibit in Las Vegas was erasable 12" magneto-optical (MO) glass disc capable of storing 32 min. of broadcast quality video and audio. The \$19,000 player has aroused interest of broadcasters, who are expected to be first buyers of system, said Pioneer Communications Pres. Pete Imamura.

In audio, Pioneer is licensed to sell both Digital Compact Cassette (DCC) and Mini Disc (MD), but is holding off on both because it prefers to emphasize CD, which it feels has plenty of potential for more growth, with only 40% home penetration and much lower car penetration in U.S. "We will look at all technologies, make sure if they are viable and can deliver what they promise," Onami said. "We will be there at the appropriate time." As between the 2 new digital audio formats, Onami thinks "DCC has the better chance from a marketing standpoint."

Pioneer hopes to be in many different phases of auto electronics. "We must be in phones, navigation systems and entertainment," Onami said, "because they all merge in the car."

\* \* \* \* \*

Pioneer LDCA has posted 25% revenue growth for first 9 months of fiscal 1992 ending March 31, Mktg. Mgr. David Wallace told us. Increase comes despite loss of major

licensors Buena Vista and FoxVideo, which represented 12% of videodisc company's business before they signed exclusive deals with Image Entertainment. All Pioneer companies had record month in Oct., Wallace said, although LDCA "beat that record by 50%" in Dec. with laserdisc release of Terminator 2, which initially shipped 160,000.

Meanwhile, Laserdisc Assn. (LDA) Dir. Margaret Wade reported that laserdisc sales last year totaled 9-10 million units, valued at more than \$300 million, up from 5-6 million at \$165-\$170 million in 1990. Consumer player sales for 1991 probably hit 215,000-220,000 plus 30,000-35,000 for karaoke players, she said, up from 165,000 in 1990. LDA's 3-min. video news release that explains benefits of laserdisc format aired last month in more than 20 major markets, including Boston, Chicago, Cleveland, Denver, Detroit, Indianapolis, Kansas City, Orlando, Philadelphia, Phoenix, Portland, San Diego, San Francisco, Washington. Assn. expanded format to 5 min. on 5" disc manufactured by Sony's Digital Audio Disc Corp., giving away 8,000 copies at Winter CES. With requests for additional copies, Wade said she expects to exhaust remaining 2,000 discs. Dealers "now have a generic disc that quickly explains the concept of a combi player, some of the benefits of the format and the growing availability of software," Wade said.

**TAKANO, 'FATHER OF VHS,' DEAD:** Shizuo Takano, 68, JVC executive credited with spearheading development and popularization of VHS home recording system, died Jan. 19. He most recently served as JVC "auditor" (which in Japanese management connotes troubleshooter or corporate watchdog), having stepped down as exec. vp 1-1/2 years ago (TVD June 18/90 p16).

Force of Takano's personality and style was major factor in VHS's development and, as importantly, in its adoption by raft of companies around world. Latter was primary factor in VHS's eventual victory over Beta -- which had been introduced year earlier -- in becoming first de facto home video standard.

Takano was known as tough cop, aggressively policing VHS licensees and, through combination of toughness and cajolery, maintained solidarity of original VHS group. It's perhaps not coincidental that it was only as Takano stepped down from active role as JVC exec. vp that any of original VHS mainstays announced plans to offer 8mm camcorders. According to widely repeated story that never was officially confirmed or denied, Takano addressed compact 8mm format challenge to VHS-C by opening 1986 meeting of unofficial VHS Group with following pronouncement: "Get out of this room, any of you who want to start an 8mm business!" Nobody left, according to Japanese newspaper report.

Takano joined JVC in 1946, became chief of Video Products Div. (VPD) in 1970 and was instrumental in development of JVC's 3/4" VCR introduced in 1971. He became dir. of VPD in 1976, same year that VHS system came onto market, became managing dir. in 1980, senior managing dir. in 1983, corporate vp in 1986.



Voice recognition system built into 27" TV and VCR was demonstrated at Winter Consumer Electronics Show by Goldstar, which didn't announce price or availability for either model. Set can be programmed for up to 4 users at any time, and will respond to channel number or to name of network or station in less than one sec., Goldstar said.

