

# TELEVISION DIGEST®

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

With Consumer Electronics

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**JAPAN FELL TO NO. 2** as source of VCRs for first time in Jan. Malaysia passes S. Korea to top spot. (P. 15)

**FCC CABLE RATE RULES SET STAGE FOR APPEALS:** FCC release of full text of cable rate rules late March 30 set clock ticking for subscribers to receive notices of rate changes and for cable operators to appeal rules. Text consists of 514 pages of justifications, orders, footnotes and appendixes (not including forms and even computer disc that can be used to figure benchmarks). Paperwork includes decisions on rates themselves, cost-of-service rules (see separate story, this issue), wide variety of related issues. As previously announced (TVD Feb 28 p1), rules will require most cable operators to reduce rates another 7%, effective May 15, although small cable systems (about 42% of total) don't have to do so immediately, and those with already low rates may not have to cut them as much.

NCTA immediately said it would appeal rate decisions in court, although Pres. Decker Anstrom said it "will continue to work with the FCC for constructive and fair implementation" of Cable Act. "These rules will hinder the industry's ability" to be "major player" in information superhighway, he said: "Today's action is intended to drastically reduce the industry's revenues and that cannot help but reduce our options when it comes to introducing new programming, new services and new technologies."



New rules will "cause further paralysis within the cable industry," CATA Pres. Stephen Effros said. He called them "a bureaucratic nightmare" and said consumers would be "ultimate losers." If court appeal isn't successful, he said, "we fear that only the largest cable companies will survive the paperwork avalanche. Massive consolidation of the telecommunications industry is not in the best interests of American consumers."

FCC order anticipated some of claims about cable's ability to invest in information superhighway. Order predicted that revenue lost to lower rates would be offset at least in part by increased consumer demand for cable. It said that regulating basic service "will increase operators' motivation to invest in unregulated services that will apply advanced technology and to introduce entirely new services, such as broadband interactive services." Order acknowledged that investment in cable could be stifled "initially" by revenue losses, but said that "many operators will have opportunities to generate steadily increasing cash flows from unregulated services. Operators also may have access to other sources of funding for future investments."

Cable operators weren't immediately able to assess impact of new rules on their actual rates because FCC still was awaiting OMB approval of forms to be used to figure out benchmarks. However, Commission did estimate that it would take up to 40 hours to fill out form for each cable system, although computerized spread sheet also to be distributed by FCC might take only 10 hours. Formula is weighted for many variables, including average income of subscribers and affiliation with larger MSOs.

Rules were applauded by consumer groups as well as by House Telecom Subcommittee Chmn. Markey (D-Mass.). He said final rules should provide rate relief originally intended by Cable Act and "should also give cable operators both the certainty they need to operate their businesses and the ability to begin to look forward to the opportunities of the coming Information Age."

Cable operators apparently will have to begin notifying subscribers as early as April 15 about rate changes, since notifications must go out 30 days before May 15 effective date. However, Commission said it would give cable operators 60-day grace period before they're subject to refunds if rates were above allowed level. FCC also adopted new notification rules, saying that cable systems must identify on bills precise amount of any future rate change, briefly explain its cause (such as inflation or adding or dropping channels), and include address and telephone number of FCC and franchise authority, if customer wants to complain.

New rules clearly deemphasize benchmark system that FCC adopted year ago (TVD April 5/93 p1). In original benchmark system, Commission said it assumed that any rate charged below benchmark was reasonable, regardless of costs or amount of competition faced by cable system. In new order, however, it said that it believed that no noncompetitive rate could be presumed reasonable: "We find no conclusive basis in economic theory or the record to assume that a cable operator that is subject to little or no competition, and whose rates, nonetheless, appear to be low, is not exercising market power. An operator's rates may be relatively low on account of the cost or demand conditions it faces, rather than because the operator is not exercising market power."

As result, virtually all cable operators are subject to rate rollback to total of 17% below Sept. 30, 1992, levels (10% rollback year ago plus latest 7%). Benchmarks come into play only as transition relief for low-price cable systems. Rules mean that cable operators wouldn't have to reduce rates below new benchmarks, even if 17% figure normally would mean lower prices. Low-cost systems' rates would be capped at March 31, 1994, level until FCC completes cost studies and determines whether they should be cut further. Commission staff is to conduct cost study over next 6-9 months.

FCC said 17% figure was justified by its economic analyses of industry. Amount almost entirely deemphasizes importance of low-penetration cable systems, with Commission saying that even though Congress said such systems shouldn't be regulated, Act didn't say they had to be included in calculations setting cable rates. FCC said rates charged in overbuild situations average 16% lower than noncompetitive rate, but final differential should be slightly higher than that because in more mature overbuild situations cable systems may "coordinate their prices tacitly." FCC-set 17% figure largely discounts 37% differential between rates charged by municipal cable systems and noncompetitive systems.

New rules also include transition relief for small cable operators, defined as those whose systems have fewer than 15,000 subscribers. Using data from Warren Publishing's TV & Cable Factbook, FCC estimated that small-operator relief would apply to about 4,845 cable systems (42% of total), serving 1.4 million cable



subscribers. Instead of immediate 17% rate cut, small systems would have to cap rates at March 31 level until cost studies are completed.

Allowed rates would be adjusted in future to enable cable operators to recoup most cost increases. Among adjustments: (1) Rates can increase along with inflation. (2) Systems can recoup "external costs," which include such things as retransmission consent fees incurred after Oct. 6, 1994, most programming cost increases plus 7.5% markup, taxes, franchise fees, costs of franchise requirements such as public, educational and govt. (PEG) channels. (3) Additional costs or savings can be achieved from adding or subtracting channels.

Other provisions of new rules: (1) Systems getting transition relief still must set equipment rates at cost, unbundle equipment charges, apply tier neutrality. Exception is systems with fewer than 1,000 subscribers, which can reduce rates 14% rather than comply with unbundling requirement. (2) Systems can increase rates quarterly to account for external costs, but must lower them annually if there are any cost decreases. (3) Amount that cable systems can raise rates as they add channels decreases as number of channels on tier increases, to 1¢ on tier with more than 46 channels from 52¢ on 7-channel tier. (4) FCC launched another rulemaking to determine how to regulate rates for systems with more than 100 channels. (5) Commission refused to rule on whether operators could charge different rates for commercial establishments, and began rulemaking on that issue. (6) Transition relief will continue to apply to small operators who are taken over by bigger operator. (7) Copyright fee increases will be treated like programming cost increases, but FCC rejected arguments that pole attachment fees should be treated as external costs.

(8) Commission rejected arguments that Alaska and Hawaii should be subject to different rate rules because of their higher cost structure. (9) FCC also rejected suggestion by CATA and small operators that small systems with profit margin of less than 1.5% be considered to have reasonable rates, saying that "there is no dependable connection between this proposed test of profitability and a presumption that a small system's rates are reasonable." (10) Time Warner argument that would have eased definition of effective competition also was rejected, with FCC reaffirming earlier decision that competitor must be available to 50% of households and subscribed to by 15%. (11) FCC rejected franchising authorities' arguments that they shouldn't have to prove that franchise fee is adequate to pay for regulation for Commission to take over regulation. Agency said it isn't allowed to force authorities to use franchise fees for regulation, but it's allowed to base its judgment of financial ability to regulate on availability of fees. (12) Commission affirmed that franchising authorities could decide not to regulate rates, even after they have been certified.

**FCC TO CONSIDER PTAR:** Responding to court action by First Media L.P., FCC said it will issue order by April 22 seeking comment on whether prime-time access rule (PTAR) should be repealed. Commission then "will consider initiating a proceeding to assess the continuing need for" PTAR, taking into consideration "public interest implications of the rule, the continuing need for such a provision in view of changes in the television programming marketplace,... the constitutional challenges that have been raised by First Media and other matters."

First Media asked U.S. Appeals Court, D.C., to force FCC to act on petition that company had filed 4 years ago challenging constitutionality of PTAR (TVD Feb 21 p3). Court ordered FCC to answer First Media request. In reply to court, Commission said it was justified in not acting on petition until now because related finsyn rules were under court review.

PTAR rule prohibits network affiliates in top 50 markets from filling more than 3 of 4 prime-time hours with network-provided programming. FCC said First Amendment issues raised by First Media petition weren't "issues of first impression that warrant special priority," thus didn't require earlier action. With finsyn issue nearly settled, timing is right to start considering PTAR, agency said. Its filing noted that finsyn rules are scheduled to expire in Nov. 1995 absent further action in proceeding that's to begin in May 1995. First Media, which owns CBS affiliate WCPX-TV Orlando, will have 7 days to respond.

GE American has filed with FCC to build, launch and operate 2 identical Ku-band domestic fixed satellites to replace Satcom K-2 and Ku-band portion of Satcom SN2. Space Systems/Loral-built birds would be positioned at 76° W and 79° W or 75° W and 78°, respectively. Company said satellites would be used for DBS and other services. Each would have 32 transponders with 27 MHz bandwidth, and footprints would cover continental U.S. and P.R. Company also filed for waiver to begin construction while approval is pending. It said Loral will convert 2 satellites originally designed to provide DBS for Tempo Satellite, and conversion process must begin promptly to ensure continuity.

Harry McPherson, former counsel to President Johnson, and Peggy Noonan, Reagan-Bush speechwriter-aide, will co-chair PBS effort to reinvigorate news/public affairs programming. Democracy Project, to kick off with brainstorming session in May, will involve election-related and other news beginning early next year and culminating with 1996 elections. Effort, to be announced formally soon, will focus on analysis and discussion -- as opposed to breaking news -- and may include use of interactive technologies. CPB-PBS Challenge Fund has earmarked \$5 million for activity.

Sprint will provide more than \$1 million of interactive, advertising and promotional services to NBC's America's Talking network under new agreement. Telephone company expects network, scheduled to launch July 4, to become major ad vehicle, said Thomas Weigman, pres., Sprint Multimedia & Strategic Services.



**COST-OF-SERVICE SET:** Cable operators can base their rates not on price they paid for cable system, but only on original cost of system plus upgrades, FCC said in cost-of-service rules released March 30: "Acquisition prices (in a noncompetitive environment) are likely to include amounts paid in expectation of supracompetitive profits, growth premiums for unregulated services, and, quite possibly, simple overpayments." However, Commission said it was setting allowed rate of return on assets at "high end" of what's reasonable -- at 11.25%.

Not allowing cable operators to earn rate of return on excess purchase price for systems "is not a penalty but part of the normal balancing of the interests of investors and ratepayers," FCC said. It said that original cost method of valuing cable assets is less burdensome administratively and already is well understood, since it's used for regulating other industries.

Relatively high 11.25% rate of return on investment "will enable cable operators to attract the capital needed to provide regulated cable service and to expand their regulated offerings," FCC said. It said that figure was interim and would be reconsidered in further rulemaking that FCC also launched.

Commission also approved adjustments in asset base that cable operators can use to determine rate of return, including: (1) Assets must be used and useful. (2) Original cost can be inflated by such factors as accumulated startup losses, value of customer lists, franchise costs. (3) Plant under construction can't be included in rate base. (4) Systems can include excess capacity in rate base as long as it will be used within one year.

Rules include "Upgrade Incentive Plan" (UIP) that takes effect immediately on interim basis, but would become final after further rulemaking. UIP calls for cable systems to enter "social contract" with customers in which viewers would be guaranteed rate stability for existing services, and operators would get "substantial flexibility" in rates for new services, including tiers of new programming that normally would be regulated. FCC said it would consider proposals from individual cable operators interested in implementing UIPs.

In other cost-of-service decisions, FCC said it: (1) Concluded that it doesn't need to prescribe depreciation rates. (2) Will adopt Uniform System of Accounts for cable operators using cost of service, but only after further rulemaking. (3) Will require cable operators, when they buy or sell assets or services, including programming, from affiliated entity (with 5% ownership interest standard), to value assets and services for cost-of-service purposes at "prevailing company price." (4) Adopted abbreviated cost-of-service form for use by small cable operators. (5) Will apply price caps after initial cost-of-service finding, so "multiple cost-of-service showings should be rare." (6) Will generally not allow systems to make cost-of-service filings more than once every 2 years. (7) Rejected proposal that franchise authorities be allowed to start cost-of-service proceedings.

**TCI will test 124-channel "Intelligent TV" system** in Chicago suburb of Mt. Prospect beginning this month, it said. Test, involving 8,000 subscribers, will last about 12 months. Network will devote 24 channels to Your Choice TV system developed by Discovery Communications, another 24 channels to near-video-on-demand pay-per-view system, plus several a la carte channels.

**PBS FREEZES MEMBERSHIP:** Freeze on all new PBS membership applications until Oct. was approved by Exec. Committee pending review of membership and governance policies. Deferral comes as station managers have expressed concerns about PBS's governance, and as ranks of member outlets opting for Limited Use Discount (LUD) programming status are expected to rise to 57 in year beginning July 1 (FY 1995) from 49 currently. (LUD applies to stations purchasing 60% or less of PBS's National Program Service [NPS] lineup.)

Increasing LUD ranks could leave PBS up to \$2-\$3 million shy of budgeted FY 1995 NPS assessment of \$87.61 million, although PBS Pres. Ervin Duggan told panel that "best guess" was that gap would be about 2% of assessment -- \$1.75 million. Staff report prepared for panel decried "the increasing number of stations taking advantage of [LUD], not because they have a different mission or are temporarily in serious financial straits, but because of the opportunity to cherry-pick the NPS schedule."

Also at issue in review, staff paper said, is PBS's long-established "one-member, one-vote" policy, and possibly its open door policy that essentially enables all noncommercial educational TV outlets to obtain membership even if their signal overlaps that of existing member. In recent years, voting policy has resulted in minuscule rises in annual NPS station assessment, despite pleas of some major producing station executives and others that larger spending increases are imperative if field is to remain competitive. Staff paper noted concern of some in public TV (PTV) that current governance policy "distorts the process for determining PBS's budget and services."

Duggan said review could have "any number of possible outcomes," including possible creation of new station membership categories. He said PBS was "going to tighten our belts and run this organization in an austere manner." He said that if pay cuts were required -- PBS salary policies are being examined by management, we're told -- he prefers that they occur first at senior staff level. Duggan stressed that PBS staffing already was exceedingly tight.

**USIA advisory panel last week recommended keeping Radio Marti and TV Marti on air, but said their operations should be streamlined.** TV service, subject of repeated congressional assaults, "cannot now be considered cost-effective" using normal economic criteria, report of 3-member group said. However, panel said that Cubans still want to see broadcasts, which report said "could prove vital to U.S. interests and to the welfare of the Cuban people." It recommended spending \$1 million to convert service from VHF to UHF, which is harder to jam. Radio Marti, on other hand, is "highly cost effective," although it, too, could benefit by increased efficiencies and by becoming more objective in presentation of information. Advisory group made recommendations that it said could save \$6-\$10 million annually. Panel was headed by Peter Straus, ex-Voice of America dir.

**Westinghouse Communications (WC), telecom-munications business formerly part of Westinghouse Industrial Products & Services, will become operating group of Westinghouse Bestg.'s Group W Satellite Communications.** Group W Satellite Pres. Bill Korn said his entity and WC will continue to operate separately at beginning, but sees future convergence of marketing, cable programming, satellite services and advanced telecommunications capability that "will produce new ideas, technologies and customer opportunities that could not be achieved prior to this reorganization."



**BA PLANS STUDIO:** Bell Atlantic (BA) outlined plans for multimillion-dollar digital production studio that will develop multimedia interactive TV programming. Digital production center (DPC) will include digital production studio, digital Services Bureau, Operations Center, demonstration/quality control center. Facility will be in Reston, Va., in 172,000-sq.-ft. building BA is leasing for 7 years. Stu Johnson, group pres., Large Business & Video Services said: "We believe this market will materialize much faster than the conventional wisdom says it will."

DPC will act as "factory" that processes "raw materials" in form of filmed and videotaped productions for advertising and service applications into digital format, Johnson said. Programs will be warehoused on video servers that customers can call up on demand. Products will be available first to BA customers, but also to other networks, including competing RHCs, he said, and production studio will act as incubator for fledgling interactive programming producers.

First products will be digitalization of movies, Johnson said, followed by interactive TV programming "packages" that viewers will be able to create and view at their convenience. Work will be done through software called "Stargazer" that allows customers to use remote control to browse through video and movie libraries and other offerings by entering names of actors, genre or studio name, BA said. It said it recently completed first year of technical trial in Northern Va.

Scott Jacobs, pres. of Future TV, which is developing programming for Southern New England Telephone's video-on-demand trial, said BA effort will "certainly help drive the programming that will eventually make up the interactive superhighway." But Jacobs was somewhat skeptical of advantage to independents: "This thing will succeed to the extent that [BA] puts up money to produce programming that's different from what's out there already." BA said facility will open in July with staff of 190. Company said it will test-market Stargazer this summer, which will lead to commercial rollout in Washington, D.C., area in early 1995.

**DirecTv officially opened** its \$100-million broadcast center outside Denver March 31. Facility, scheduled to employ 150, is capable of uplinking as many as 216 channels of pay-per-view sports, movies and entertainment as well as basic and premium cable channels. Center cost \$199 million and contains nearly 400 miles of cable wiring in its 2-story 55,000 sq. ft. Outside are four 43-ft. uplink antennas and variety of smaller dishes designed to receive incoming signals and monitor DBS-1 satellite. DirecTv Pres. Eddy Hartenstein confirmed reports first printed in Television Digest that first Thomson DSS dishes and receivers would go on sale within 6-8 weeks in Albuquerque, Little Rock, Jackson, Miss., Shreveport, Tulsa. Those markets will be joined by 5 more around July 1, Hartenstein said. Some time thereafter, DBS-1 is scheduled to be joined by 2nd satellite to bring system up to full complement of 150 channels.

Viacom agreed to sell its 1/3 of Lifetime TV network to partners Cap/ABC and Hearst. Viacom will get about \$317.6 million cash in deal scheduled to close by April 4. It will leave Cap/ABC and Hearst each as half owner of Lifetime. Network, launched in 1984, is on 5,800 cable systems, reaching nearly 59 million subscribers. Viacom Chmn. Sumner Redstone said Cap/ABC and Hearst had been good partners, but "a minority interest in the network does not fit into our strategic objectives."