**SILO -- HOPE SPRINGS INTERNAL:** Silo Pres. Robert Sirkis says company, which had \$18.7 million operating loss for 28 weeks ended Nov. 9 (TVD Jan 13 p14), can reach break-even "without another dollar of sales" by improving internal operations -- although quickly acknowledging that parent Dixons "didn't buy this company to break even." Commenting on performance since first half ended, Dixons called Christmas season "disappointing," with "weak U.S. economy continuing to affect sales and margins," but noting "an improvement in sales since the most recent fall in interest rates. We expect Silo to make a further operating loss in the 2nd half of the year," it said, referring to period through April.

Much of Silo's operating losses "are in things we don't do ourselves very well," Sirkis said, citing service and distribution. Company recently announced that Senior Vp-Finance Les Gordon and Vp-Logistics Neil Weinstein had "decided to leave the company to pursue other interests."

Sirkis said changes already made in major appliance area, where inventories have been reduced, in-stock percentage has risen and salespeople have been retrained, are "prototype" for planned changes in consumer electronics. Plan also calls for more reliance on value-added promotions, rather than on price-and-item advertising.

Under new corporate structure announced when Dixons released half-year financial results, Silo vps in such areas as human resources, MIS and property now will report to both Sirkis and appropriate group dir. at Dixons. Sirkis said "the intent is to bring more resources to Silo" and move is "a vote of confidence in me and in my management team."

Silo drew widespread attention in Dec. for promotion in Denver, Colo. Springs and St. Louis that guaranteed to beat competitors' prices by 10% -- strategy that Best Buy Chmn. Richard Schulze had predicted would be dropped "once they see what the financial impact is" (TVD Dec 9 p10). But Sirkis said strategy brought "very significant sales gains that came close to offsetting" reduced margins, and was "successful in planting that seed of doubt" in consumers' minds about competitors' claims of lowest prices. He said Silo isn't running promotion in any markets now, but it's "a very effective bullet we've got in our belt."

**JVC'S 'RADICAL REFORM':** Pledging that 1992 will be year of "radical reform within our organization and business operations so that we can overcome our difficulties within the course of this year," JVC Pres. Takuro Bojo told traditional Tokyo New Year news conference that company would push widescreen TV, "new A/V amusement products," new camcorder concept. "We are not satisfied with the existing formula, and will positively and creatively improve the situation," he said.

Conceding that A/V industry, "our mainstay, has been slow for some time" due to product maturity, he indicated 16:9 TV and VCR will be promoted heavily this year, particularly in conjunction with Barcelona Olympics. Digital PCM VCR sound also will be emphasized, and reports elsewhere said JVC would introduce it in U.S. this year.

"New concept" camcorder will have debut this year, Video Products Div. Gen. Mgr. Nobukazu Kaneko, a JVC dir., told conference. He indicated that JVC would lead new movement against trend to ultracompact camcorders in order to widen appeal and usefulness of product. He hinted company would introduce new sophisticated optical zoom

technology as alternative to digital zoom that hampers picture quality. Kaneko said U.S. market will be problem this year because of economy. He said that while Super VHS has less than 10% of U.S. market, JVC's S-VHS share is 15% here, twice as much as other companies combined.

JVC will introduce CD-ROM player for Sega Genesis in Japan this spring, probably offering it in U.S. before year-end. He forecast that CD-ROM eventually would dominate videogame. While JVC is licensee of both Mini Disc and DCC, Bojo said company would watch progress of both media before making choice as to which it will promote most heavily. He said lesson of DAT was that it's necessary for entire industry to join in promoting both hardware and software for a medium to succeed. As for movie software, he said Largo Entertainment hopes to follow success of Point Break with "5 or 6 excellent feature films a year."

**GO-VIDEO DUAL-DECK TROIKA:** Go-Video officially unveiled 3-model line of dual-deck VCRs, with specific models aimed at separate distribution channels. But for longer term, most significant product company showed at Winter Consumer Electronics Show hospitality suite may have been 8mm-VHS dual deck it says will be on market in 1993. Company also said it will have its first 4-head hi-fi model in 2nd half of this year.

Lowest-end model in current collection, named Visions (\$849 list), will be aimed at mass merchants and discounters, with stepup Mirage (\$899) designed for value-added retailers and top-of-line Images (\$949) for catalog and direct mail. Models differ in faceplate, warranty and remote control unit, with basic deck unchanged. Series of interchangeable front panels makes it possible for company to run variety of models without having to predetermine quantities of specific model decks to order from supplier, which remains Samsung.

Executives said single retailer can't buy more than one model and can't switch from one to another midstream. Company also is offering custom front panels and model names to dealers willing to make commitment for cost of mold.

Go-Video promotional material emphasizes ability to "copy any video" and adds: "Whether you're making home videos or renting movies, this unique VCR can copy them for your personal home use. Even electronically copy-coded material can be duplicated." Boxed "copyright warning" stresses that product is "not made or sold for unauthorized recording of copyrighted works..."



**Ultimate video game?** Nintendo founder Hiroshi Yamauchi leads investment group that last week made \$100 million bid to buy Seattle Mariners baseball team and keep franchise from moving elsewhere. Nintendo of America has hq in Seattle suburb of Redmond. Yamauchi family has 60% stake in "Baseball Club of Seattle," ad hoc group formed to make bid that includes top executives of such area-based companies as McCaw Cellular, Boeing, Microsoft. Nintendo of America Chmn. Minoru Arakawa, Yamauchi's son-in-law who has been area resident for 15 years (as was noted in virtually every news report), said that family's interest is "to help this community save Major League Baseball." If approved, deal would be first Japanese investment in Major League Baseball team. But Baseball Comr. Fay Vincent said it's "unlikely foreign investors would receive the requisite baseball approval."

**RETAIL FINANCIAL TRAVALS:** Much-discussed retail shakeout and consolidation continued to be major topic of discussion in consumer electronics community. Even as Newmark & Lewis liquidation (TVD Jan 20 p15) continued, market was shaken by host of other developments.

**Highland Superstores** continued to meet with creditors in effort to forestall bankruptcy filing. Highland officials couldn't be reached, but Stuart Hertzberg, creditors' attorney, was quoted in Detroit Free Press as saying he was optimistic that parties, which include unsecured trade creditors, banks and senior noteholders, would be able to work out restructuring plan. However, another source close to creditors' committee would say only that "it's encouraging that meetings are continuing and that everyone's working hard." He cautioned, though, that "I wouldn't characterize the situation as either optimistic or pessimistic." Another meeting with Highland is scheduled tentatively for this week. Company spokeswoman declined comment on any aspect of negotiations.

**47th St. Photo, N.Y.** electronics and photography retailer that epitomized deep discounting and bare-bones retailing, filed for Chapter 11. Company said it had been pushed to act when Transamerica Commercial Credit Corp. froze its operating accounts in dispute over payments due Transamerica from \$10 million judgment it won in June. Filing listed \$57 million in debts, \$30 million assets. Two weeks earlier, 47th St. had closed downtown Manhattan store, although newspaper reports quote spokesman as saying company was looking at leasing new space in same area.

**R.H. Macy** at our deadline was due to send checks over weekend to its suppliers, payment that company had delayed by 2 weeks earlier this month rather than seeking to restructure its borrowings. Earlier, amid speculation that company would be forced to file for Chapter 11, Mitsubishi filed suit in U.S. Dist. Court, Atlanta, asking Macy's Atlanta and N.Y. divisions to return 640 TVs valued at \$535,000. Source close to Mitsubishi said company had taken action in order to keep sets (or payment for them) outside potential bankruptcy filing. Mitsubishi source said that since suit was filed, Macy had offered to pay Mitsubishi cash in advance for any merchandise it shipped to stores. Macy spokesman couldn't be reached for comment. At presstime, Laurence Tisch, CBS chmn. and member of Macy's board, reportedly was offering to buy control of retailer for about \$1 billion.

**CHINA COPYRIGHT AGREEMENT:** Threat of punitive tariffs against electronics and other products from China (TVD Dec 9 p12) subsided when Beijing gave in to U.S. copyright and trade secret demands at last min. New agreement between U.S. and China was applauded by International Intellectual Property Alliance (IIPA) as way to reduce copyright losses in China. Bilateral agreement commits China to strengthen its copyright law and extend protection to foreign works.