**CABLE SEES END-RUN:** Bell Atlantic (BA) is trying to end-run FCC's video dial tone (VDT) proceedings by asking Commission to approve open network architecture (ONA) plan that includes VDT services, cable groups said in reply to telco's application. In 4-page amendment Jan. 21 to its ONA filing, BA had asked for permission to provide VDT-like services directly to subscribers in Washington, D.C., suburbs and elsewhere. BA "should not be permitted to rush these issues past the Commission in the guise of a routine ONA submission," Adelphia and Jones said in joint filing. Approval of BA's proposal would be "premature" because of lack of "suitable regulatory framework" for VDT, MSOs said.

BA is first RHC to file amended ONA plan proposing VDT service, NCTA said: "The first VDT ONA proposal should be subjected to careful scrutiny, and rejected." Assn. said filing raised virtually all issues still being considered in VDT proceedings and "reveals the problems in deferring these hard questions; the problems are not being deferred but, in actuality, buried." Cable group suggested again that FCC conduct overall proceeding to set ground rules for all VDT-like systems. Charges raised by cable groups included that: (1) Cost accounting rules are inadequate to prevent cross-subsidies. (2) Plan illegally would avoid need for local cable franchise, as well as franchise fees and universal service requirement. (3) Plan may not meet public interest requirements. (4) BA should provide more detail and justification for plan.

AT&T said BA plan was "premature" and didn't meet FCC unbundling requirements. It's "too early to determine whether any ONA plan for VDT services, much less [BA's] specific plan... is appropriate," it said, so proposal should await action on VDT applications themselves. AT&T also said BA plan isn't adequate for nonaffiliated programmers, who would be prohibited from providing end-to-end service to customers, placing them "at a significant disadvantage" to affiliated programmers.

**Ninth U.S. Appeals Court, San Francisco, should rule** that only those directly named in news reports have standing to sue news agency reporting about them, according to brief filed with court by 42 broadcast and news groups. Case involves 60 Minutes report in 1989 on alar in apples. Lower court, in suit filed by Washington State apple growers, threw case out on ground of truth, but said apple growers had standing to sue, even though no individual grower or group was mentioned by name. Following that decision, several state legislatures adopted laws allowing suits by persons not named in news reports. Brief said Appeals Court should uphold finding of truth, but also overturn decision that such groups have standing to sue, saying such journalism was possible only because persons not affected by reports couldn't file suits to inhibit such reporting: "The District Court has opened the courthouse door to all those with an economic stake in the outcome of each and every public policy debate... and has afforded them a vehicle to inhibit the news media from reporting about such issues." Brief said First and 14th Amendments require that anyone filing suit against news media must be directly involved in original report. Among those participating in brief were AP, Cap/ABC, CNN, Fox, Hearst, Knight-Ridder, NAB, Newspaper Assn. of America, NBC, Newsletter Publishers Assn., PBS, RTNDA, SPJ.

**NAB scheduled 3 more one-day regional seminars** to prepare radio stations for 1995-1998 license renewals: July 14, Holiday Inn/Woodlawn, Charlotte, N.C.; Sept. 22, Radisson Hotel/Airport, Orlando; Nov. 17, Holiday Inn/Airport, Columbus, Ga. -- 202-775-3511.



**TvB DISCOURAGES FIRE SALES:** TvB study advised TV stations not to fire-sale their ad inventory because "accepting short-term losses is preferable to undermining long-term pricing." TvB commissioned study by McKinsey & Co. and Teller/Gorman that also said new technologies would be "much slower in coming than all the hype would lead us to believe," but TvB Pres. Ave Butensky said "technology is mind-boggling and the marketing opportunities [for stations] are endless." Study said stations should try to capitalize on existing technologies and work with cable systems to enhance revenue streams, while TV should focus on "core business of building ratings, increasing ad revenues, controlling costs" and pursuing new marketing opportunities.

Study said success of TV stations isn't because of "affiliation with a superior TV network," but because of "structural approach" to pricing and ad inventory and proper marketing approach to potential advertisers. Stations also must be positioned to provide interactive services with cable operators "which could reap long-term financial rewards." Butensky gave members "wake-up call for survival and ultimate success" for near term as well as distant future of TV.

Jack Clifford, pres. of Providence Journal Bestg., warned broadcasters to "be very careful of the promises of new technology." He said his company's heavy involvement in failed videotex venture "taught me a lesson." Journal Co. stations (affiliated with all 4 networks) use local programming "as much as we can," he said, "to make our stations stand out." He said cable niche channels "will not be destructive to broadcasters," citing Food Channel in which Journal Co. is investor, saying it would need only 0.3 audience share to be successful.

**Senate Copyright Subcommittee** March 24 approved legislation (S-1485) to extend satellite compulsory license. Panel was polled on result, didn't actually meet. Passage was made easier by compromise between satellite broadcasters and network affiliates on "white area" coverage that would shift burden of proof to satellite carriers to show that subscriber isn't being served by Grade B contour. Sen. Leahy (D-Vt.), member of Committee, on Senate floor praised affiliates and satellite industry representatives "who worked out this compromise without encouragement." Bill, which sets out terms for 5 years, also would prescribe certain tests, depending whether subscriber in question was within contour or outside. Under bill, loser would pay costs of measuring signal if affiliate challenges whether subscriber is eligible for satellite signal. Satellite Broadcast & Communications Assn. Senior Vp Andrew Paul said he was pleased with agreement, but white area issue remains controversial. Attorney Wade Hargrove, who represents affiliates, praised deal and said bill "restores some balance" to process. It also would expand scope of cable compulsory license for UHF stations. Networks weren't pleased with subcommittee action, however, because bill didn't deal with their issue -- whether carriage rates of network shows should be set at "fair market value." Turner Bestg. amendment that would have allowed time-shifting of programs never made it into bill. Opposition from NAB, INTV and networks helped kill provision at subcommittee level. Bill, sponsored by Subcommittee Chmn. DeConcini (D-Ariz.) and others, now goes to full Senate Judiciary Committee.

Fox's new cable network, FX, signed carriage agreements with several more MSOs, giving it potential reach of 38.5 million homes, company said. New deals are with Continental, Falcon, Jones, Sammons.

**GORE SEEKS PUBLIC INTEREST NETWORK:** Vice President Gore said that national information infrastructure (NII) would be "developed according to the public interest," summarizing Administration policies on universal service and open access in conference that brought together 650 public interest activists in telecommunications. In speech, Gore said NII will have as great an effect on democracy as printing press.

Cable's activities in wiring schools was widely praised by panelists at conference, particularly since telephone industry has been able to put phones into only 3% of classrooms, said Tex. Education Network Dir. Connie Stout. Without more phone lines in classroom, she said, education is "at risk of being disenfranchised."

Public interest advocates at conference were advised to be bold in demands for capabilities of new networks and services. Chief on agenda is some reserved space for public interest concerns, with many advocates arguing that history of broadcasting demonstrates that reserving spectrum for public use has been sound public policy. Alliance for Community Media Chmn. Anthony Riddle said 10% of network should be reserved for public interest uses, calling it "a 10% anarchy factor."

David Lytel, information infrastructure specialist in White House Office of Science & Technology Policy, said debate so far has focused on technology of advanced networks and on content for TV-like services. To make certain that public interest material has place on new advanced networks, advocates must be involved in design phase, he said.

**Bell Canada (BC)** will pay 5% less for Jones Intercable than originally expected (TVD Dec 6 p1) because of impact of cable rate rollbacks, companies said. Lower price was result of latest round of negotiations, with definitive deal to be signed by mid-April and expected to close by midsummer. Announcement followed speculation that Jones-BC deal, like other telco-cable deals, could be in trouble as result of rate rollbacks. "In spite of regulatory confusion, we are still committed to proceed toward our alliance," Jones Chmn. Glenn Jones said. "Their investment in us today is a clear indication that the fundamental principles on which our companies originally agreed to collaborate remain intact." Main changes in deal are for BC to pay only \$22 per share (vs. original \$27.50) for 2.5 million shares, to be bought immediately, and to reduce option price for controlling interest in Jones to \$52 million from \$55 million. BC remains committed to buying additional 7.5 million shares at \$27.50 later, investing \$400 million in Jones over time, and to increase its commitment to participate in future Jones equity offerings to \$139 million from \$125 million.

**Cupid Network TV**, new 24-hour "love and romance home shopping channel," launched on Telstar 302 at 85° W, will shift to Telstar 402 by end of Sept. Cupid said channel will offer "tasteful, adult novelty products," including lingerie, videos, vitamins, stationery, how-to books, massage oils, adult games, romantic music and "absolutely no hard-core products."

**Spot TV revenues** were up 15.5% in Jan.-Feb. for 347 stations reporting to TvB, group announced. National spot was up 17.3% and local 14.1% for 2 months. Independent stations (which include Fox TV network in TvB measurements) had 9.5% increase in national spot, 6.1% in local, group said.



**C-SPAN COMPLAINS TO GOP:** C-SPAN views as "improper" recent use of its footage and logo by Republican National Committee in videotapes distributed to RNC members to update activities of Clinton Administration, said Bruce Collins, C-SPAN senior legal counsel-vp. Problem surfaced in late Jan. when C-SPAN officials heard that RNC had been distributing tapes. Collins contacted RNC about "several unauthorized" clips with C-SPAN logo that he said could send message that "C-SPAN was wrongly associated with a high-profile partisan activity."

RNC agreed to notify its members that network wasn't involved, said Charles Greener, RNC dir.-communications, but C-SPAN then proposed joint statement to "political press" to further clarify situation. Despite limited discussions of statement, "we never agreed on that language," Collins said, noting that he hadn't heard from RNC since Feb. 10: "They were reluctant to do much." Greener said most of footage in 7-1/2-min. tape was RNC-owned, and C-SPAN segment was "very brief piece" of old Clinton interview that lasted "milliseconds." He said: "We've had a very positive relationship" with C-SPAN and "we'll be happy to work with [Collins]" on resolving issue.

C-SPAN has long stressed its political independence and freedom from govt. funding. Sensitivity is typified by network's continued push to prevent state-level channels that emulate C-SPAN from using similar names because they're partly or wholly state funded. Despite concerns, Collins said C-SPAN seldom seeks public debate on such matters and, in case of RNC videotapes, "didn't want to raise it too high" on media agenda. However, he said network tries to balance low-profile stance with need to make position known: "I want people who produce tapes for the political world... to be aware of this."

**U S West** contradicted its own claim that it needs market trial of video dial tone (VDT) systems when it filed application for full-scale implementation of VDT, Ore. and Minn. Cable TV Assns. charged in joint FCC filing. RHC sought full-scale implementation of \$500-million VDT project in Minneapolis-St. Paul and Portland, Ore., less than 30 days after getting FCC approval for trial, associations said: "We can only speculate as to what happened to the 'critical' need for a technical and market trial in advance of any deployment of video dial tone service in a commercial setting." Filing said U S West couldn't economically justify full-scale deployment without results of market test. Groups also said company itself admitted facilities proposed in VDT operation might be different from those actually built.

**Wireless cable operator People's Choice TV (PCTV)** closed on \$11-million preferred stock deal, using money to launch system in Houston. Stock offering was private placement. At same time, company said it lost \$9.8 million in 1993, vs. \$6.1 million loss year ago, as revenue increased to \$5.8 million from \$4 million. PCTV attributed growing loss to startup of operations in several markets, including Houston and St. Louis. Revenue was primarily from Tucson system.

**Preregistration for NCTA convention in New Orleans** May 22-24 is up 30% from last year, Assn. said, and exhibit space is up 26% to 244,000 sq. ft. NCTA has increased number of convention hotels to 31 from 15. Opening plenary session May 22 will include CableLabs Pres. Richard Green, Discovery Chmn. John Hendricks, Waller Capital Chmn. John Waller, Cable TV Administration & Mktg. Society Chmn. Barry Elson -- 202-775-3669.

**U.S. ENDS EXPORT CONTROLS:** President Clinton said he will eliminate virtually all Cold War-era restrictions on exports of telecommunications and computer equipment to China, Russia and most other former Communist countries. Move opens markets worth billions to U.S. equipment makers. Announcement came as surprise to industry officials attending meeting in Washington that coincided with formal disbanding in The Hague of Coordinating Committee for Multilateral Export Controls (COCOM).

"This is a blockbuster announcement," said spokesman for AT&T, which has pushed Administration to lift COCOM controls, saying it stood to lose as much as \$500 million over next 3 years if export controls on high-tech communications gear were kept in place. China alone has said it plans to spend \$40 billion by end of decade on equipment that has been restricted until now. In congressional testimony, AT&T had presented evidence that equipment U.S. companies couldn't export was readily available on open foreign market. Eric Nelson, dir. of international affairs for Telecommunications Industry Assn. (TIA), said: "We are truly delighted by this move. They gave us exactly what we were looking for."

Commerce Dept. said only nations that will remain on list of restricted countries are Cuba, Iran, Iraq, Libya, N. Korea, Syria.

**Jones, Bell Canada and Cable & Wireless** agreed to consolidate their U.K. cable and telephony holdings in letter of intent announced March 30. Consolidation will coincide with public stock offering by resulting company, BCETI Cable Ltd. Patrick Lombardi, pres.-Jones Financial Group, noting Jones-Bell Canada deal, called consolidation "a natural evolution in the progress of our relationship" with Bell Canada. Alan Bates, managing dir.-Jones Cable Group who is expected to become CEO of BCETI, said deal would help U.K. cable systems get access to capital and expertise. BCETI will have major cable holdings in London area, Yorkshire, E. Anglia, Southeast England.

**ESPN will develop multimedia sports network** in partnership with Prodigy, companies said. As part of deal, new ESPNet will provide sports information for Prodigy, and immediately begin enhancing it with late-breaking news, trivia, commentary, game reports and box scores, sports news, bulletin board, photos, polls, contests, quizzes. ESPN also agreed to promote service on its programming and will expand Prodigy offerings in future, including adding sound and viewer-controlled full-motion video.

**Unnamed cable system will pay \$350,000 settlement to MPAA** as result of claim that operator underpaid cable royalty fees, Assn. said. It said cable operator underreported number of subscribers receiving station signals, reducing royalty payments. MPAA said its monitoring system has yielded more than \$28 million in additional payments since its inception.

**U.S. Attorney in Miami charged CNN with criminal contempt** for airing tape of ousted Panamanian dictator Manuel Noriega in Nov. 1990. U.S. Dist. Judge William Hoeveler, Miami, who issued original order banning broadcasts of tapes, set July 11 for nonjury trial on charges. CNN spokesman said network welcomes chance to air charges.

**Bcst. Design Assn.** changed name to BDA International and is moving to N.Y.C.: 130 W. 67th St. 10023, 212-873-5014.



NBC-parent GE jumped ahead of Exxon as "most valuable company" in U.S. in 1993, increasing 25% in value to \$90 billion, according to annual Business Week survey. AT&T dropped 5% but still ranked 3rd at \$71 billion, with GTE only other communications company in top 15, at 13th with \$31.1 billion. On broadcast-cable side, Cap/ABC was tops and 75th overall, valued at \$11 billion (up 35%), with TCI 2nd (83rd overall) with \$10.1 billion. Next in line among communications companies: (3) CBS at \$4.75 billion, (4) Comcast \$4.43 billion, (5) Turner \$4.29 billion, (6) Viacom \$3.95 billion, (7) Gaylord Entertainment \$2.28 billion, (8) BHC Communications \$2.05 billion, (9) Cablevision Systems \$1.46 billion, (10) Multimedia \$1.16 billion, (11) Infinity Bestg. \$1.02 billion, (12) Chris-Craft \$1 billion, (13) Century Communications \$928 million, (14) Great American \$922 million, (15) Scripps Howard Bestg. \$888 million.

After years of sometimes tenuous relations, NPR and APR appear to be burying hatchet and even agreeing to collaborate on some projects. They agreed in principle on U.S. public radio service that would be distributed first in Europe. Also recently, they jointly submitted, and won provisional CPB support for, year-long project examining public radio's place in multimedia. Other possible joint APR-NPR projects are being discussed. European programming service calls for NPR and APR separately to develop stepup fees for programming they distribute in U.S., with those fees to be paid by service. Venture at outset would be funded by 3-year CPB grant of \$750,000, with NPR and APR each responsible for half of costs "not covered by other sources of funds."

Selling of the Pentagon, 1971 CBS program that produced historic First Amendment confrontation with Congress, is subject of book being written by Corydon Dunham, former NBC exec. vp-gen. counsel. Chmn. Harley Stagers (D-W.Va.) of House Investigative Subcommittee demanded outtakes of program. CBS Pres. Frank Stanton declined to produce them, citing First Amendment -- risking prison and loss of licenses. Stagers asked House to cite Stanton for contempt. After intense lobbying, including strong support of CBS affiliates and print press, House rejected contempt citation -- believed to be first time it ever had refused such committee request. Dunham is interviewing participants -- 212-701-3776.

Philips-owned BTS will introduce its first tapeless video storage products in July at International Teleproduction Society conference in Washington. Media Pool product line uses magnetic disc recording to replace videotapes, allowing multichannel tapeless video for broadcasting and postproduction. New products will include systems that emulate digital videotape recorders, cart machines and time-shift/delay system for broadcast and cable. At recent NAB convention, BTS introduced portable studio camera that can shift to 16:9 format from 4:3 with push of button. LDK 10 camera uses dynamic pixel management CCD sensors to allow immediate shifts of aspect ratio.

Cable ad revenue will be up 14% to \$4.4 billion this year, Cable Ad Bureau predicted. Its publication 1994 Cable TV Facts said that Americans spent nearly \$22 billion on cable programming in 1993, that viewing of basic cable is up nearly 50% in 5 years, and that basic cable's viewing share continued to grow in 1993. Report said cable penetration reached 67% of all TV households in 1993 and was expected to reach 72% by year 2000.

American Telecasting said it began operating its 11th wireless cable system March 29, in Columbus, O. System launched with 22 basic and 3 premium channels.

Turner Bestg. and Liberty Media still weren't commenting on widespread reports that Turner was interested in buying Home Shopping Network. Liberty owns 80% of HSN. Turner reportedly was most interested in 12 UHF stations (some low-powered) owned by HSN affiliate Silver King Communications, which, together with Turner program library, could be start of another broadcast network, but company also reportedly was interested in using HSN to market paraphernalia related to library, including Hanna-Barbera, and sports franchises. HSN CEO is Gerry Hogan, long-time top Turner executive, and TCI is major stockholder in Liberty and Turner.