Tariffs had been pushed hard by IIPA, composed of 8 software trade groups, including RIAA and National Music Publishers' Assn. RIAA Pres. Jay Berman released statement "hailing this agreement because it best demonstrates the vision Congress had in mind" when it incorporated intellectual property provision in 1988 omnibus trade bill. "A very important note to this agreement is that U.S. industry and government worked together not only to ensure U.S. copyright protection, but pressed for protection for foreign copyright holders as well."

Beijing agreed to join Berne Copyright and Geneva Phonograms Conventions and to enact legislation to protect

trade secrets. In sound recordings, U.S. Trade Representative (USTR) said China agreed to extend copyright protections to new as well as existing material and confirmed that copyright owners "will have control of the rental of their works." USTR said agreement came in latest of 6 rounds of "intensive" U.S.-China negotiations held since investigation began in May 1991. USTR charged that inadequate intellectual property protections by Chinese govt. cost American industries \$400 million in 1991.

**JAPAN CE FORECASTS:** Japan's consumer electronics production will rise only 1.8% in 1992 after 8.5% increase in 1991, according to EIAJ projections.

Japan's consumer electronics production was valued at \$37.62 billion last year, up from \$33.88 billion in 1990, with rise only to \$38.3 billion expected in 1992 (all dollar figures are based on that week's exchange rate of 128 yen = \$1). EIAJ said growth in demand was based on recovery in world economy, but pace would be gradual, and production figures would be affected by increased offshore output by Japanese companies. Total production of electronics in Japan for 1992 was forecast at \$210.8 billion, up 5.6% from \$199.6 billion in 1991.

In units, EIAJ saw increase in camcorder, VCR and color TV production in 1992. Here are Japanese forecasts for 1992, together with projections for 1991 and 1990 figures, in thousands of units:

Product	1992	1991	1990
<b>Video</b>			
VCRs.....	30,600	31,200	31,640
Video cameras....	13,150	11,670	8,803
Videodisc players	1,490	1,310	1,484
TV receivers.....	16,730	15,950	15,132
Color.....	13,950	13,620	13,243
Other.....	2,780	2,330	1,889
<b>Audio</b>			
Mag. tape systems	60,580	60,180	57,686
For general use	40,700	40,040	37,302
Car stereo.....	20,150	20,140	20,384
<b>Stereo</b>			
Stereo sets.....	6,550	5,870	3,688
Stereo components			
Hi-fi tuners...	2,190	2,270	2,289
Hi-fi amps....	6,120	5,830	5,808
Record players.	1,570	1,920	2,523
CD players.....	11,750	11,450	9,139
Hi-fi spkr.sys.	2,820	2,850	2,209
<b>Radios</b>			
General use.....	13,330	13,590	13,565
Car radios.....	4,900	5,320	5,537

Sansui (Japan) announced "voluntary" retirement program aimed at cutting work force of 450 by 1/3 to 300. Company said it expected intense price competition and little growth in audio equipment market this year, requiring sharp reduction in fixed costs. It didn't specify possible recourse if fewer than 150 employees volunteered by Feb. 28 deadline. Sansui also said it hoped to reduce debt by selling real estate valued at 4 billion yen. Announcements came as company, which is being sold to Grande Holdings of Hong Kong (TVD Sept 30 p14), doubled its estimate of after-tax losses last year to 36 billion yen from 18.6 billion. At one point in 1991, Sansui had expected modest recovery and net profit of 500 million yen.

## Consumer Electronics Personals

**Elly Valas** named dir. of National Assn. of Retail Dealers of America (NARDA), newly created position reporting to pres. She will relinquish day-to-day involvement in Valas TV, Denver. New NARDA exec. dir. is expected to be named soon; **Russell Gager** named editor of NARDA News... **David Olek**, ex-Harris Corp., named pres.-CEO of Selectronics; **Michael Weiner**, who relinquishes those titles, continues as Selectronics chmn. and pres. of Microlytics subsidiary... **John Caldwell**, ex-ADS dir.-automotive audio, joins Kenwood as national sales mgr., mobile electronics group, reporting to Vp **Bill Cowdrey**... **Jesse Rotman**, ex-Rooster Group, Chicago PR firm for Dynascan, joins Cobra Electronics as vp-communications.