Clear Channel Communications (CC) Chmn.-CEO Lowry Mays has signed new 5-year contract with company, effective last Jan. 1, paying him base salary of \$600,000, plus yearly bonus "as may be determined." In 1993, Mays received salary of \$351,153 and \$500,000 bonus, according to proxy statement for April 26 shareholders' meeting in San Antonio. He owns 3.76 million CC shares, 22% of those outstanding. Salaries and bonuses of other CC executives in 1993: TV Pres. Daniel Sullivan \$173,314 and \$75,000; Vp William Riordan \$128,615 and \$27,500; Vp Jack Peck \$117,295 and \$35,000; Vp Robert Cohen \$105,394 and \$50,000.

FCC awarded first 18 licenses for Interactive Video & Data Service (IVDS) March 28 to: N.Y.C., Ronald Dowdy and Christina Del Valle; L.A., Bay Interactive Ventures and Alberto Garza; Chicago, Vinod Sood and Self Communications; Philadelphia, WHF Inc. and Kingdon Hughes; Boston, Ignacio Santos de Hoyos and Brian Berson; San Francisco, ITV Inc. and Raveesh Kumra; Washington, D.C., IVD Co. and J&M Partnership; Dallas, Legacy TV and Maritime Communications Corp.; Houston, Luz Lobaton and Anthony Benison.

Partners in Time Warner Entertainment (TWE) are discussing setting up 10 cable systems in Japan, potentially reaching 2 million subscribers. Project would cost about \$380 million. Partners include Time Warner, U S West, Toshiba, Itochu. Systems would be similar to TWE's Orlando full-service network, including possibility of multimedia services. Three other Japanese companies, Mitsubishi, Mitsui and Tokyo Electric Power, earlier said they would cooperate on multimedia experiments.

Field tests of components of HDTV system being developed by Grand Alliance began March 31 in Charlotte, N.C. Main tests will be to determine strength of transmission system in real-world environment. Component tests are to run through June, with field testing of full system to begin after system is completed and tested in Advanced TV Test Center in Alexandria, Va.

Rochester Telephone (RT) and USA Video said FCC had approved their request for 6-month test of video-on-demand in upstate N.Y. Companies said they plan to begin tests this month, with customer deployment starting in May and full-scale implementation by June. Services will include movies, shopping, music videos, sports, education. Prices will be 99¢-\$3.99.

National spot radio revenues increased 20% in Feb., local spot 10%, for overall gain of 12%, according to monitoring of more than 100 markets for Radio Ad Bureau.

Time Warner Chmn. Gerald Levin received \$5.3 million in 1993, according to proxy statement -- \$1 million salary, \$4 million bonus, other compensation.



## Personals

ABC TV Network Pres. Mark Mandala retires May 1 after 32 years at company to "try something different" on West Coast... Jack Goodman advanced to vp-policy counsel, legal and regulatory affairs, NAB... Cody Dalton, freelance mktg. consultant, named senior vp-mktg., ABC Daytime... Mark Harrington promoted to senior vp-new media, CBS... Robert Daly, Warner Bros. chmn.-CEO, said he has decided to share both titles with Terry Semel, pres.-COO; Barry Meyer, exec. vp, also named COO... Hal Trencher, ex-CBS TV, joins Sports Illustrated TV as vp-sports sales and mktg... Peter Johnson advanced to dir.-program research, Fox Bestg... Thomas Leach promoted to controller, Tribune TV Group.

Thomas Rutledge advanced to senior vp-corporate development, Time Warner Cable... HBO appointments: Judy Arthur, ex-Orion Pictures, as dir.-program publicity, succeeding Nancy Lesser, named vp-West Coast media relations; Robert Leighton promoted to senior vp, HBO International; Steve Smith advanced to managing dir., HBO Hungary... Michael Fleming, ex-Playboy TV, named pres., Game Show Channel, scheduled for launch this year... Pearlina Igboke promoted to dir.-special projects, Showtime Networks Office of Chmn... Charles Schwartz advanced to chief financial officer and chief of staff, People's Choice TV; Michael Whalen, ex-Amsterdam Pacific investment banking, named vp-finance and acquisitions, new post... Changes at Encore Media: Richard Buchanan advanced to vp-production services; Lori Pate, ex-TVIV consulting, named dir.-design services; Sue Salinger, independent producer, appointed dir.-creative services; Victor Perez, ex-TCI, named mgr.-management information systems; Michelle Mains, ex-William Morris Agency, named mktg. asst... Phillip Frank, ex-dir.-current programming, Travel Channel, promoted to dir.-current programming and development... Jim Disch, ex-WGN-TV Chicago news operations mgr., named ChicagoLand TV News dir.-news and programming.

Michael Douglass, ex-WTOP(AM) Washington, appointed pres.-CEO, Clark Bestg., which owns 9 radio stations... Additions at KSTP St. Paul-Minneapolis: Dean Bunting, ex-KCRG-TV Cedar Rapids, news dir.; David Baumann, ex-KIRO-TV Seattle, dir.-creative services... Margot Falzerano, ex-KTVU Oakland-San Francisco, named Chris-Craft TV Div., corporate dir.-client mktg.

Beverly Baker, deputy chief, FCC Private Radio Bureau, detailed for 60 days to head Cable Service Bureau Consumer Protection Div... White House said it will nominate Alan Sagner, former Port Authority of N.Y. chmn., to CPB board... CPB appointments: Sylvia Winik advanced to acting gen. counsel-corporate secy., succeeding Senior Vp Thomas Harvey, who has left "to pursue new opportunities"; Nancy O'Brien named acting dir.-govt. relations... Lynne Grasz, ex-NAB TV Information Office, appointed exec. dir., BDA International (formerly Best. Designers' Assn.)... Frank Schwartz, ex-Mainstream Control pres.-CEO, named chmn., Video Electronics Standards Assn.'s Open Set Top standards special interest group... Satellite Bestg. & Communications Assn. promotions: Alan Burgess to vp-operations, Margaret Parone to vp-communications, Dianne Turner to mgr.-foundation and international activities.

David Crane, Potomac TV/Communications vp, promoted to pres.-CEO... Nancy Shaw, ex-Shaw Communications principal, named General Instrument dir.-mktg. communications, new position... FCC Comr. Quello addresses RTNDA Foundation on First Amendment,

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### EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037  
Phone: 202-872-9200 Telex: 6502173616 (Via WUI)  
MCI Mail: TELEFAX Facsimile: 202-293-3435

#### WASHINGTON HEADQUARTERS

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#### NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001  
Phone: 212-686-5410  
Facsimile: 212-889-5097

David Lachenbruch . . . . . Editorial Dir.  
Paul Gluckman . . . . . Senior Editor  
Martin Brochstein . . . . . Senior Editor  
Mark Seavy . . . . . Associate Editor  
Cindy Spielvogel . . . . . Associate Editor

#### CONTRIBUTING EDITOR, EUROPE

Barry Fox  
5 Denning Rd.  
Hampstead, London NW3 1ST  
Phone: (071) 435-6244

#### JAPANESE REPRESENTATIVE

Editorial and Circulation  
CES International Corp.  
1-18-2 Nishi Shinbashi, Minato-ku  
Tokyo 105, Japan  
Phone: (03) 3592-1531

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April 6, 8 p.m., Mayflower Hotel, Washington... Lowry Mays, Clear Channel Communications pres.-CEO, speaks at IRTS lunch April 21, Waldorf-Astoria, N.Y.

## OBITUARY

Merrill Panitt, 76, longtime editor of TV Guide (TVG), died March 28 after heart attack. After serving as TV critic of Philadelphia Inquirer, he joined TVG parent Triangle Publications in 1946, where he was managing editor (1953-59), editor (1959-73) and editorial director of TV Guide (1973 on). He also was editorial director of Triangle's TV Digest and TV Factbook for 3 years before their 1961 acquisition by Warren Publishing. Panitt was longtime consultant to Annenberg Foundation, endowed by former Triangle owner Walter Annenberg, and had been Foundation's board member on Annenberg/CPB Projects since it was established in early 1980s. Survivors include wife, son.

Showtime and Orion Pictures settled long-running litigation over 1986 agreement for Orion to supply programming to Showtime. Settlement includes new exclusive agreement for Showtime to carry Orion movies.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	MARCH 12-18	1993 WEEK	% CHANGE	MARCH 5-11	11 WEEKS 1994	11 WEEKS 1993	% CHANGE
TOTAL COLOR...	417,933*	384,954	+ 8.6	349,819	4,407,918	4,409,810*	-0.0
DIRECT-VIEW.	410,460*	380,499	+ 7.9	342,111	4,308,173	4,334,251*	-0.6
TV ONLY.....	380,359*	362,350	+ 5.0	320,771	3,995,239	4,121,154*	-3.1
TV/VCR COMBO	30,101*	18,149	+65.9	21,340*	312,934*	213,097	+46.9
PROJECTION..	7,473	4,455	+67.7	7,708*	99,745*	75,559	+32.0
VCR DECKS.....	167,454	172,710	- 3.0	119,462	1,956,536	2,111,769	-7.4
CAMCORDERS....	23,979	28,932	-17.1	27,473*	412,416*	396,237	+4.1
LASERDISC PLYRS	3,250	3,874 <sup>r</sup>	-16.1	2,197	39,662	49,222 <sup>r</sup>	-19.4

Direct-view TV 5-week average: 1994--423,321; 1993--434,234\* (down 2.5%).

VCR deck 5-week average: 1994--190,838; 1993--200,215 (down 4.7%).

Camcorder 5-week average: 1994--38,272; 1993--38,699\* (down 1.1%).

\* Record for period. <sup>r</sup> Revised to include players with karaoke features.

**'SUCCESSOR' TO SUMMER CES--PHILADELPHIA, MAY 11-13, 1995:** In surprise announcement, EIA Consumer Electronics Group (CEG) said it has reserved May 11-13 dates for 1995 show at new Pa. Convention Center in Philadelphia. Announcement, which didn't spell out name of show, left little doubt that June 1994 event will mark end of era for Chicago CES.

CEG Vp. Gary Shapiro hinted as much in confidential March 30 memo to member company CEOs describing 1995 Philadelphia event as "successor" to 1994 Summer CES. In memo, he praised Philadelphia's "brand new Convention Center" as "high tech and within 3 hours of 1/3 of the U.S. population." He advised CEOs to expect more detail in June and he told us CEG would hold news briefing in 3-4 months.

Just 7 weeks earlier, CEG officials, responding to our questions about status of 1995 show, said that Summer CES, which this year will be June 23-25 -- about 3 weeks later than usual -- would return to Chicago in 1995 in "early June," although precise dates hadn't been finalized (TV Feb 14 p13). At that time, Philadelphia was considered leading contender to host 1996 CES. Shapiro told us last week that answer we were given reflected Assn.'s understanding at the time. Series of 50 surveys of CES exhibitors and attendees over last 3 years pointed more and more to preference for spring show, he said. Move to Philadelphia apparently was sealed when Chicago couldn't accommodate shift to May because Food Mktg. Institute and National Restaurant Show have had those dates locked in for years.

CEG soon will grapple with issue of what to call show, according to sources close to situation -- or at least new promotional tagline to position it more expressly to videogame and multimedia companies that have accounted for bigger and bigger share of exhibit space. As for 1996 event, Shapiro said only that no venue has been ruled out, including Chicago. But Brad Lewis, dir. of sales operations for Chicago Convention & Tourism Bureau, said 1998 is earliest year McCormick Place has opening for CEG in early or mid-May. He confirmed news reports that American Booksellers Assn. convention has grabbed June 3-6, 1995, dates that had been earmarked for Summer CES. Moreover, Spring Comdex -- increasingly competitive with the "new CES" -- now will occupy similar time slot at McCormick in 1996, he said.

Will CEG give up trying to lure traditional audiovideo companies to display at spring or summer shows? Sources we polled said decision to throw in towel on that effort in effect already has been made by shifting 1995 show dates to mid-May, apparently heeding clamor from companies such as Sega for earlier run. Sega



officials had announced decision not to exhibit at June 1994 Chicago event because unusually late date pushed it beyond business cycle of most of its largest customers. Asked for reaction to last week's CEG announcement, Paul Rioux, Sega America exec. vp-finance, administration and operations, said it was "premature" to discuss commitment, but "we've always liked the idea of an April-May show." Nintendo of America spokeswoman said company hadn't formulated plans for shows next spring.

Shapiro chose his words carefully when asked if CEG planned to position future shows explicitly for multimedia and videogame contingents. Efforts to market 1994 event are "indicative" of how shows will be positioned in future, he said. Sources said CEG will have little choice in coming years but to confront competitive challenge from other shows vying for same videogame and multimedia exhibitor base. First Electronic Entertainment Expo, specialty trade show for interactive entertainment, is scheduled for Atlanta April 7-9, 1995, about 5 weeks before CEG event in Philadelphia. Video Software Dealers Assn., which has attracted more and more videogame exhibitors to its Las Vegas conventions in recent years, will hold 1995 conference in Dallas May 21-24, week after Philadelphia show.

Fate of high-end specialty audio contingent at 1995 Philadelphia show was another uncertainty. CEG spokeswoman said Assn. planned to poll specialty audio companies for feedback on announcement. Stereophile Pres. Larry Archibald said high-end audio companies, like their mainstream brethren, have expressed stronger and stronger preference for one show yearly, and have been pleased with results of recent Las Vegas winter events. He cited results of informal poll by Professional AudioVideo Retailers Assn. indicating audio specialty retailers oppose attending 1994 Chicago CES by margin of 9 to 1.

Discussing 1994 CES in Chicago, Shapiro said in his memo that there have been gains in space orders for multimedia, handheld products, video software and accessories, retail resources, publication and trade association exhibits, but overall demand at show is down. Personal Computing & Communications (PCC) show, held concurrently, is up 70% from inaugural event year ago, Shapiro said, and organizers have added special "developers' conference" on information superhighway.

Chicago has served as site of summer CES since 1971, when June 27-30 event played host to war over competing 4-channel quadraphonic stereo systems and strategically timed announcement that Sears and Montgomery Ward had embraced pioneering and ill-fated Cartrivision home video system (TVD July 5/91 p8). Summer CES premiered in 1967 in N.Y., where it was held for first 4 years. CEG announcement last week generated big headlines in business sections of Chicago papers. Sun-Times ran story headlined "Curtains for Electronics Show," quoting Chicago convention authorities as saying dwindling attendance and fact that city had no signed contracts from EIA prompted city fathers to shop around for alternative bookings.

**YEAR OPENS WITH SURGE IN IMPORTS:** Jan. saw large increases over last year in imports of major consumer electronic products, according to Commerce Dept. figures. Imports of color TV were up 36.5% to 1,146,300, possibly record for any month. Camcorder imports jumped 50.9%, VCRs were up 8.1%, CD players up 64.8%. Even monochrome TV was up 12.5% and videocassette players (VCPs) up a puzzling 160.7%.

In color TV, there may be apples-to-oranges problem, since Commerce made changes in categories starting in 1994. We've done our best to match them up with last year's figures. Presumably without consulting anybody with knowledge of consumer electronics, Commerce rejiggered color TV categories, inserting such new categories as HDTV receivers (direct-view and projection) and adding categories that apparently conflict with one another. Commerce Dept. official told us that HDTV category was inserted because HD sets have different content requirements than conventional sets for duty-free import under NAFTA (TVD Nov 29 p14).

Some misclassification is obvious. One new category is projection TV with built-in VCR or VCP. We have never seen product in this category, but Commerce Dept. found 5,823 imported in Jan., mainly from Malaysia, at average value of \$260. Another new category, projection TV (without VCR), appears to be legit -- 8,673 arrived, all from Mexico and Japan, at average value of \$1,319.

Commerce added TV/VCR combos with a vengeance. There now are 4 -- 14" and under, over 14", flat-panel screen and others not specified elsewhere, in addition to PTV/VCR category. Commerce reported 28,883 TV/VCRs 14" and smaller at average value of \$248, mainly from Malaysia; 12,189 larger combos (Malaysia and Japan), average value \$269; 798 flat-panel TV/VCR combos (all except 4 from Mexico, average value \$147). We made frustrating number of phone calls to Commerce Dept.'s International Trade



Administration, electronics authorities and Census Bureau (which distributes the figures) as well as to Treasury Dept.'s Customs Service, and found no one who could interpret or clarify the figures or categories. We'll keep trying.

Figures on VCRs decks, category that hasn't changed, show Japan for first time has fallen out of top spot as country of origin, displaced by Malaysia in Jan., source of 270,300 units vs. Japan's 235,100. VCRs from Malaysia increased 34.1% from Jan. 1993, while shipments from Indonesia were almost double last year's level, with Japan down 21.3%, and, strangely, Thailand down 13.6% and Singapore down 49.5% -- last possibly due to retooling at Thomson-Toshiba plant for new chassis (detailed figures elsewhere in this issue).

In TV, Mexico shipped almost 70% of total color, China 49% of total monochrome imports. Some 281,100 color TVs -- 38.5% of those arriving from Mexico in Jan., and almost all of the 5,000 from Canada -- came in under duty-free provisions of N. American Free Trade Agreement (NAFTA). Hong Kong and Philippines have dropped out as source countries.

In camcorders, after year of emphasis on VHS and VHS-C, 8mm made comeback in Jan., comprising 37.7% of total, up from 30.4% year earlier -- 8mm imports up 87.3%, "others" up 34%. Surge in VCPs presumably represents nonconsumer units, or misclassification in data. We're holding off on including some new color TV categories in our table pending clarification. Meanwhile, here are some figures we're more sure of for Jan., along with recap of full years 1993 and 1992:

Product	Jan. '94	Jan. '93	% Chg.	Year 1993	Year 1992	% Chg
Color TV*.....	1,146,300	839,900	+36.5	12,438,700	11,594,100	+ 7.3
Monochrome TV....	150,300	133,600	+12.5	2,288,700	2,122,800	+ 7.8
Flat-panel color.	5,800	21,200	-72.5	677,100	399,300	+69.6
VCR decks.....	1,009,300	933,300	+ 8.1	14,497,500	15,238,100	- 4.9
Camcorders.....	213,200	141,300	+50.9	3,333,800	2,863,400	+16.4
8mm.....	80,400	42,900	+87.3	1,288,700	1,220,400	+ 5.6
Other.....	131,800	98,400	+34.0	2,045,100	1,642,900	+24.5
Videocass.players	94,600	36,275	+160.7	1,063,500	630,500	+68.7
CD players.....	635,500	385,600	+64.8	8,468,400	8,888,600	- 4.7

\* Includes combinations, excludes projection TV.

**EXPANSION FINALLY SEEN IN TV GLASS:** Shortage of picture tubes, because of inadequate glass supply, is beginning to pinch color TV industry. Minor relief probably is 18 months away. Techneglas (formerly O-I/NEG) is undergoing 2nd expansion, and unnamed glass company is considering new TV glass facilities in U.S.

"We've been living from truck to truck," said official of one tube manufacturer, and it's known that many TV manufacturers have had some down time as tubes ran out. If you include soaring production of TV/VCR combos, direct-view color TV sales this year continue to equal last year's record pace (see State of the Industry) -- and probably could have been higher if not for tube and glass shortage.

Techneglas and Toshiba reported plans last week to expand glass funnel and finished tube production, respectively. Techneglas will begin this year to add production line to Columbus, O., plant to increase capacity by 3rd quarter 1995 to 13 million funnels annually from current 11.5 million, Sales & Mktg. Vp Lawrence Weaver said. He said boost in capacity, first in several years, will cost "in the tens of millions." Workers will be hired, although final figure hasn't been set, he told us. Expansion of Columbus facility follows Techneglas' plans to add panel production line to Pittston, Pa., factory by June-July 1995, which will boost capacity to 8.5-9 million annually (TVD Jan 31 p12). Techneglas also is importing glass from Europe and Far East.

Corning, only other TV glass maker selling to unaffiliated tube makers, said in Jan. it was considering expansion, hasn't announced any. Third U.S. manufacturer is Thomson, which has its own tube manufacturing facilities.

Toshiba hopes to add capacity for 100,000 more very large size (VLS) tubes with modifications at Horseheads, N.Y., plant to eliminate bottlenecks in current production on lines equipped to produce all sizes



from 27" up, company official said. That would make it possible to turn out some 400,000 VLS tubes annually, and if demand isn't sufficient for largest sizes it could add 27", which it currently doesn't make and which company's TV assembly operation buys from Thomson and Hitachi, arrangement that's not expected to change, company said.

Expansion involves sublease of additional 85,000 sq. ft. at 9-year-old plant from Imaging and Sensing Technology to accommodate \$25-million project, expected to be complete by late summer, increasing floor space to 419,000 sq. ft. and adding 50 persons to 1,230 work force. Most of work will be done during maintenance shutdown Aug. 1-12, company said. Plant has been making 19-20" and 30", 32" and 35" tubes.

Reports of glass shortage apparently have whetted appetite of at least one manufacturer, which has retained market research firm to explore possibility of building tube glass plant in N. America. Although knowledge of exploration was widespread in industry, no one had any inkling of who was sponsoring research, except that it was said to be one already in glass business.

**VIDEOGAME TRADE ASSN. DUE:** Committee that's leading effort to create videogame rating system will form basis for new trade association that could be announced formally this week. Interactive Entertainment Industry Rating System Committee (IEIRSC) is scheduled to report on its efforts to industrywide meeting at hotel near San Francisco April 6.

Session may serve as platform for announcement of first videogame trade group, although at our deadline details of name, professional staff, prospective board members, etc., still were being worked on, so formal announcement could be delayed until more solid information can be disclosed.

At meeting, IEIRSC will describe recommendations -- elaborating on testimony it gave to Senate subcommittees last month (TVD March 7 p10) -- and expects to receive "additional input and comments" from industry before proceeding, spokesman said. Among expected points of contention are IEIRSC's recommendation of modified "prior review" system that would call for publishers to submit samples of their games to ratings board before taking them to market.

Hal Josephson, 3DO dir.-industry relations and its representative on IEIRSC, said that he doesn't think "a prior review system will fly industrywide," adding that he had pushed for "more limited registered disclosure." Kenneth Wasch, exec. dir. of Software Publishers Assn. (SPA), which had offered plan at Consumer Electronics Show built on registered disclosure (which would involve publishers' submitting affidavits as to their programs' content, but not programs themselves), said SPA membership had given clear indication of its concerns over last several weeks. He said SPA members "do not believe in a prior review system" and feel that software industry at large "has been caught up in a problem that isn't theirs," but rather that of videogame makers. "Because of 2 products -- Night Trap and Mortal Kombat -- a whole industry is supposed to spend millions of dollars rating itself?" he asked.

Wasch also said educational products should be exempted from system, although he acknowledged gray area surrounding "edutainment" could be difficult to navigate. IEIRSC spokesman said issue would be addressed. Wasch said SPA membership wants to work with videogame companies on common set of icons, but conceded that if industries adopt different systems, common symbols might be impractical. Spokesman for International Multimedia Assn., which will attend this week's meeting, expressed many of same concerns, also raising issue of how quickly multiple format versions of same title would be rated.

**TCE THREATENS JOB MOVES:** Even as it was hailing return to operating profit (TVD March 28 p12), Thomson Consumer Electronics (TCE) was asking concessions from IBEW in Ind. to keep it from moving some operations out of state.

Company said changes were necessary in light of \$171-million loss last year. Spokesman told us request to union was in line with Chmn. Alain Prestat's statement that TCE must continue to improve its cost structure in overhead and operation.

TCE Operations Exec. Vp John Neville told union that company is "prepared, if necessary, to relocate" assembly of 31" and 35" TVs, now made in Bloomington, along with associated plastics operation in Indianapolis, elsewhere in U.S. Move "would allow Thomson to establish wage and benefit rates at or below the industry average, along with more efficient work practices to improve productivity," he said. Company said average hourly wage for its U.S. workers is \$18.48, compared with its competitors' \$12.87.

Although IBEW contract doesn't expire until April 1995, Neville said "it is critical that we address, as soon as possible, those areas where the company is clearly not competitive." He described those as "wages, benefits, work practices and overhead costs." TCE employs nearly 5,000 in Ind., about half of its U.S. work force; 1,400 reportedly are covered by IBEW contract. To reopen contract now would require membership approval, union official said.

Thomson didn't say where it would move big screen assembly operations if it didn't get concessions. Company's warning of possible relocation is reminiscent of Philips' reported threat to move Greeneville, Tenn., TV assembly operations to Mexico (TVD Aug 3/92 p14) and Zenith's union concessions that kept TV assembly in Springfield, at least for a time.

New Philips labor pact in 1992 resulted in 2-tier pay system, involving incentive system for existing workers, lower wage scale for new hires and seasonal employees. At the time, Philips hailed contract as reflecting "unified effort to retain jobs in the U.S.A."

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 103 yen = \$1, except where noted.



**NEWLEAF VIDEOGAME DOWNLOADING:** Blockbuster Technology Vp Robert Carberry said technology, not intellectual property rights issues, guided decision to begin electronic delivery project with videogames instead of prerecorded music (TVD March 28 p13).

Elaborating on presentation by Antonio Romero, CEO of NewLeaf (IBM-Blockbuster joint venture) at National Assn. of Recording Merchandisers (NARM) convention (TVD March 28 p13), Carberry pointed out that cartridge-based games include significantly less data than do audio CDs -- megabytes rather than gigabytes. "When you look at the speed and capacity" of telecommunications system commonly available in a retail store," beginning with smallest data streams makes most sense, he said.

Most commonly, he said, telecommunications service into retail outlet would be through 9600-baud modem with longlines data rate of T1 (1.5 Mbps). First test, Carberry said, won't involve actual game software or cartridges, but will use equivalent amounts of data that include some graphics and simple sound to test concept. Testing of actual games would require agreements with publishers and platform providers.

Blockbuster has been talking to videogame companies, Carberry confirmed, but he declined further comment. Nintendo of America Chmn. Howard Lincoln acknowledged company has "had discussions with NewLeaf, but we haven't finalized or entered into any agreements" with it. He said Nintendo has "not made any decision about whether to participate either in a test or after a test," although he predicted decision would come "within the next several weeks."

Carberry would say only that he expects agreements by year-end. Sega declined comment on NewLeaf. One major 3rd party software publisher acknowledged "some preliminary discussions" with Blockbuster on electronic delivery.

Unlike other videogame electronic delivery plans that have been floated over years -- such as one from Romox in mid-1980s that would have involved downloading onto EPROMS -- NewLeaf system would write videogames onto flash memory. Carberry said density of flash memory "continues to go up at ratios common in the computer business" and economies of scale will advance to point that "we can now look at doing it for cartridges."

As we reported, Romero stressed at NARM that system would complement, not threaten, existing wholesale channels, functioning as just-in-time manufacturing system for retailers to improve customer service, as inventory replenishment system for stores to fine-tune selection or copy depth, or as "minimill" for wholesale distributors to use in servicing their retail customers.

Pointing to classic "80-20" rule of retail (which holds that 80% of business is done with 20% of SKUs), Carberry painted picture of computer in kiosk reviewing preceding day's sales and automatically downloading most popular programs into "kind of a local buffer" so they're available for duplication in "less than a minute" when ordered, rather than having to be summoned over phone lines each time customer wants them. Latter process would lead to duplication time of up to 3 min. for typical game. Key, he said, is to design shopping experience so downloading time is virtually transparent to consumer.

**EXCLUSIVE SOFTWARE FOR NINTENDO:** Two software pacts announced last week by Nintendo for 64-bit Project Reality (PR) system are aimed at recreating classic success model -- locking up compelling programs for availability only on single platform to drive hardware sales. "It's extremely important that we develop games that are unique to the Nintendo Project Reality platform," said Nintendo of America (NOA) Chmn. Howard Lincoln, calling goal "one of the keys to the successful launch of any system."

Most attention was drawn by agreements granting WMS Industries "long-term worldwide license" to create and distribute arcade games based on PR technology, which then would be marketed for home system by Williams/Nintendo Inc., new venture of NOA and WMS. First arcade games would appear next year under WMS's Midway brand -- same one it used for arcade versions of such megahits as Mortal Kombat and NBA Jam, whose home versions have been major successes for Acclaim Entertainment. Latter's 5-year deal guaranteeing it right of first refusal for home rights to WMS's properties expired in March -- fact that contributed to 29% plunge in Acclaim's stock March 30 after deal was announced, although it recovered somewhat next day from what several market watchers called overreaction.

WMS also plans later this year to distribute first arcade game based on PR technology -- Killer Instinct, to be developed by Rare Ltd. and Rare Coin-It Toys & Games. Under "exclusive development agreement" covering "series" of games, Nintendo has exclusive rights for home version, which it expects to market for PR when it's launched in 1995. Rare Ltd. is developer of Battletoads software series.

Lincoln positioned WMS deal as "a big vote of confidence" in PR, saying its technicians "really have evaluated and taken a careful look" at variety of platforms and chose to "put their money on the PR technology." Nicastro said company had looked at Sony, Sega and Atari technologies and "determined that the Nintendo Project Reality system is... significantly superior to anything anyone else is anticipating bringing to market."

Both executives conceded pact doesn't preclude WMS from manufacturing arcade games based on other platforms -- point stressed by Sega of America (SOA) executives in downplaying significance of Nintendo's announcement. Paul Rioux, SOA exec. vp-finance, administration and operations, said Sega "has been negotiating with them [WMS] for some time to do arcade games based on the SH chip" at heart of Sega's forthcoming Saturn and Mars 32-bit products. Similarly, Rare Coin-It Pres. Joel Hochberg said its agreement with Nintendo "doesn't restrict us from doing anything for anyone else," although arcade games developed on PR system "will be exclusive to Nintendo."

Lincoln said NOA will try to foster synergy between arcade and home by developing logo or other indicator to signal arcade players that PR games use unique operating system -- with logo carried over to marketing efforts for home console when it's released. Logo won't use "Project Reality" name, which Lincoln called "code name that describes the technology" for now.

Consumer Intentions to buy TV sets dropped in March to 6.4% (preliminary) from 12-month high of 8.5% (revised) in Feb., Conference Board said. However, March 1994 figure was well above 5.8% of March 1993. Survey indicated buying intentions within next 6 months. Board's Consumer Confidence Index rose almost 7 points to 86.7%, highest since July 1990 and 26 points above figure for last Oct.



**JAPAN FALLS TO No. 2 IN VCR:** For first time in any month, Japan dropped to 2nd place in VCR deck shipments to U.S. in Jan. Malaysia rose to first spot, leapfrogging Korea, traditionally 2nd in VCRs. In color TV, Mexico supplied almost 70% of Jan. imports, while China shipped 49% of all monochrome sets imported. From Commerce Dept., here's summary of VCR and TV imports by country of origin for Jan. and for full year 1993:

## VCR Decks

	Jan. 1994	% Chg.	Year 1993	% Chg.
<b>TOTAL.....</b>	<b>1,009,300</b>	<b>+ 8.1</b>	<b>14,497,500</b>	<b>- 4.9</b>
Japan.....	235,100	-21.3	4,380,900	-23.6
Korea.....	191,700	- 4.1	3,511,900	+ 1.5
Malaysia..	270,300	+34.1	3,035,900	+18.9
Indonesia..	144,300	+97.8	1,586,500	+62.8
Thailand..	71,900	-13.6	782,900	-55.5
Singapore..	33,700	-49.5	736,100	+42.2
China.....	55,300	*	360,300	*
Taiwan....	6,000	+10.6	165,600	-22.0
Hong Kong..	0	--	7,500	+111.7

## TV Sets

<b>TOTAL.....</b>	<b>1,296,600</b>	<b>+33.2</b>	<b>14,884,400</b>	<b>+ 8.5</b>
color....	1,146,300	+36.5	12,595,700	+ 8.6
b&w.....	150,300	+12.5	2,288,700	+ 7.8
<b>Mexico</b>				
color....	729,700	+52.9	8,077,900	+14.2
<b>China</b>				
total....	111,300	+10.7	2,086,100	+30.4
color....	37,700	-30.9	719,200	-16.0
b&w.....	73,700	+103.7	1,366,900	+83.7
<b>Malaysia</b>				
total....	167,200	+40.8	1,442,900	+14.0
color....	151,300	+46.9	1,257,300	+19.3
b&w.....	15,900	+ 1.2	185,700	-12.0
<b>Thailand</b>				
total....	143,100	+85.9	1,418,900	+15.0
color....	142,100	+95.2	1,406,950	+14.2
b&w.....	1,000	-76.4	11,900	+912.3
<b>Korea</b>				
total....	31,500	-60.8	584,800	-53.1
color....	16,300	-59.7	364,000	-51.4
b&w.....	15,200	-62.0	220,900	-55.7
<b>Taiwan</b>				
total....	37,700	+62.2	418,600	-31.3
color....	1,600	-59.7	86,700	-43.3
b&w.....	36,100	+103.7	331,900	-27.5
<b>Japan</b>				
total....	32,700	- 4.0	356,100	- 1.1
color....	26,100	+16.0	249,100	+ 9.5
b&w.....	6,600	-40.9	106,900	-14.3
<b>Singapore</b>				
color....	33,200	+ 4.9	247,700	-58.2
<b>Hong Kong</b>				
total....	20	--	106,000	-50.6
color....	20	--	61,400	-64.4
b&w.....	0	--	44,700	- 5.3
<b>Canada</b>				
color....	5,000	+ 1.3	71,900	-25.2
<b>Philippines</b>				
color....	140	-98.1	36,600	-65.2

\*No significant shipments preceding year.

Note: Figures for color and b&w TV include kits.  
Some totals may not add due to rounding.

**'WONDER SCREEN' COMING HERE?** British electronics magazines are agog over new "wonder screen" that Practical Electronics says "will make the TV set obsolete." Another British publication, Virtual Reality News, says that Durand Ltd. of U.K. and Nashua Corp. of U.S. have formed joint venture to manufacture and commercialize system. Both articles are uncritical.

System's inventor, William Johnson, told us report of joint venture was "100% correct" and that Nashua and Durand agreed on statement printed in Virtual Reality News. However, Nashua spokesman Dan Junius said statement "goes beyond the reality of where this [agreement] is at this point." He said only agreement involves "exclusive period during which Nashua will determine" whether to market or manufacture system.

Johnson described his "Microsharp" as 2-part system -- projector with built-in depixelator and special screen to hang on wall, although rear projection system also is possible. Screen has built-in microlenses and is claimed to be "98% efficient" even at viewing angles of up to 75°. Johnson said projector can be mounted off-axis -- in corner of room, for example -- with no distortion on screen. He said system is protected by patents.

Meanwhile, in N.Y., Projectavision, which claims basic patents on depixelation and on optical high-brightness systems, is demonstrating latest version of its rear projection system to TV manufacturers. Inventor Eugene Dolgoff said system, which uses only some of Projectavision's brightness enhancement developments, is 4 times brighter than Sharp's single-LCD system. Both systems use same 3.6" LCD, he said. As we viewed demonstration last week, picture was extremely bright and viewing angle was exceptionally wide, with no apparent falloff in brightness.

\* \* \* \* \*

**Flat Panel Display Co. (FPD)**, Philips-Thomson joint venture in Eindhoven, is offering new type of active matrix LCD claimed to be brighter, easier to manufacture and, to limited degree, self-repairing. Secret is use of diodes instead of transistors normally bonded to glass plate of traditional TFT displays. FPD's "TFD" (thin film diode) displays produce about 10% more light because diodes are smaller than transistors, so block less light. Those diodes are easier to make because their alignment is less critical than that of transistors. Liquid crystal material is "self-healing" in that if it passes too much current in one spot, electrical resistance increases to reduce current.

So far, LCDs are being offered only in monochrome version, with 256 shades of gray. Prototype high-definition color LCD projector has been built with more than million pixels. Monochrome version is offered in 9.5" size with 307,200 pixels in high-brightness, high-contrast version with paper white background for portable computers.

Samsung announced partnership with USA Video to develop set-top device for interactive services, including video-on-demand and video yellow Pages, first for Bell Atlantic Video Dial Tone (VDT) tests.

Sony plans to cut number of divisions and departments to 450 from 580, company said in announcing appointment of new senior officers, reported here in Jan. (TVD Jan 24 p13).

Circuit City has filed plans to build 2nd Carmax used car dealership on 31 acres near Norcross, Ga. It would carry 1,200-1,500 cars.



**MW COMPLETES LECHMERE DEAL:** Montgomery Ward (MW) completed purchase of Lechmere last week, giving Midwest-based retailer access to New England market.