Officers elected to newly named Mobile Electronics Assn. (MEA), formerly CASA/VSA: **Darrell Issa**, Directed Electronics, pres.; **David Schneider**, Schneider & Assoc. consulting firm, first vp; **Robert Heiblum**, Denon America, 2nd vp; **Michael Townsen**, Pioneer USA, 3rd vp; **Thomas Malone**, Audiovox, secy.-treas. Named to chair MEA committees: **Roger Heuberger**, Jensen, communications; **Michael Townsen**, Pioneer, development; **Al Brotsky**, Al & Ed's Autosound, L.A., education; **Thomas Malone**, Audiovox, govt. and consumer affairs; **Skip West**, DesignTech International, technology; **Alex McPhee**, Bethesda (Md.) Custom Auto Stereo, PR... **Brian Smith**, mgr. of Fuji (U.K.) Magnetic Products Div., named chmn., British Tape Industry Assn... Columbia Records Mktg. Dir. **Sandra Trim-DaCosta** elected to board of Graham-Windham Services to Families & Children; **Eddie Pugh** promoted to Columbia Records senior vp-black music and jazz promotion... **Sidney Rivenbark** joins JVC Professional Products as district sales rep for N.C., S.C., Ga.

Blockbuster Vice Chmn. **Scott Beck** resigns but remains as new-technology consultant... LIVE Home Video Senior Sales Vp **Stuart Snyder** takes on direct supervision of Avid Home Entertainment line after Avid Pres. **Steve Prust** opted against relocating from Denver to LIVE's Van Nuys hq... **Gina Draklich** advanced to Vidmark mktg. vp... **Edward Barnick** promoted to Rentrak distribution vp... Changes at Turner Home Entertainment: National Accounts Mgr. **Sheldon Hanson** named sellthrough sales dir; Regional Sales Dir. **Tom Sykes** appointed national sales mgr.; **Brian McBride**, ex-HBO Video, joins as special markets mgr... HMV USA Mktg. Vp **Peter Herd** departs to take post with parent company in London; during search for successor, his duties have been assumed by Operations Vp **Bob Douglas**... Academy Entertainment Mktg. Dir. **Julia Gilbert** moves to parent Artec as mktg. mgr.; she retains duties with Academy until software label completes move to L.A. Last week, we incorrectly identified **M.J. Peckos**, who recently was named Academy Entertainment theatrical mktg. and distribution vp... VSDA Regional Expo Dir. **Joanna Baker** departs; department will be overseen by Exec. Dir. **Linda Lauer**... **Robert Miller** resigns as Celebrity Duplicating Services pres. to start new Precise Video Services duplication facility in City of Industry, Cal... AIP Chmn. **David Winter** buys out CEO **Peter Yuval**, who will move to new launch Go Pictures, and COO **David Prior**, who signed 3-year exclusive directing deal with AIP... **Donna Birks**, ex-GTE Spacenet, named Macrovision finance vp-chief financial officer; **Patrick Burns**, ex-Ampex, joins as Videocinema systems vp... **David Bradway**, ex-Data Groups World Expo Corp., joins Cahners Exposition Group as a mgr. in Information Technology Group.

**Sony** will take to airwaves with series of TV commercials aimed at music enthusiasts touting 10th anniversary of CD. Campaign starts Jan. 27 with Sony sponsorship of American Music Awards on CBS. Spots also will be featured during Feb. broadcast of Grammy Awards from N.Y. Campaign includes 15- and 30-sec. variations of 2 life-style spots "recut" to include mention of "CD-10" promotion announced at Consumer Electronics Show. Sony didn't disclose cost of TV campaign, but at CES said it planned to spend \$12 million in year-long CD anniversary promotional blitz. Sony Consumer Products Pres. **John Briesch** said effort is "attempt to take the power and emotion associated with Compact Disc music to a new level" to entice new group of CD customers.

**Wishing won't make it so:** Mystifying headline on 6-column story in Jan. 9 N.Y. Times read "Many Electronics Makers Avoid Recession's Brunt." Accompanying table, purporting to give 1991 EIA figures, showed camcorder dollar sales up 5.8% from 1990, color TV up 1%, car stereo up 5.5%, home computers up 6% --- completely different from EIA estimates reported elsewhere in this issue (camcorders down 8.8%, color down 1.7%, car stereo down 4.2%, etc.). Times somehow reported as fact EIA's year-old forecasts for 1991, first released in good ol' days of last year's Winter Consumer Electronics Show.