MW, which reported acquisition in Feb. (TVD Feb 7 p12), paid \$100 million and assumed \$106 million debt. It also may pay up to \$20 million cash and 400,000 MW shares of common, based on Lechmere's performance during fiscal year that began March 1. Lechmere will operate as separate div.

"It appears that banks were pressing [Lechmere] and that Ward's came in and pulled them out," said industry observer when told of debt Ward assumes. "You also can't run it as a separate operation. Maybe for 6 months you can, but beyond that there's no economics in it."

MW moved quickly to restructure management. MW Vice Chmn. Richard Bergel was named Lechmere chmn.-CEO, replacing Kent Flummerfelt, who resigned. Flummerfelt, former Sears national mdse. mgr. for electronics, was among those who joined management-led leveraged buyout of Lechmere from Dayton-Hudson in 1989.

Another former Sears exec., Lechmere Exec. Vp-Mktg. Martin Hanaka, who joined chain after 20 years at Sears, was promoted to pres.-COO. Hanaka's and Bergel's former posts remain open, are expected to be filled, MW spokeswoman said.

Flummerfelt said he declined "significant" post with MW in Chicago and has no immediate plans. Bergel spent entire career at MW, starting in 1959 in Catalog Div., eventually rising to vice chmn. in 1993. "There is a significant benefit for both companies in the relationship," Flummerfelt said. "We're very strong in high-transaction businesses like consumer electronics, photography, music and video. So there are some areas they can leverage off us and we'll certainly be able to leverage off them."

Long entrenched in Boston, Lechmere made foray south in 1980s, but retreated amid store closings after failing to reach "critical mass" needed to make expansion profitable, Flummerfelt said. More recently, Circuit City's move into Boston cut into Lechmere sales. Chain scrapped 2 proposed public stock offerings in 1993 when they failed to attract enough support.

To expand business, both MW and Lechmere are launching similar prototypes this year. MW has said it will open 6 Electric Ave. and More stores in secondary markets, while Lechmere reportedly plans 3 Home Zone outlets in Conn. Both concepts put greater emphasis on consumer electronics.

At week's end, NATM Exec. Dir. Saul Gold said he expected Lechmere, original member of buying group, to submit resignation this week. Flummerfelt's position as NATM vp isn't expected to be filled before summer.

**Digital & Applied Imaging** is new worldwide business unit formed by Eastman Kodak, at first covering existing applied imaging, CD imaging, printer products and Equipment & Software Platform Center operations. As expected (TVD March 21 p18), Kodak is seeking permanent gen. mgr. for operation from outside company. Chmn.-Pres. George Fisher called announcement "first step in our strategy to move the Kodak brand into the electronics world."

**SHAREHOLDERS SUE ROBERDS:** Shareholders have sued Roberds charging retailer "falsely portrayed" itself as immune to consumer electronics (CE) price wars and didn't disclose that costs of opening new Fla. store would cut into 4th-quarter profits. Suits, most recent of which was filed March 25 in U.S. Dist. Court, Dayton, also said 16-store chain didn't tell shareholders that change in its charge card program would lower profits.

In opening Seminole, Fla., store in Nov., retailer didn't tell shareholders that price cutting and promotions tied to new store would cut 4th-quarter profit projections, suit said. Instead, chain said "diverse" product mix would offset price competition, according to suit filed by Edward Slate, who bought 100 shares in Feb.

Roberds reported lower 4th-quarter earnings Feb. 28, saying that changes in billing for credit card program and high inventories reduced profits. Stock dropped to \$8.75 from \$13. Roberds Gen. Counsel-CFO Robert Wilson declined comment on suits.

Court action is first since W. Carrollton, O., chain went public with 2.7 million shares in Nov. (TVD Nov 8 p14).

Roberds faces intense competition from Circuit City. Northern Ohio retailer and fellow NATM member Sun TV also recently reported plans to enter Dayton-Cincinnati.

**Final dumping margins on color TVs from Korea,** based on shipments in year ended March 31, 1992: Daewoo 1.23%, GoldStar 0%, Sanwon 0.53%, Samsung 0.37%, Quantronics 3.63%, Cosmos 16.57%, Tangkook 16.57%. Margins on Quantronics and Samsung are unchanged from preceding year because they shipped no sets here in year under examination. Cosmos and Tangkook were assessed maximum penalties because they didn't respond to Commerce Dept. inquiry. New antidumping duties go into effect immediately. Significance of duties is reduced considerably since Korean manufacturers now are making their sets elsewhere for U.S. market. Only 364,000 color sets were imported to U.S. from there last year, representing less than 3% of total color imports (TVD Feb 28 p15).

**Laserdisc sales in 1993 increased 4.7% over 1992,** survey by Laser Disc Assn. (LDA) reported. LDA credited strong 4th-quarter results for increase. Retail dollar volume in 4th quarter was 4.8% higher than 3rd and almost 12% higher than first. Average unit price in 4th quarter was 8% higher than in first. Total sales for 1993 as reported by LDA members were 6,979,966 units, \$267,470,304 at retail, up from \$255,463,510 in 1992. Survey participants included BMG Video, Columbia TriStar, FoxVideo, Home Vision, Image, Laser Disc Entertainment, LumiVision, MCA, Pioneer, PolyGram, Reference Recordings, Republic, Sony, Warner, WEA.

**Toshiba is shipping 2 models of new high-performance VCRs.** Both have new chassis, and higher priced model (\$550) has 6 video heads and flying preamp design claimed to deliver picture quality in EP mode "virtually indistinguishable" from that of SP. Flying preamp is located inside video head cylinder, claimed to eliminate video noise. Two additional heads are used for EP recording and playback to eliminate intertrack overlap. New LSI chassis has self-diagnostic trouble-shooting system. New decks come with universal remote. First 2 models being shipped are \$450 and \$550, with others scheduled for 3rd quarter.



**NEW FM DATA SYSTEM:** Sanyo and NHK Engineering Service (NHK-ES) announced joint development of decoder LSIs for mobile FM multiplex broadcasting, saying they plan to start sample shipments this month.

Chipsets are based on Data Radio Channel (DARC) technology, patented by NHK-ES. Two-chip decoder LSIs will be shipped at sample price of about \$47. Sanyo said it plans to make 100,000 chipsets by end of 1995.

System espoused by NHK-ES and Sanyo ultimately will be capable of transmitting traffic information, video data and other signals at rate of 16 kbps over 76-kHz FM subcarrier, compared with 10.18-kbps speed of U.S.-standard Radio Data Best. System (RBDS), which operates at 57 kHz.

Sanyo and NHK-ES see growing availability of DARC services, and with decoder LSIs they will find their way into variety of product applications, including portable radios, car audio systems, navigation systems. Sanyo LSI Div. Mgr. Takeshi Arai said virtually all Japanese audio manufacturers have inquired about sample LSIs for DARC R&D. Japanese sources say groundswell of interest has convinced Oki to enter DARC LSI business.

DARC technology already has attracted some interest stateside. On Jan. 31, Digital D.J. (DDJ), San Jose, announced development of DARC receiver built jointly with Sanyo and Sharp. DDJ showed receiver at NAB convention in Las Vegas and said it would start field trials in July in Cal., with possible participation of other audio companies, and hopes to start commercial business in U.S. next year. NHK presented paper on subject at NAB Best. Engineering Conference.

DARC is one of several high-speed data technologies to surface since late Dec., when subgroup of EIA-NAB National Radio Systems Committee (NRSC) issued call for proposals for FM-based high-speed data subcarrier standards that NAB said would provide country's 6,000 FM stations with "a unique opportunity to serve as a mobile link for future users of the super information highway."

Subgroup said then that new standard would be made compatible with that of U.S.-based RBDS and "should provide broadcasters, equipment makers and data service providers with a transparent data pipeline" suitable for broadcasting to fixed and mobile receivers, including car radios and handheld devices. One potential use envisioned would be relaying of real-time traffic information to cars equipped with data broadcast receivers.

Software Toolworks (ST), major CD-ROM and videogame publisher, entered "definitive merger agreement" to be acquired by Pearson Inc., U.S. holding company for London-based Pearson PLC media group, in deal valued at \$462 million. Pearson said it would begin tender offer for all Software Toolworks shares at \$14.75 per share in cash, remaining open for 20 business days, conditional on more than 50% of shares' being tendered. ST board has approved merger offer. Pearson Chmn.-CEO Michael Blakenham said bid "marks a substantial investment in our strategy to build Pearson into a major international provider of media content." ST Chmn. Robert Lloyd praised Pearson's "successful track record of working well with creative development groups." Pearson-ST deal comes only month after Electronic Arts and Broderbund reached merger agreement, and amid reports that Virgin Interactive has delayed initial public offering because of possible offers from one or more potential corporate buyers.

**CAMPO ELECTRONICS EXPANDING:** Campo Electronics, seeking to continue expansion throughout South, has filed for 1.5-million-share offer. Campo said offer -- its 2nd since going public in Feb. 1993 -- is expected to raise \$20 million to fund opening of 4-5 stores this year in existing markets and 6-10 in new areas in fiscal 1995.

Plans this year include adding Campo Concept outlets in Birmingham and Tuscaloosa, and Lafayette, La. New stores will start in June replacing former Shreveport Refrigeration Inc. (SRI) outlets, which Campo acquired last July. Two former SRI stores will be replaced with single Campo Concept location. All 8 SRI stores will be succeeded by Campo Concept outlets within 2 years. Campo Concept stores were opened in 1991 as means of broadening stocks by combining inventories of other locations. Company operates 20 stores in La., Miss., Tex.

In 6 months ended Feb. 28, net income rose to \$3.3 million from \$1 million on 120% gain in sales to \$97.7 million. Same-store sales gained 19.9%. TV/video accounted for 35.4% of net sales, major appliances 20.1%, home audio 12.8%, computers/home office 12.5%. Top-selling audiovideo brands were Panasonic, RCA and Sony. JVC, Sharp and Sony headed sales of portable audio and personal electronics. Largest supplier accounted for 17.5% of net sales and 5 New Orleans stores did 27% of Campo's business.

Spokesman for Tribune Co., parent of Compton's NewMedia, said at our deadline that it's "still digesting" initial determination by U.S. Patent & Trademark Office (PTO) examiner rejecting all claims of controversial patent 5,241,671 that had been awarded to Compton last Aug. (TVD March 28 p11). Tribune and Encyclopaedia Britannica, co-holders of patent, have until May 23 to file response to decision, which doesn't overturn or invalidate patent. Rejection was based on several patents submitted as evidence of prior art that "preclude validity" of claims in Compton's patent, said Interactive Multimedia Association (IMA) in hailing action. IMA statement crowing that patent had been "rejected" apparently was picked up by much of news media, which led PTO to clarify its action in news release stressing it had issued "initial determination," but "reexamination procedures permit Compton to respond... within 2 months."

First multimode video decoder chip is claimed by C-Cube, which last week announced CL9100, RISC-based IC designed to decode 4 video compression algorithms -- MPEG-2 simple profile and main profile, DigiCipher II, MPEG-1. It supports all standards, including NTSC, PAL and film and lets cable box manufacturers use single chip to implement most widely accepted compression systems, C-Cube said. Sample quantities will be available in 2nd quarter, with volume purchase pricing to be \$35 each for CL9100 and for companion CL9110 transport layer demultiplexer chip.

Revocation of antidumping duty orders on portable electric typewriters and personal word processors from Japan has been proposed by Commerce Dept.'s International Trade Administration at request of Smith Corona as result of truce in its 14-year trade battle with Brother (TVD Feb 14 p16).

Sony will produce 4.7 million color TVs in N. America in 1994, 3 million in Japan, 2.7 million in U.K. and 2.4 million in Malaysia, company is quoted as saying in Dempa Shimbun. Malaysia plant produced 1.8 million last year.



## Consumer Electronics Personals

EIA Consumer Electronics Group Chmn. **Jerry Kalov** adds title of vice chmn. of parent EIA, succeeding **Clifford Tuttle**, who becomes EIA chmn. April 25 with departure of **Matthew Flanigan** to become full-time pres. of Telecommunications Industry Assn... **James Sanduski**, ex-Sony mktg. mgr. for 8mm Video Group, joins Samsung as national mktg. mgr., consumer video products... **John Taylor**, veteran Zenith PR dir., promoted to vp, public affairs and communications; **Ilene Gordon**, Tenneco executive, nominated to Zenith board to fill seat vacated by death in July of **Ralph Guthrie**

Toshiba veteran **Tohru (Ike) Uchiike** returning to Japan to accept undisclosed post with Tokyo parent company following 15-year stint in U.S., recently as senior vp-mktg. and product management, Toshiba America Consumer Products... **Gerald Laues** promoted to Cobra Electronics vp-finance and nominated to seat on board... **Gary Schwartz**, ex-Sharp and Royal Consumer Business Products, named exec. vp-gen. mgr., Franklin Electronic Publishers Consumer Div.

**Richard Pardo**, ex-Swellwear, appointed 47th St. Photo chief financial officer, new post... **Richard Bergel**, Montgomery Ward (MW) vice chmn., named Lechmere chmn.-CEO, replacing **Kenneth Flummerfelt**, resigned, following completion of MW's purchase of Lechmere (see report, this issue); **Martin Hanaka** advanced to Lechmere pres.-COO from exec. vp... Promoted to divisional mdse. mgrs., Nobody Beats the Wiz, N.Y.: **Michael Wan** for audio and mobile and personal electronics; **James O'Neil** for TV, VCRs, camcorders and photography; **Vp Stewart Mitchell** for computers, home office, home entertainment, cellular and seasonal products; **Douglas Shatz** shifts to buyer for TV and video products.

**Don Rosenberg**, ex-VSDA, joins Video Store Magazine as publisher... **Jeff Jenest** named senior vp-new business development, Playboy Entertainment Group; **William Asher** appointed planning mgr... **Dena Wholey** promoted to vp-mktg., Republic Pictures Home Entertainment Group... **Rochelle Smith** named mktg. mgr. for domestic home video, Turner Home Entertainment... **Gina Gilardi**, ex-Epic Productions, joins LIVE Home Video as exec. creative dir... Promotions at New Line Home Video: **Stephanie Sigel** to asst. mktg. mgr., **Josh Lobis** to mktg. coordinator... Appointments at Hemdale Home Video: **Robin Tsuboi**, ex-Paramount Home Video, as mgr.-inside sales dept.; **Pat McDonough** promoted to dir.-sales; **Jeff Jackson**, ex-Ingram, southeastern regional sales mgr.; **Marty Dattilo**, ex-ETD, southwestern regional sales mgr.; **Robert Scharf** pres., Hemdale Music.

**Ads & Promotions:** Singer **Johnny Cash** will spread word about **Franklin Electronics'** Holy Bible electronic book through cable TV ads starting May 1 under one-year deal. Bible will be promoted in 30-sec. ads that provide retail store listings and 60-sec. direct response spots... Sony will sponsor Turner Bestg.'s 1994 Goodwill Games July 23- Aug. 7. Consumer Electronics Group will air 30-sec. TV ads during Games, and Recording Media Products Div. will be exclusive provider of recording media... **Rayovac** will launch print ad campaign for rechargeable alkaline batteries in late May with free-standing insert in newspapers. Insert, tied to company's sponsorship of **Michael Andretti's** car in Indianapolis 500, offers \$5 mail-in rebate on purchase of chargers (\$15-\$30) and \$10 on charger and battery 3-packs (\$30-\$45).

## 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
Atari			
1993-year to Dec. 31	28,805,000	(48,867,000)	--a
1992-year to Dec. 31	127,340,000	(73,615,000)	--a
1993-qtr. to Dec. 31	8,525,000	(22,573,000)	--a
1992-qtr. to Dec. 31	25,467,000	(21,901,000)	--
Commodore International			
1993-6 mo. to Dec. 31	152,700,000	(17,900,000)	--
1992-6 mo. to Dec. 31	396,300,000	(96,000,000)	--
1993-qtr. to Dec. 31	70,100,000	(8,200,000)	--
1992-qtr. to Dec. 31	237,700,000	(77,200,000)	--
Falcon Cable Systems			
1993-year to Dec. 31	53,742,000	(5,497,700)	--
1992-year to Dec. 31	50,616,000	(8,956,000)	--
1993-qtr. to Dec. 31	13,297,300	(1,386,700)	--
1992-qtr. to Dec. 31	12,848,300	(2,697,400)	--
International Family Entertainment			
1993-year to Dec. 31	208,216,000	(34,794,000)	--a
1992-year to Dec. 31	133,301,000	18,348,000	.70b
1993-qtr. to Dec. 31	56,721,000	(51,459,000)	--a
1992-qtr. to Dec. 31	36,723,000	3,898,000	.14b
Tele-Communications			
1993-year to Dec. 31	4,153,000,000	(7,000,000)	--
1992-year to Dec. 31	3,574,000,000	(8,000,000)	--b

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

**JVC** is forsaking "Japanese style management," according to one observer, in its announcement that it plans to obtain ISO 9000 certification for all its divisions by year-end. Certification indicates all quality management requirements of International Organization for Standardization (ISO) are being carried out. JVC said certification has become important trade requirement for Europe since unification. Ten of its 14 business units already have acquired certification and all overseas video production operations are scheduled to do so this year. Japanese management style eschews spelled-out regulation, emphasizes unwritten consensus agreement.

**MTC Electronic Technologies** Chmn.-Pres. **Miko Leong** and his brother, Secy. **Sit Wa Leong**, have been asked to resign pending inquiry into financial dealings between Chmn. Leong and "persons connected with the company," according to announcement from company's Hong Kong hq as reported by Wall St. Journal. Company, whose N. American hq is in Richmond, B.C., Canada, is source of TVs and other consumer electronics products under MTC and Videosonic brands.

**Chinese state-owned** businesses would be targets for trade sanctions, losing most-favored-nation status, but private businesses would be spared, according to policy being considered by U.S. govt., Asst. Secy. of State **Winston Lord** said last week. That would satisfy need for action if China doesn't improve human rights record while not hurting businesses owned by U.S., Hong Kong or Taiwan interests, he said.

**Philips** has transferred ownership of its passive components operation in Korea to local investment syndicate, which will operate it under name of **Pilkor** and will distribute Pilkor products outside of Korea.

**Remington Products**, will enter rechargeable market this spring with AA alkaline charger at \$24.99. Charger, sourced from 3rd-party supplier, is designed to handle all AA brands.



# TELEVISION DIGEST®

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

With Consumer Electronics

APRIL 11, 1994

## SUMMARY-INDEX OF WEEK'S NEWS

VOL. 34, NO. 15

### Broadcast - Cable

**RATE IMPACT UNDETERMINED:** Cable operators weeks from understanding effect on bottom line. Computer, delivery problems cited. Cities and operators facing off in rate disputes. (P. 1)

**CITIES DEFEND ROLE** in handling cable franchises, fear limitation in legislation. Post-markup issue arises on HR-3636. (P. 2)

**PTV CONSOLIDATING:** Dozen public broadcasters, mainly TV, working on deals, most in early stages. CPB considering offering financial incentives. (P. 4)

**SWB-COX DEAL DIES:** Telco and MSO blame cable rate rules, prospects for future regulation. FCC heatedly denies responsibility. Agency accused of 'blowing up the bridges' on information highway. (P. 4)

**COMPATIBILITY RULES SET** for cable and consumer electronics. FCC hits scrambling, mandates remote control compatibility. Many of tough decisions are delayed. (P. 5)

**FEE RULES OPPOSED:** Broadcasters and cable trying to convince agency to lower regulatory fees. NAB calls them unfair to radio; cable says they're unfair to cable. (P. 5)

**TCI CENTER UNVEILED:** \$100-million facility called first step to digital. MSO announces several deals with other MSOs. More in pipeline. (P. 6)

**CABLE RATE IMPACT UNDETERMINED:** It's likely to be weeks before cable operators know what actual impact last set of cable rate rules (TVD April 4 p1) will have on their bottom line, they said. Problems have been compounded by delays in getting copies of rules themselves, as well as fact that FCC provided first consumer software designed to ease rate calculations in language that most operators can't use. "I think most operators are incapable of understanding" rate rules, CATA Pres. Stephen Effros said.

Comcast Chief Financial Officer Julian Brodsky said: "It's a real bear. With all the variables, we're still struggling. It will be weeks, if not longer, before people figure out what it really means." Brodsky said it appeared that results would vary widely from system to system, even within same MSO, so it wasn't possible to generalize from handful of systems. "I can't believe anyone knows anything yet," Coaxial Communications spokesman said. "If they tell you they do, they're talking with partial information. We're not even close."

Computer language used on FCC-distributed spreadsheets was problem, NCTA official said. First computer discs were in Excel for Windows, but most cable operators use Lotus 1-2-3. Commission said it's working to provide spreadsheets in other commercial software formats, including Lotus, QuattroPro and

### Consumer Electronics

**FCC STEPS INTO SQUABBLE** over cable/consumer electronics interface, warning engineers it will dictate standard in 90 days, as it issues new rules. (P. 10)

**TV ENERGY REDUCTION** proposal by U.S. would violate closed-caption and cable laws, freeze sets at 1987 level, cause more energy use, EIA testifies. (P. 11)

**JAPANESE CAMCORDER** shipments to U.S. up 28% in year's first 2 months despite climbing inventories. Average prices down sharply in Feb. (P. 11)

**VIDEOGAME TRADE GROUP FORMED** with 12 charter members, headed by Acclaim, Electronic Arts, Nintendo, Sega. Progress on rating system continues. (P. 12)

**CAMCORDER INVENTORIES** unbalanced, with full-size models still in short supply, representing 19.5% of stock while aggregating 26.3% of 1994 sales. (P. 13)

**SONY CUTS 'SNAP' CAMCORDER** \$200, lowering retail to \$799 from \$999 just 7 months after introducing first LCD combination model. (P. 13)

**REFLECTIVE LCD** from Sharp requires no backlighting and uses 1/30 power of conventional version. (P. 13)

**TANDY AIMS FOR \$15 BILLION SALES** by 1998 as it expands Incredible Universe and Computer City chains and revamps Radio Shack. (P. 14)



Excel for Macintosh. Cable operators can get package of new rate regulation forms, including one to ask for additional information to fill out forms, by calling 202-416-0919.

Meanwhile, disagreements between franchise authorities and cable operators on rate benchmarks are emerging. Both sides are trying to calculate FCC rate formulas, usually with different results. Local govts. are under pressure from constituents to justify costly benchmark reviews, often contracted to consultants, and operators see similar urgency in finding ways to minimize hit.

Comcast with 61,940 subscribers in Tallahassee charged that its franchiser's rate rollback order was "arbitrary, capricious and in violation of federal law." Company requested stay of City Council's order for rate cuts and refunds. Comcast Pres. Thomas Baxter told FCC that city's discretion to "resolve questions or ambiguities" in benchmarks had been abused and called on Commission to take action when franchisers "fabricate numbers, disregard the record, ignore the FCC's rules and refuse to correct obvious mathematical errors."

Rate disputes range from pennies to dollars. W. Hollywood and Beverly Hills, Cal., ordered Century Communications (155,000 subscribers) to cut rates to \$20.36 and \$22.40, respectively, from \$24.08, and directed company to give refunds retroactive to Sept. 1. Cities also deemed Century's a la carte offerings a form of rate evasion and filed FCC complaint. Money wasn't issue for Burnsville-Eagan Cable Commission (BECC) in Roseville, Minn., said Michael Reardon, Burnsville cable administrator. Despite discrepancy of only 5¢, BECC ordered 104,248-subscriber Meredith Cable (jointly owned by New Heritage Assoc. and Continental Cablevision) to drop basic rates to \$8 from \$8.05 and reduce service fee to \$15.25 per hour from \$16.49. Pressure to act was compounded by \$5,000 bill BECC received from consultant Kenneth Muellerleile to review Meredith's calculations.

Other notable battlegrounds include: (1) N.J. -- Office of Cable TV, sole regulator for state, filed rate complaints against 42 systems. (2) Tex. -- Austin Financial Service Dept. recommended that city order Time Warner (TW) (178,000 subscribers) to cut installation charge to \$10.30 from \$40 and basic rate to \$9.10 from \$10. TW, which called order "absurd," was expected to appeal. (3) Wis. -- TW said it would appeal March 25 ruling of U.S. Dist. Court, Madison, to allow state to continue suit against TW that alleges company enacted "negative option" billing after Sept. 1. TW has denied charge.

**CITIES FEAR LIMITED FRANCHISE ROLE:** In what's shaping up as one of first post-markup disputes, cities are arguing that legislation (HR-3636) approved last month by House Commerce Committee could deprive them of their franchising authority over cable. But House staffers disagree, contending instead that cities "got a whole lot" out of measure, sponsored by Telecom Subcommittee Chmn. Markey (D-Mass.) and senior Republican Fields (R-Tex.).

Problems for cities start with amendment by Fields that passed without debate at markup that would prohibit franchising authorities from becoming involved with telecommunications service offered by cable companies and would bar authorities from requiring cable operators to provide telecommunications services as condition of franchise grant or renewal. At same time, bill wouldn't require telcos offering video services to obtain franchise authority's permission to provide service, but would mandate that telco pay fees that franchise authority would levy.

Interest in issue is picking up, said Cara Woodson, legislative counsel for National League of Cities. Before markup, cities thought there might be only possibility they could be affected, she said, but now they recognize there's "serious threat" to their authority and are "starting to wake up." Cities are beginning to lobby issue, making visits and sending letters to their representatives. In March 25 bulletin to her members, Woodson urged city officials to contact their representatives who would be home for Easter break and make them aware of "very serious preemption language that threatens local government franchising authority." She also sent "telecommunications alert" that said fees permitted in HR-3636 wouldn't match obligations of cable companies.

Fields amendment at worst could eliminate franchising authority altogether, said Stephanie Phillipps, attorney with Arnold & Porter who represents several municipal organizations. She said that as cable services become more sophisticated and develop more interactive capabilities, line between today's cable service and tomorrow's telecommunications could blur sufficiently so that cable operator could claim to be offering telecommunications service and escape oversight from franchising authority.



Even under today's technological conditions, Fields measure sends wrong message, National Assn. of Telecommunications Officers & Advisers Pres. William Squadron said. He said cable companies offering telecommunications and telcos offering video have to use "public property to provide a public service," and local govt. has to be involved in making certain that municipal assets, such as rights of way, are used properly. Squadron said amendment was based on assumption that inclusion of franchising authorities in video and telecommunications services would create additional layer of bureaucracy that would stifle development of information superhighway. He called argument "absolutely incorrect," and said cable was able to grow within framework of municipal franchises. Even though telcos are regulated at state level, there's no reason to leave out cities when their property is involved, Squadron said.

But House staffers who worked on legislation defended it strongly, dismissing claims by municipal representatives. One staffer said that measure "preserves the ability to assess fees and to impose PEG [public, education and govt.] requirements. I'm not sure how it [cities' argument] adds up." Another staffer said that while cities "didn't get everything they wanted" they "got a whole lot." Staffer said bill would have "exactly the opposite" effect on franchise fees that cities see. Instead of curtailing franchise fees, there would be additional fee requirements for telcos by making them pay "functional equivalent" of franchise fees to offer video platform services. Cities would be able to earn revenue from both cable and telco, staffer said. In addition, measure would expand PEG requirements with new responsibilities on providers to supply facilities and equipment, and included requirement that state and local govts. receive preferential rates for telecommunications services used for official business.

Staffer said bill "absolutely preserves" existing franchise authority over cable. It doesn't include telcos because it doesn't make sense to impose municipal regulation over network that, unlike cable, isn't built to municipal boundaries. Telephone networks can be considered on statewide basis, or at least on LATA basis -- but not on citywide basis, staffer said. It would impose "ridiculous, extraordinary costs" to try to make existing telco regulation conform to cable franchise boundaries, staffer said.

Question now for cities is how to proceed. While they ideally would like to make changes in bill on House floor, there's now no way of telling what ground rules for House debate will be when HR-3636 comes to floor, possibly by Memorial Day. City officials are assuming that Senate also will pass its version (S-1822), which has more favorable provisions, and House-Senate conference then will have to resolve differences.

Several broadcast and print reporters participated in Washington seminar recently on "Impact of TV on the Presidency," one of series sponsored by Freedom Forum First Amendment Center, Nashville. Said ABC White House correspondent Ann Compton: "No President has done a better job of going around [White House press corps], through us or behind our backs, than has President Clinton." She said Mrs. Clinton goes to "any length" to avoid talking to reporters assigned to White House. CBS correspondent Randall Pinkston predicted Clinton's policy "will blow up in his face. There will come a time when he will regret not having the relationships with the Washington press corps that others have had." Said N.Y. Times columnist Russell Baker: "Television has forced Presidents to become entertainers. The candidates who are good entertainers on television are the candidates who are elected. And, it has forced print journalists to take a back seat."

In cooperation with FCC, Telecommunications Industry Assn. (TIA) has published consumer information brochure on RF interference and telephone equipment -- What To Do If You Have Interference Problems on Your Telephone from Radio, TV Stations or Other Sources. TIA publication supplies checklist for determining likely sources of interference and offers solutions. TIA also will be developing standard for RF interference immunity of telephones, said Roberta Breden, TIA dir.-Technical & Regulatory Affairs. Copies of report are available from TIA -- 202-457-8737.

PBS will announce new home video distribution arrangement with Turner Bcstg. System (TBS) at N.Y.C. news conference today (April 11). Among first releases is expected to be Ken Burns' series Baseball.

First Media L.P. told U.S. Dist. Court in Washington April 4 that FCC's plan to seek comments on prime-time access rule (PTAR) by April 22 "is a formula for procrastination" and "a prescription for avoiding rather than rendering a decision." Commission was responding to court order (TVD April 4 p3) after First Media asked court for writ of mandamus ordering agency to act on licensee's petition, filed April 18, 1990, charging that PTAR is unconstitutional (TVD Feb 21 p3). FCC told court that after it receives comments, it "will consider initiating a proceeding to assess the continuing need" for PTAR restrictions on Big 3 network affiliates in top 50 markets. In its new filing, First Media (licensee of CBS affiliate WCPX-TV Orlando) asked court to order FCC to act on "merits" of PTAR petition by Nov. 30. Attack on constitutionality of PTAR "raises a First Amendment issue of high priority," First Media told court.

Public radio's place in multimedia is among major themes being explored at annual Public Radio Conference (PRC) April 9-13 at San Antonio Marriott Rivercenter Hotel. Sessions at annual 5-day meeting involve information superhighway and competition. Speakers include Bell Atlantic Pres. James Cullen, NTIA Dir. Larry Irving, Black Entertainment TV Pres. Robert Johnson. With few fireworks expected, annual NPR membership meeting has been scheduled for only 90 min. and is likely to focus primarily on new Pres. Delano Lewis's "priorities for the future." New peak of 1,200 in attendance was expected, based on record 980 preregistrants.

Turner Bcstg. confirmed that it's negotiating to launch cable/satellite network in India. Programming would be distributed by India's Insat-2B satellite if govt. approval is received.



**PTV CONSOLIDATING:** Interest in public TV station consolidation, encouraged by CPB and PTV national organizations, appears to be on rise. Dozen groups, primarily in public TV (PTV), are beginning to discuss cooperation in such areas as programming and production, membership operations, technical upkeep. Discussions, mostly in early stages, come as CPB is preparing for possible introduction of more financial incentives for stations to seek administrative and technical efficiencies and to offer complementary programming and other services. PBS's National Program Policy Committee last year called for "fundamental restructuring" of PTV, including possible station consolidation, while CPB Pres. Richard Carlson delivered similar message at last fall's PTV planning meeting.

Among discussions planned or under way: (1) WNET N.Y.-Newark and Conn. PTV (CPTV) will examine possible joint efforts in accounting, program guides and perhaps membership data crunching and/or marketing and may try to extend discussions to N.J. Network. (2) Ky. Educational TV and WCET Cincinnati plan preliminary talks on programming, production and technical cooperation, may seek to engage WKPC-TV Louisville and other area stations. (3) KRMA-TV Denver and KBDI-TV Broomfield, Colo., may hire consultant to examine possible efficiencies. (4) KIXE-TV Redding and KVIE Sacramento-Stockton are working on collaborative arrangements. (5) WLAE-TV New Orleans and La. ETV have been working on pact to expand educational services. (6) Alaska is developing plan for consolidation of some of 4 public TVs and more than 20 public radio outlets over several years.

Several public broadcasting mergers have taken place recently: (1) Formerly separate Me. PTV station and joint TV-FM licensee last year melded into Me. Public Bestg. (2) Formerly distinct Anchorage TV and FM stations merged into Alaska Public Telecommunications last Aug. (3) KPRN-FM Grand Junction, Colo., merged with KCFR-FM Denver in 1992 in arrangement in which former became repeater of latter.

"Overall impetus" for WNET-Conn. Public Bestg. (CPB) discussions, WNET Pres. William Baker said, is desire to minimize infrastructure while maximizing programming and other services. While saying it's too early to have any real sense of magnitude of potential savings, Baker predicted it would be well shy of 25% savings typically seen in commercial radio mergers because of need for public broadcasting to provide more standalone local services. Consolidation discussions between WCET and Ky. ETV (KET) began at PBS board meeting last Dec., KET Exec. Dir. Virginia Fox said. There's "tremendous overlap" of viewers and major donors between outlets, she said, with Lexington only unduplicated market between them.

CPB is considering offering financial incentives, beginning with FY 1996 Community Service Grants (CSGs), for stations to: (1) Expand their mission from broadcast stations to full-fledged providers of educational telecommunications. (2) Adopt "complementary" program services in multistation markets. That move, primarily affecting PTV outlets, is likely to prove tricky, CPB executive said, because Corp. probably would have to offer large incentives for some stations to move from general-audience fare that results in bulk of local fund-raising.

Iran said it will confiscate all satellite TV dishes in country within 2 months in attempt to cut western cultural influence, Tehran Times reported.

**SWB-COX DEAL DIES:** Yet another cable-telco deal fell prey to FCC cable regulations, officials of Cox and Southwestern Bell (SWB) said. SWB called off \$1.6-billion deal to buy 40% of Cox Cable (TVD Dec 13 p2), blaming likely impact of cable regulation on industry's cash flow. Bell Atlantic and TCI called off their \$20-billion deal after earlier rate regulation announcements, and Jones agreed to accept lower price from Bell Canada for same reason. "After careful analysis of the FCC's more than 700 pages of detailed rules, we concluded that it's unlikely the cable industry can generate the cash flow we expected," said James Kahan, SWB senior vp-strategic planning. He also said telco is afraid that FCC will continue to impose "cumbersome regulatory rules."

Referring to cable rate rules, Cox Cable Chmn. James Robbins said Clinton Administration "seems intent on creating the information superhighway, and the FCC seems intent on blowing up the bridges on the highway." Kahan said trend toward more regulation was as important as latest set of rate rules themselves.

New FCC cable rate rules have "in no way put an end to new ventures in the telecommunications area," FCC Chmn. Hundt said. He noted that Bell Atlantic and TCI originally had blamed FCC for failure of their deal, but that later press accounts said problem was that they couldn't agree on price. FCC Gen. Counsel William Kennard said that blaming Commission is just "smokescreen." He said: "We clearly feel that the FCC has become a convenient excuse when the parties can't agree on price and don't want to blame the other party."

House Telecom Subcommittee Chmn. Markey (D-Mass.) said "reality" of telecommunications regulation "is now setting in." He said Cable Act makes it "law of the land that the rates of cable monopolies will be controlled until real competition makes such controls unnecessary. Any deal proposed on the faulty premise that the 1992 Cable Act would have little or no impact commands a very hard look." Entire communications market is changing because of legislation and technology, Markey said: "Constructing the information superhighway will not depend upon large communications colossi trying to maintain the ability to charge monopoly rates, but rather upon the competitive search by entrepreneurs for services that the consumer actually demands."

Cox "still likes very much the long-term prospects of the cable business," Robbins said. He said SWB deal would have allowed MSO to move faster to new technologies such as full-service networks. Kahan, meanwhile, said SWB doesn't regret earlier deal to buy Hauser cable: "We do regret that the regulatory environment changed, and we regret the lost opportunity."

Original deal valued Cox subscribers at more than \$3,000 each and set price at 11.4 times cash flow, both among highest figures in years for noncontrolling interest. SWB said then that price was justified because of high amount of fiber in Cox systems, and relatively large size of systems. Companies also had said that they expected to begin buying more systems as soon as deal was closed. SWB earlier had bought Hauser cable systems for \$650 million, deal that since has closed.

Wireless Cable Assn. will co-sponsor wireless cable conference April 20 at Inter-Continental Hotel, Rio de Janeiro. Conference is group's first venture outside U.S. -- 202-452-7823.