**Pioneer Electronics (USA)** filed petition with FTC seeking to modify 1975 consent order that bars it from setting minimum advertised prices (MAP). Earlier decree settled price-fixing charges against predecessor company U.S. Pioneer Electronics Corp. In petition, Pioneer says restriction is harming its competitive position because dealers "prefer to work with companies that have implemented MAP programs." It also said that rulings by Supreme Court and FTC itself since 1975 reject earlier position that price-restrictive ad programs are per se illegal.

**New LCD panel** technology for projection TV developed by Sharp uses microscopic lenses to eliminate virtually all space between pixels, resulting in 150% increase in brightness over its existing panels, company said. System also delivers high resolution of 112,000 pixels in 3" panel, said Sharp, which has applied for patents. In separate announcement, it said it had developed 16.5" widescreen full-color direct-view LCD compatible with TV, multimedia, computer software.

**Canon** plans to introduce series of camcorder accessory kits in first half. Designed as easily merchandisable "profit opportunities" for dealers, kits will come in 3 versions: Starter kit, one for indoor shooting situations, another for outdoors. Details on price and components weren't available.

**JVC's European VCRs** include on-screen programming in 10 user-selectable languages -- Danish, Dutch, English, Finnish, French, German, Italian, Norwegian, Spanish, Swedish.

## OBITUARY

**Michael Adray**, 70, who founded Adray Appliance in Dearborn, Mich., in 1954, died of cancer Jan. 16. In addition to becoming mainstay independent electronics and appliance dealer in fiercely competitive Detroit market, Adray gained local fame and loyalty for sponsoring hundreds of amateur athletic teams; last year alone, he sponsored 607 baseball and softball teams in metropolitan area. He's survived by wife, daughter, 3 brothers.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>AT&amp;T</b>			
1991-year to Dec. 31	44,651,000,000	522,000,000	.40 <sup>a</sup>
1990-year to Dec. 31	43,619,000,000	3,104,000,000	2.42 <sup>b</sup>
1991-qtr. to Dec. 31	11,945,000,000	635,000,000	.48 <sup>a</sup>
1990-qtr. to Dec. 31	11,879,000,000	809,000,000	.64 <sup>b</sup>
<b>Avnet</b>			
1991-6 mo. to Dec. 27	828,100,000	22,700,000	.64
1990-6 mo. to Dec. 28	874,700,000	33,100,000	.92
1991-qtr. to Dec. 27	415,100,000	11,800,000	.33
1990-qtr. to Dec. 28	435,900,000	15,400,000	.43
<b>Blockbuster Entertainment</b>			
1991-year to Dec. 31	868,003,000	93,681,000	.56 <sup>c</sup>
1990-year to Dec. 31	632,670,000	68,654,000	.43 <sup>c</sup>
1991-qtr. to Dec. 31	251,375,000	29,029,000	.17
1990-qtr. to Dec. 31	179,238,000	21,187,000	.13 <sup>c</sup>
<b>Corning</b>			
1991-year to Dec. 29	3,259,200,000	316,800,000	1.69 <sup>d</sup>
1990-year to Dec. 30	2,940,500,000	292,000,000	1.55 <sup>e</sup>
1991-12 wk. to Dec. 29	826,300,000	85,600,000	.45
1990-12 wk. to Dec. 30	772,800,000	74,500,000	.40 <sup>e</sup>
<b>Craig</b>			
1991-year to Dec. 30	--	4,813,000	.76 <sup>d</sup>
1990-year to Dec. 30	--	8,722,000	1.65 <sup>d</sup>
<b>Electronic Arts</b>			
1991-9 mo. to Dec. 31	116,712,000	10,934,000	1.03
1990-9 mo. to Dec. 31	78,377,000	6,817,000	.65 <sup>f</sup>
1991-qtr. to Dec. 31	59,077,000	6,815,000	.62
1990-qtr. to Dec. 31	35,864,000	3,924,000	.38 <sup>f</sup>
<b>General Electric</b>			
1991-year to Dec. 31	60,200,000,000	2,636,000,000	3.03
1990-year to Dec. 31	58,400,000,000	4,303,000,000	4.85
1991-qtr. to Dec. 31	17,500,000,000	1,263,000,000	1.46
1990-qtr. to Dec. 31	17,200,000,000	1,239,000,000	1.42
<b>Image Retailing Group</b>			
1991-6 mo. to Dec. 31	14,527,604	179,318	.09
1990-6 mo. to Dec. 31	12,042,083	73,276	.04
1991-qtr. to Dec. 31	8,247,882	177,615	.09
1990-qtr. to Dec. 31	6,652,502	143,632	.07
<b>Jones Spacelink</b>			
1991-6 mo. to Nov. 30	63,763,000	(22,852,000)	--
1990-6 mo. to Nov. 30	56,550,000	(7,334,000)	-- <sup>d</sup>
1991-qtr. to Nov. 30	32,169,000	(10,708,000)	--
1990-qtr. to Nov. 30	29,399,000	(3,033,000)	-- <sup>d</sup>
<b>Lee Enterprises</b>			
1991-qtr. to Dec. 31	94,203,000	9,625,000	.42
1990-qtr. to Dec. 31	94,986,000	11,573,000	.50
<b>Meredith</b>			
1991-6 mo. to Dec. 31	351,317,000	7,579,000	.46 <sup>d</sup>
1990-6 mo. to Dec. 31	370,248,000	70,839,000	4.21 <sup>d</sup>
1991-qtr. to Dec. 31	181,309,000	4,697,000	.29
1990-qtr. to Dec. 31	190,837,000	9,903,000	.59
<b>3M</b>			
1991-year to Dec. 31	13,340,000,000	1,154,000,000	5.26
1990-year to Dec. 31	13,021,000,000	1,308,000,000	5.91
1991-qtr. to Dec. 31	3,224,000,000	259,000,000	1.18
1990-qtr. to Dec. 31	3,280,000,000	295,000,000	1.34
<b>Park Communications</b>			
1991-year to Dec. 31	149,180,000	11,855,000	.57 <sup>a</sup>
1990-year to Dec. 31	159,634,000	18,850,000	.91 <sup>d</sup>
1991-qtr. to Dec. 31	40,752,000	2,804,000	.14 <sup>a</sup>
1990-qtr. to Dec. 31	41,846,000	6,497,000	.31 <sup>d</sup>
<b>Raytheon</b>			
1991-year to Dec. 31	9,274,000,000	591,800,000	8.95
1990-year to Dec. 31	9,268,000,000	557,300,000	8.53
1991-qtr. to Dec. 31	2,429,000,000	157,800,000	2.37
1990-qtr. to Dec. 31	2,456,000,000	143,600,000	2.20