**COMPATIBILITY RULES SET:** FCC won't allow cable operators to scramble basic service tier and will mandate standard cable channel plan and remote control compatibility, it said in announcement of new rules on cable-consumer electronics compatibility. However, Commission delayed tough decisions on standards for decoder interface and cable digital transmission. Rules generally reflect decisions in FCC's report on issue to Congress (TVD Oct 11 p8) and notice of rulemaking (TVD Nov 15 p7).

Rules, mandated by Cable Act, are intended to make it easier for vendors to compete to supply equipment such as set-top boxes and remote controls to subscribers, introducing competition to cable operators who currently have virtual monopoly on equipment supply (see separate story in Consumer Electronics section). FCC also mandated consumer education program.

Although it acknowledged that key component in compatibility is standard decoder interface between TV sets and cable systems, Commission gave NCTA and EIA additional 90 days to agree on standard. Decoder, which could eliminate need for set-top box, has been subject of sometimes heated negotiations between cable and consumer electronics makers. FCC warned that if parties can't reach agreement, Commission will set standard. It also said digital transmission standards are "desirable," but decided to wait before adopting them. FCC said development of cable digital technology is continuing and it's too early to attempt to set standards.

New rules appear to differ from earlier versions in 2 main ways: (1) FCC said it will launch another rulemaking to consider whether to prohibit scrambling of all regulated tiers, rather than only basic tier. (2) Rules would require any TV set that doesn't meet FCC standards for being cable-ready to carry advisory saying that it isn't cable-ready.

Portions of rules that were signaled in earlier proceedings included: (1) Cable signals for basic tier can't be scrambled. (2) Cable operators must offer equipment that would allow subscribers to use special features and functions of TV sets, such as picture-in-picture. (3) Set-top boxes must be compatible with remote controls provided by others. Rules prohibit changing infrared codes used to operate set-top boxes, as some cable operators do to discourage outside remotes. (4) FCC set specific definitions on what makes TV sets "cable-ready." (5) Systems must use standard cable channel plan.

Time Warner entered telephone service in big way by filing tariff with FCC to enable 8 affiliated companies to offer competitive local access services. Tariff allows cable company's affiliates to compete directly with local telephone providers to connect long distance companies and end users through interstate special access and switched access transport services. New carriers are Ind. Digital Access, Charlotte (N.C.) AxS, MetroCom AxS of Columbus (O.), Time Warner AxS of Northeast Ohio, Time Warner AxS of Western Ohio, Time Warner Communications of Austin, Time Warner Communications of Houston, Time Warner Communications of Hawaii. Ind. Digital and MetroCom have been offering interstate access service under previously existing tariffs.

Harris RF Communications unveiled portable high-definition digital video imaging transmission system (DVITS) for narrowband digital images from remote locations.

**FEE RULES OPPOSED:** Broadcasters and cable operators were among those trying last week to convince FCC to at least modify its proposed plan to assess fee on licensees to help offset cost of regulating them. None of commenters suggested total elimination of fees, which were mandated by Congress, but all proposed changes that would reduce their amounts.

Fees are unfair to radio stations, NAB said. Rules propose to charge all radio stations of same class same fee "whether they are licensed to Chicago or to a small community in South Dakota." Assn. said radio fees, like TV fees, should reflect size of market. Broadcasters also seek lower fees for satellite TV stations. In separate filing, 23 state broadcaster associations said FCC should "give closer scrutiny to the economic consequences" of fees. Otherwise, they said, "public interest will undoubtedly be harmed because broadcasters will have less revenues [for] programming." Like NAB, groups asked that fees be based on market size. They also said FCC should waive, reduce or defer fees in case of economic hardship, and broadcasters should be able to pay fees in installments instead of annual lump sum.

Competitors to cable should pay same regulatory fees as cable, 8 MSOs said in joint filing. FCC's proposed levy of \$370 per 1,000 subscribers on cable systems to repay regulatory costs wouldn't apply to competitors such as DBS and telcos, which MSOs said "benefit directly from... the Commission's regulations." Group also said systems with fewer than 1,000 subscribers should be exempt.

FCC is violating law and Constitution by charging small cable systems on per-thousand-subscriber basis, rather than per subscriber, Small Cable Business Assn. (SCBA) said. Since 250-subscriber system would have to pay \$370, instead of \$92.50 at 37¢ per subscriber, small systems are burdened illegally, SCBA said. Using data from Warren Publishing's TV & Cable Factbook, SCBA estimated that 6,175 systems would be overcharged, for total of \$1.2 million per year.

MSTV is protesting recommendation of USIA advisory panel on Radio and TV Marti. Panel had recommended, among other things, converting TV Marti to UHF as means of getting around Cuban jamming (TVD April 4 p4). MSTV Pres. Margita White, former asst. dir of USIA and FCC commissioner, said in April 7 letter to USIA Dir. Joseph Duffey that UHF signals are jammed more easily than VHF and that UHF receivers aren't available in Cuba. She also said advisory group's suggestions were based on engineering analyses she described as "not only inadequate but misleading" on how UHF operation would interfere with UHF stations. White said group didn't take into account 7-year-old FCC proceeding on assignment of UHF spectrum for advanced TV. Commission has found there's "barely enough spectrum" for transition to new services, she said, and use of UHF for TV Marti would "make it impossible to accommodate all stations" in Southeast. Meanwhile, NAB is working up its own analysis of panel's report, spokesman said. He said panel didn't touch on NAB's primary concern -- Cuban govt.'s use of transmitters to jam commercial U.S. stations.

NAB Radio Futures Committee is soliciting "comments, ideas and information about radio's potential roles on the future information highway." Chmn. Richard Ferguson, New City Communications, said particularly sought are technical and business innovations that could affect radio's future. Committee will review suggestions at May 12 meeting, asked that comments be faxed by April 30 to 202-429-5406.



**TCI CENTER UNVEILED:** TCI signed deals with 3 groups of outside cable operators who will use its new digital compression and transmission center near Denver -- National Cable TV Co-Op, Synergy, 8 members of Coalition of Small System Operators. TCI opened center officially April 7, although it has been transmitting compressed signals for DMX, Primestar, Request TV and Starz for several months. TCI CEO John Malone predicted center would become "greenhouse" for new cable networks by reducing overhead costs and barriers to entry. Company said more deals are in pipeline.

Center is "the first major step along the information superhighway," Malone said, because it will make full-service networks possible and bring many digital advantages to rural U.S. Center, which cost \$100 million, converts analog signals to digital, compresses them, distributes them to cable headends via satellite. Center can handle 70 signals now, will be capable of 300 by end of year, and capacity is limited only by demand, Malone said.

He said cable rate rules "have made the challenge more challenging." However, he said TCI can finance such new services from incremental new revenue. In videotaped comment on opening, FCC Chmn. Hundt said such systems would make it easier to offer new programming at reasonable prices: "We in the government may be cable's regulators, but we are not its enemy."

First phase deployment of digital converters needed to receive signals will be in 23 mostly rural areas. Barry Marshall, head of TCI's Cable Div., said rollout will move quickly to urban areas, and Malone said it will be limited mainly by availability of converters. Malone also said TCI plans similar digital services worldwide. TCI has signed deal with Sybase to help develop MSO's new customer-service data network, which it said will more fully automate back-room functions and offer subscribers more payment options.

Mark your calendar: (1) FCC Chmn. Hundt speaks at Sept. 22 lunch of IRTS, Waldorf-Astoria Hotel, N.Y. CBS Best. Group Pres. Howard Stringer filled in last Sept. in spot traditionally reserved for FCC chmn. when Society failed to invite then interim Chmn. Quello, holding spot open until Nov. for hoped-for Senate confirmation of Hundt -- who wasn't confirmed until late Nov. (2) Annual FCBA dinner honoring FCC chmn. is scheduled for Dec. 5, Washington Hilton.

Suburban Cable said it will increase royalty payments to U.S. Copyright Office after recalculating rates. Additional payment is part of agreement to end litigation. Suburban Vp-Gen. Counsel Samuel Morris denied govt. allegations that MSO had defrauded copyright holders and said it agreed to payments only to end litigation. Agreement calls for Suburban to add \$2.4 million to \$5.9 million it has paid for 1988-1993.

NAB will host broadcast career seminar April 21-22, Embassy Suites Hotel, Chicago. Seminar will feature broadcast managers and media professionals, is tailored for college students and professionals looking to move up; broadcast groups will have recruitment suites and tables. Cost is \$25 for students, \$50 for others, 202-429-5498.

Broadcast networks are seeking proposals for persons or groups to monitor TV violence. Proposals are due by April 30 to Network Assessment, c/o Cap/ABC, 77 W. 66th St., N.Y., N.Y. 10023.

**Ousted founder** of EON/TV Answer formed own firm to provide interactive video and data service (IVDS) following FCC decision last week to issue 18 IVDS licenses. Fernando Morales created Interactive Return Service Inc. (IRS) and is looking for investors and IVDS licensees who would become equity partners and affiliates. IRS claims its planned service will be cheaper than that of EON, which ousted Morales last year. Morales, who describes himself as "dissatisfied" EON investor, still is part owner of competitor. IRS system places most IVDS intelligence in central office, rather than in EON's set-top units, so Morales said consumer equipment can cost less than \$100, instead of \$800 for EON. IRS doesn't have prototype consumer equipment, but he told us he hopes to have it ready for production within 6 months. He also said he doesn't need to use any EON IVDS patents. IRS technology was developed years ago, and technology since has "advanced far beyond" it, EON Corp. said. EON said it welcomes competitors, but is reviewing IRS technology to see if it violates EON patents. EON, meanwhile, said it raised \$42 million through stock offering to current shareholders completed in late March. "The board and the stockholders view the offering as very successful," official said, but Morales said stock sold for \$1,000 per share, down from \$26,500 per share year ago. EON officials said price was set by internal auction among stockholders of privately held firm and called price "arbitrary."

NCTA is rolling out new high-tech look for convention registration. Those who want to sign up for May 22-25 event in New Orleans will be able to register through Prodigy, in addition to contacting NCTA directly. On-line registration will be available April 8-May 20. Prodigy will have exhibit in New Orleans and company officials will participate in panel discussions.

Daily newspaper ads totaled \$31.9 billion in 1993, up slightly more than 4%, Newspaper Assn. of America (NNA) reported. Spending in 4th quarter on daily papers was up 5.8% to \$9.29 billion, NAA said. "Particularly gratifying are the strong 4th-quarter gains in all categories," NAA COO Len Forman said. He predicted 6% ad growth in 1994.

Conference on telco-cable convergence in Europe will be sponsored by Yankee Group, June 1-2, Le Meridien Hotel, London. Speakers include former FCC Chmn. Richard Wiley, European Community's Herbert Ungerer, U.K. Cable Assn. Dir. Gen. Richard Woollam, Dutch Cable Assn. Chmn. Bas Eenhoorn -- 44-923-246-511.

"Broadcasting is a haven for the most competitive people in the country," said retired Cap/ABC Pres.-CEO Daniel Burke in accepting IRTS Gold Medal Award April 13 in N.Y. He said industry leaders "must use TV and radio for the greater good of our country."

**Program Notes:** Liberty Media and AT&T said they plan to launch Classic Sports Network by year end. Channel will feature repeats of classic sports events, documentaries, movies, talk shows... Post-Newsweek Cable added Flix to 2 Cal. systems with 100,000 subscribers.

**TvB membership** continues to grow, with Gaylord Bestg. bringing in 3 independents -- KTVT Ft. Worth-Dallas, KSTW Tacoma-Seattle, KHTV Houston. Six stations in New Vision group joined 2 weeks ago. TvB has added more than 85 new members in 12 months, Senior Vp Joseph Tirinato said.

**FCBA** hq has moved to law firm Sidley & Austin, 1772 Eye St. NW, Washington 20006. New Exec. Dir. Paula Friedman is member of firm. Phone remains 202-833-2684; fax changes to 202-736-8740.



Licensees representing 15 TV stations asked FCC last week to expedite rulemaking looking toward relaxing ownership limits (now 12 TV stations) and duopoly rules, claiming restrictions are "obsolete ownership policies that impair competition and make no economic sense today. Instead of increasing diversity of views [as intended], the multiple ownership and duopoly rules impair competition... and threaten the economic viability of weaker UHF stations." Filing, by law firm Fletcher, Heald & Hildreth, charged that rules "seriously compromise" ability of TV stations to participate in development of national information infrastructure. Diversity, licensees claimed, "could not possibly be compromised" by allowing ownership by single entity of more than 12 stations or 2 in same coverage area because of other media available now that weren't there when rules were adopted. Commission issued rulemaking on subject 2 years ago and all 3 commissioners recently have reacted favorably to relaxing rules (TVD March 28 p2).

Cable operators can get package of new rate regulation forms, including one to ask for additional information to fill out forms, by calling 202-416-0919 (see separate report on page one). Forms also are available by writing Box 18238, Washington, D.C. 20036, or from International Transcription Service (ITS), 202-857-3800. Requests for Form 1201, which is faxed set of instructions for filling out Form 1200 (main form for determining maximum permissible rates) should be faxed to 202-416-1207. FCC also is providing some forms in spreadsheet format on 3-1/2" computer disc in Excel 4.0 for Windows, also from ITS. It said it's working to provide spreadsheets in other commercial software formats, including Lotus, QuattroPro and Excel for Macintosh. Other forms include Form 1205 (equipment), Form 1210 (update), Form 1215 (a la carte channel offerings), Form 1220 (cost of service), Form 1225 (cost of service for small systems).

British practice of licensing satellite TV operators based on where they keep their uplink facilities has caused European Commission (EC) to threaten to file suit in EC Court of Justice. All other EC countries license satellite TV operators based on where company has hq and does majority of its business, EC spokesman said. Suit will be filed within month, he said. EC directive on satellite TV (TV Without Frontiers) among other things allows cross-border broadcasts and regulates programming content to ensure that majority of it is EC-produced. Spokesman for U.K. Dept. of National Heritage (DNH) said "obviously, we'll challenge" EC suit. British policy "makes sense," he said, because country regulating satellite TV operator is able to have more control over what's broadcast if uplink site is in that nation's territory.

European Commission (EC) said it's considering expanding TV program content restrictions to technologies other than satellite, including video-on-demand, cable, etc. EC said European Union (EU) should seek ways to provide "critical mass" of subsidies to help "loss-making" film and TV producers compete against Hollywood. It said in "green paper" that one possibility would be to impose national levies on audiovisual products across EU and that it also would consider tightening controls over quotas on European TV programs and possibility of extending them to new services such as video-on-demand. Move would be form of "positive discrimination," paper said, that would stimulate growth of diverse European market.

Canada has made available to FCC latest list of changes in AM allocations. Ask for Change List No. 508, 202-857-3800, to purchase, or list can be inspected in FCC Rm. 239.

Ameritech can't support its claims that "public sentiment" justifies relaxed scrutiny of its video dial tone (VDT) plans, Great Lakes Cable Coalition (GLCC) said in reply comments to FCC. Even if it could support claim, GLCC said, "public sentiment cannot protect ratepayers from uneconomic business ventures and cross-subsidization." Coalition also said Ameritech filing "avoids the critical issues of cost and economic justification" and "Ameritech has no real interest in VDT for any other purpose than to position itself for entry into the cable television business."

U.S. Appeals Court, D.C., heard arguments April 6 on Telecommunications Research & Action Center's challenge to FCC decision allowing independently produced news programs to qualify for exemption as bona fide news under equal time rules. Case (92-1358) involves request from syndicated show, McLaughlin Group, about introductory segments of program. Judges hearing case were Patricia Wald, Harry Edwards, David Sentelle.

Spanish-language Heftel Bestg. has signed agreement with Mexico's Grupo Radio Centro in which Grupo will invest in Heftel and sell its U.S. network, Cadena Radio Centro, to Heftel. Deal is valued at \$20 million. As part of agreement, Heftel will make initial public offering of common stock. Cadena Radio Centro has 64 affiliates in U.S., 12 in P.R. Grupo Radio owns 9 stations in Mexico City; Heftel has stations in L.A. and Miami, agreements to acquire others.

Discovery Channel will be transmitted to Middle East and Northern Africa beginning in 2nd quarter under new agreement. Company signed carriage deal with Orbit Communications, which will uplink programming to ArabSat. Programming will be in English at first, then Arabic subtitles will be added. Discovery has been available in Europe since 1989, and launched services in Asia and Latin America in last 2 months.

Japan's Nissho Iwai Corp. (NIC) joins Fuji TV Network and BBC in launching satellite broadcasting venture July 1. Service will include news and documentaries, offered for direct-to-home and cable subscribers. NIC said monthly fee will be about \$9.

Japan-based Itochu said it bought VueScan, Fla.-based cable equipment maker and distributor, price undisclosed. Itochu subsidiary DX Communications has been making headend equipment since 1982, and company recently became partner in Time Warner Entertainment.

Funds pledged in public TV's annual March Festival fund drive fell 8.5% to \$35.3 million from last year's \$38.6 million, PBS said. Drop was attributed largely to decline in pledges around program Barney & Friends. Tally is based on results reported by 128 stations, vs. 118 last year.

QVC said its spinoff Q2 will be available to more than 32 million cable homes within 30 months. It said about half will get Q2 by end of year. QVC reaches 50 million homes.

Planned Paramount Network said it signed 3 more affiliates: KFVE Honolulu, KTTU-TV Tucson, KZIA Los Cruces, N.M. (El Paso market).

Clear Channel Communications is buying its 2nd FM in Houston, KBXX, for \$21 million cash. Company, which has duopolies in several markets, owns KHYS(FM) Houston.

Home Shopping Network launched its own credit card, called Club Card, serviced by GE Capital Corp.



"Very strict" FCC foreign ownership restrictions on licenses should be repealed, German Minister of Telecommunication Wolfgang Boetsch said at Washington's Center for Strategic & International Studies (CSIS) lunch April 7. He said: "Things that are possible all over the world should be possible in the U.S." Language in bill in Bundestag (Parliament) to liberalize German telecommunications market -- which he expects to pass this summer -- is worded so that it won't be able to be reversed, he said. Pace of privatization of DBT and liberalization of German telecommunications markets has been slower than in U.K. because Germany must amend its constitution in order to initiate reforms, Boetsch said.