Company & Period	Revenues	Net Earnings	Per Share
<b>Tandy</b>			
1991-6 mo. to Dec. 31	2,519,149,000	120,643,000	1.51
1990-6 mo. to Dec. 31	2,566,192,000	139,888,000	1.75 <sup>a</sup>
1991-qtr. to Dec. 31	1,467,167,000	78,810,000	1.00
1990-qtr. to Dec. 31	1,482,752,000	99,002,000	1.25
<b>Westinghouse Electric</b>			
1991-year to Dec. 31	12,794,000,000	(1,086,000,000)	-- <sup>a</sup>
1990-year to Dec. 31	12,915,000,000	268,000,000	.91 <sup>a</sup>
1991-qtr. to Dec. 31	3,417,000,000	171,000,000	.51
1990-qtr. to Dec. 31	3,703,000,000	(449,000,000)	-- <sup>a</sup>

Note: <sup>a</sup>After special charge. <sup>b</sup>Restated; after special charge. <sup>c</sup>Adjusted. <sup>d</sup>Includes special credit. <sup>e</sup>Includes special credit; adjusted. <sup>f</sup>Restated.

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**Noteworthy ads**, both full page, that ran in N.Y. area papers Jan. 17: (1) "Before you invest in a Sony or Mitsubishi you owe it to yourself to look at a ProScan," followed by feature comparison of three 27" sets listing at \$1,099. Neither RCA nor Thomson is mentioned in ad, which contains 800 number for "dealer nearest you." (2) Sony ad, with dealer listings, boasting use of camcorder as VCR, offering 8mm cassette of Terminator 2 as giveaway with 7 HandyCam models, along with 0% financing for 120 days.