FCC will begin distributing EEO compliance forms for multichannel video program distributors (Form 395-M) today (April 11), with forms to be returned to Commission by June 1. Cable operators previously subject to EEO rules continue to file Form 395-A. New forms apply to any multichannel entity providing video programs, regardless of whether entity has FCC license, including ITFS, MMDS, DBS, satellite home dish programmers, video dial tone systems -- 202-632-7069.

Recently retired WLVT-TV (PBS) Allentown, Pa., Pres. Sheldon Siegel is receiving parttime consulting fees -- \$11,300 monthly -- \$135,600 a year. That reportedly exceeds salary of \$127,000 he received in FY 1993 -- year of station's most recent tax return available for public inspection. While his departure was claimed to have been unrelated, Siegel left following CPB draft audit highly critical of station management.

Third Rimsat communications satellite is undergoing final preparations for launch from Baikonur April 15-20, Rimsat said. Bird, to be positioned over Australia, New Zealand and New Guinea, is last of Russian Gorizont series. Rimsat's \$130-million contract with Russia's Informkosmos includes lease of 7 Russian satellites, with remaining 4 from more powerful Express series.

Tribune Bcstg. completed purchase of WLVI-TV Cambridge-Boston (Ch. 56, independent) from Gannett. Tribune paid \$25 million cash for station, which will become affiliate of Warner's WB network in 1994-1995 season. Acquisition raises Tribune station total to 8, with company claiming it's largest station group in terms of household coverage at 24.15%.

Va.-based EZ Communications soon will own FM duopolies in 5 markets, having purchased KZOK(FM) Seattle for \$19.75 million from CLG Media. EZ owns KMPS-AM-FM Seattle, has duopolies now in Charlotte, Pittsburgh, Sacramento, St. Louis.

Cartoon Network started its own section on America Online April 7. Section will have general information, program schedules, bulletin board. To mark opening, there was live hour-long conference with animators William Hanna and Joseph Barbera.

CNN International has begun operating from new production center in Atlanta. It said 22,000-sq.-ft. center includes digital tape editing, playback and recording, large-capacity graphics storage, robotic cameras, digital video switcher.

ValueVision extended deadline for its tender offer for National Media Corp. until April 15. Deal potentially is valued at \$150 million.

Highlights of APTS's Capitol Hill Day/annual meeting April 16-19 include: (1) April 17 "independent assessment" of public TV's role in information society by consultant Paul Bortz. (2) "New presidents" panel following day attended by new heads of NPR and PBS; CPB Pres. Richard Carlson will be observing S. African elections as member of U.N. delegation. (3) Keynote same day by Bell Atlantic Chmn. Raymond Smith. (4) Congressional lobbying April 19.

Radio revenues jumped 12% in Feb. over same month in 1993, with national spot up 20% (which makes up less than 20% of total), according to survey for RAB of more than 100 markets. For local spot, there were "double-digit increases across every region of the country," said RAB. Assn. will hold next sales managers seminar May 20-22 in Denver; registration is \$695 for RAB members, \$795 for nonmembers.

Significant expansion of APR's news and information coverage is expected to be announced at this week's Public Radio Conference (PRC) in San Antonio. At annual affiliates meeting, APR is to announce new international news collaboration with BBC that will represent 11-year-old U.S. network's first regular stab at production.

Program Notes: Spanish-language U.S. radio network Cadena Radio Centro will transmit audio of live HBO sports events under new agreement. Network has 33 affiliated stations... Turner Bcstg. will launch Turner Classic Movies April 14, with first programming shown on jumbo screen above Times Sq. in N.Y.C.

Assn. of Southeast Asian Nations (ASEAN) is discussing plan to have private companies in region set up satellite TV network, Mohamed Rahmat, Malaysian cabinet minister, told local news agency. Report said network would air programming produced by ASEAN countries.

American Telecasting said it bought wireless cable system in Bend, Ore., from Central Vision Inc. for \$3.7 million. System potentially could reach 45,000 homes, has 2,200 subscribers.

Oral argument on motions on U S West appeal of telco-cable cross-ownership ban is set for 1:30 p.m. April 14 in U.S. Dist. Court, Seattle.

Premiere Radio Networks lost \$521,389 in year ended Dec. 31, vs. \$1.2 million profit year ago. Revenue rose to \$10.8 million from \$10.1 million.

FCC Field Operations Bureau April 8 issued 16 fines of \$250-\$10,000 for rules violations (all nonbroadcast or cable related) -- Diane Atkinson, 202-632-6977.

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## Personals

Gene Jankowski, ex-pres., CBS Best. Group, now head of his own company, joins investment banker Veronis, Suhler & Assoc. (VSA) as managing dir., specializing in electronic media; VSA said it will increase involvement in broadcast and cable... Michael Eisner, Disney chmn.-CEO, adds post of pres., succeeding Frank Wells, who was killed April 3 in helicopter crash in Nev. (see obituary, below).

Kevin Killen promoted to dir.-interactive services operations, Cox Cable... Michael Willis, ex-Philips Interactive Media, named pres.-development and production, Jones Interactive Systems... Mary Kimball, ex-recruiter for TV stations and producers, named midwest regional TV exec., AP Best. Div., succeeding Nancy Shipley, who moves to regional TV exec., mid-Atlantic states... Jennifer Puritan, ex-Landmark Networks, named vp-Detroit sales mgr., ABC Radio Networks... Min Yee resigns as Media Vision exec. vp to launch interactive multimedia venture in 3-4 months.

Michael Soper, senior vp-development, mktg. and strategic ventures, WETA-TV Washington, resigns May 31 to become consultant... Gwen Kinsey, ex-KXAN-TV Austin, appointed gen. sales mgr., WATE-TV Knoxville... Joe Arbogast, ex-WVTV Milwaukee, joins WITI-TV there as local sales mgr... Robert Sullivan, KPNX Phoenix news dir., promoted to newly created post of vp-broadcast... Allan Lancaster, ex-WWMT Kalamazoo, appointed gen. sales mgr., WEAU-TV Eau Claire, Wis... Patricia Mills, ex-WJBK-TV Detroit, named PR mgr., WXYZ-TV Detroit.

Changes in NAB Office of Public Affairs & Communications: Kirk Rafdal advanced to mgr.-special projects; Sara Lichtenberg promoted to succeed him as managing editor of NAB Radio Week, TV Today and Associate News; Francesca Dea, ex-National Assn. of Mfrs., succeeds Lichtenberg in Media Relations Dept... Jennie Trias, pres., ABC TV children's entertainment, and Jane Henson, co-creator of Muppets and widow of Jim Henson, named to American Center for Children's TV board... Troy Ellington, ex-GTE Spacenet, joins Primestar Partners as senior vp-technology and operations... Licia Hahn, ex-magazine mktg. consultant, named Group W TV Sales vp-mktg. and promotion, new post... Carol Hicks, ex-City Ballet, Knoxville, appointed dir.-event mktg., Home & Garden TV Network.

Pat Notaro, ex-Columbia Pictures, named exec. vp-distribution, TriStar Pictures... Sheldon Perry, MGM/UA Worldwide TV senior vp-business affairs, moves to business affairs consultant post June 1... Michael Postar, former Federal Energy Regulatory Commission trial attorney, joins Duncan, Weinberg, Miller & Pembroke Washington law office, will focus on cable and communications... Cecelia Andrews, ex-Paramount Pictures Network TV, named senior vp-business affairs, MGM Worldwide TV... Allbritton Communications appointments: Robert Allbritton promoted to vp; Jerald Fritz, gen. counsel, also named vp-legal and strategic affairs; Nancy O'Connor, former partner with Houston and Washington offices of Fulbright & Jaworski law firm, named deputy gen. counsel; Ray Grimes, ex-TCI Cablevision of Tulsa, appointed dir.-cable enterprises... Marcia Norcia, ex-Lowe Cable Group pres., named Popcorn Channel exec. vp... Robert Allen, promoted to vp-production, Disney-MGM Studios.

Richard Smith, FCC Field Operations Bureau chief, is panelist at International Wireless Communications Expo, Las Vegas, April 14, 3 p.m... Carol Vernon, ex-NCTA, named public affairs mgr.-Cable In The Classroom... Elected at

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## EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037  
 Phone: 202-872-9200 Telex: 6502173616 (Via WUT)  
 MCI Mail: TELEFACTS Facsimile: 202-293-3435

### WASHINGTON HEADQUARTERS

Albert Warren . . . . . Editor & Publisher  
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### NEW YORK BUREAU

276 Fifth Ave, Suite 1111, N.Y., N.Y. 10001  
 Phone: 212-686-5410  
 Facsimile: 212-889-5097

David Lachenbruch . . . . . Editorial Dir.  
 Paul Gluckman . . . . . Senior Editor  
 Martin Brochstein . . . . . Senior Editor  
 Mark Seavy . . . . . Associate Editor  
 Cindy Spielvogel . . . . . Associate Editor

### CONTRIBUTING EDITOR, EUROPE

Barry Fox  
 5 Denning Rd.  
 Hampstead, London NW3 1ST  
 Phone: (071) 435-6244

### JAPANESE REPRESENTATIVE

Editorial and Circulation  
 CES International Corp.  
 1-18-2 Nishi Shinbashi, Minato-ku  
 Tokyo 105, Japan  
 Phone: (03) 3592-1531

### Market Research & Data Sales Division

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## OBITUARIES

Frank G. Wells, 62, Disney pres.-COO and former Warner Bros. senior executive, was killed April 3 on ski trip when helicopter in which he was passenger crashed into Nev. mountain. Wells held several positions with Warner Bros. before joining Disney in 1984, including vp-west coast 1969-1973, and pres. In 1977, he was appointed to added post of co-CEO. Earlier, he was partner in Hollywood law firm Tyre & Brown. Disney Chmn.-CEO Michael Eisner said Wells was his "most treasured colleague" and that "the world has lost a great human being." Wife, 2 sons survive.

Frederick Denniston, 85, retired FCC administrative law judge, died April 6 of intestinal ailment at Anne Arundel (Md.) Medical Center. He began career in 1930s as clerk in State Dept., later became attorney at ICC and during World War II worked for Office of Price Administration, then for Army. He joined FCC in 1961, retiring in 1976. Wife, son survive.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of 5-week March and year to date:

	MARCH 19-25	1993 WEEK	% CHANGE	MARCH 12-18	12 WEEKS 1994	12 WEEKS 1993	% CHANGE
TOTAL COLOR....	482,363	428,412	+12.6	417,933*	4,890,281*	4,838,222	+ 1.1
DIRECT-VIEW..	472,955	420,619	+12.4	410,460*	4,781,128*	4,754,870	+ 0.6
TV ONLY.....	430,812	403,866	+ 6.7	380,359*	4,426,051	4,525,020*	- 2.2
TV/VCR COMBO	42,143*	16,753	+151.6	30,101*	355,077*	229,850	+54.5
PROJECTION..	9,408*	7,793	+20.7	7,473	109,153*	83,352	+31.0
VCR DECKS.....	208,673	165,657	+26.0	167,454	2,165,209	2,277,426	- 4.9
CAMCORDERS.....	43,724	43,042	+ 1.6	23,979	456,140*	439,279	+ 3.8
LASERDISC PLYRS	8,280	2,224r	+272.3	3,250	47,942	51,446r	- 6.8

Direct-view TV 5-week average: 1994--442,063; 1993--445,553\* (down 0.8%).

VCR deck 5-week average: 1994--203,958; 1993--202,233 (up 0.9%).

Camcorder 5-week average: 1994--40,951; 1993--41,353 (down 1.0%).

\* Record for period. r Revised to include players with karaoke features.

**FCC STEPS INTO CABLE/CE INTERFACE DISPUTE:** FCC gave ultimatum to squabbling cable and consumer electronics (CE) engineers last week: Agree on decoder interface standard for connecting CE products to cable in 90 days or we'll do it for you. That was major piece of unfinished business in regulations adopted by Commission to ensure compatibility between cable systems and CE equipment, as required under Cable Act of 1992.

Back-of-set connector is key component in cable-CE compatibility. Surface harmony of Joint Engineering Committee developing standards for connector evaporated in Feb. in bitter dispute between representatives of cable and CE industries, each group accusing other of reneging on early agreements (TVD Feb 21 p9). Although text of FCC regulations wasn't available last week, summary notice by Commission called it "appropriate" to allow more time for development of interface standard.

Commission said it "will allow industry parties an additional 90 days to finalize the new standard," but warned: "In the event the parties are unable to reach an agreement after that period, the Commission will develop rules establishing a standard for a decoder interface connector and requirements for its use." Interface would replace set-top box and make it possible to use all features incorporated in consumer electronic products, such as PIP, remote controls and capability to record one channel while watching another. Cable engineers on committee have accused CE counterparts of wanting to block access to cable systems' on-screen displays, while CE representatives charged cable engineers wanted to duplicate or nullify features of TV sets via interface.

FCC's rules, by and large, followed fairly closely its report to Congress and its own rulemaking proposal. In addition to ultimatum on interface, there were couple of minor surprises -- departures from original proposal. One was that consumer TV products that don't meet "cable-ready" technical standards must carry "an advisory stating that the product does not fully comply with the Commission's requirements for cable-ready equipment." Another surprise is notice that FCC plans further inquiry "to consider whether to prohibit scrambling of all signals carried on regulated tiers."

New rules require that cable operators "refrain" from scrambling basic tier programs, offer subscribers equipment to let them use features of their TV equipment with cable boxes, give them option of direct access to signals that don't require cable box, allow them to use own aftermarket remote controls on set-top



devices. In connection with last point, cable operators are specifically barred from taking any action to prevent use of subscriber-owned remotes, such as changing infrared codes. That, along with requirement that cable systems and consumer equipment use standard cable channel numbering, presumably will bar "channel-mapping" system under which cable systems arbitrarily assign channel numbers regardless of signal frequency.

Cable operators also are required to educate consumers on how to avoid compatibility problems and tell them that they can buy remote controls compatible with their cable boxes. Commission said it "believes that competition could be stifled unless consumers are informed about their equipment options." More details on new rules will be found in Best./Cable section, this issue.

**EIA BLASTS TV ENERGY REDUCTION PROPOSAL:** Proposal by U.S. Dept. of Energy (DoE) to mandate specific reductions in amount of energy TV sets may consume (TVD March 14 p10) is "ill-conceived, unsupported by the facts, contrary to law and inconsistent with the public interest" and in fact would "likely lead to greater national energy usage," EIA Consumer Electronics Group Vp Gary Shapiro said last week in hearing on plan.

Pulling out all the stops, Shapiro invoked everything from TV's role as aid to the disabled to its life-saving potential in national emergency -- and even its function as part of future information superhighway, all of which he said would be nullified if rule goes into effect.

DoE, which decided in 1988 that TVs shouldn't be included in appliance energy reduction quotas, last month reversed itself by proposing 3-year goals for reduction in TV sets' energy consumption, tied principally to what it saw as potential for reduction in remote control standby power and limitations on screen power in sets analyzed in 1987. Shapiro said DoE's "defining standard" was "primitive, featureless, 7-year-old set." Its resulting proposal, he added, "would effectively strip out features from every set sold today," forcing all sets to "regress to the lowest common denominator of 7 years ago -- a bland bare-bones set since taken off the market."

Any energy saved as result of DoE's proposals, Shapiro said, "will be more than consumed by the energy wasted to power up the boxes consumers will have to buy to hook up to their TV receivers to replace the features they have lost." He cited such new products as TV/VCR combos, which consume less power than separate products they replace.

Proposals run contrary to new and proposed laws and regulations, he said, citing law that requires closed captions in TV sets, FCC-approved expanded data service and possible use of "V-chip" circuitry to block out violent programs -- all of which require some additional energy. Referring to revamp of Emergency Best. System, he contrasted "few watts of energy saving" with "the potential for saving American lives."

Shapiro couldn't resist crack at cable box -- crux of new FCC cable-CE compatibility rules (see separate reports) -- saying that Cable Act aims at "hopefully the elimination of the power-guzzling set-top cable converter box," adding: "But not one cable-ready set may ever be produced and not one ugly power-hungry converter box will be avoided if the Department's proposed rules go into effect."

TV receiver today consumes about same amount of energy as light bulb, Shapiro said, down more than 80% from tube-type sets of late 1960s. Noting that TV set will require "whole new range of features and functions" as part of National Information Infrastructure, he said: "This new service may never be a TV set feature if the proposed rules go into effect, as [it] would require the set to use a few watts of energy."

Exhibit submitted by EIA giving estimated power consumption for various features and devices will be found elsewhere in this issue. Written comments on DoE proposal are due by May 18, but EIA and others are requesting delay.

**JAPAN ACCELERATES CAMCORDER SHIPMENTS HERE:** Japanese exports of camcorders to U.S. were up 28.1% in 1994's first 2 months despite mounting inventories here (see separate report in this issue). At same time, manufacturers in Japan appear to be making heroic effort to keep camcorder prices down.

Camcorders are only major consumer electronic product category in which Japan has virtual monopoly, as source of well over 90% of U.S. supply. Chronic oversupply comes despite improved business (3.8% over 1993's record pace in this year's first 12 weeks). Overinventoried condition started in 1991 when Japan's



shipments were almost million more than sales here, and while inventories declined in 1992-1993, they could be on the rise again.

In terms of prices, camcorders shipped from Japan to U.S. in Feb. were down 15% in yen from year earlier to average 56,678 yen, very close to all-time low set in June 1993. Because of declining dollar, average price in U.S. currency was down only 4% to \$532.27.

VCR deck shipments from Japan were up 2.4% in Feb. after 28.2% decline in Jan. (TVD March 28 p13), and average price in dollars was down substantially from Jan. -- to \$251.50 from \$329. Videodisc player shipments continued upward trend while CD players hit 2nd successive 5-year low in Feb.

Japanese exports to Canada in Feb. were down in all categories (2-month figures in parentheses): Color TV, no imports in either 1994 period; VCR decks, 3,590, down 72.5% (18,332, down 20.5%); camcorders, 6,330, down 48.2% (9,016, down 57.3%); videodisc players, 489, down 68.1% (2,112, down 29.6%); CD players, 16,313, down 46.4% (33,120, down 44.5%). Here are Feb. and 2-month figures on Japanese exports to U.S., from Finance Ministry:

Product	Feb. '94	Feb. '93	% Chg.	2 Mo. 1994	2 Mo. 1993	% Chg.
Color TV.....	16,133	9,701	+66.3	29,779	19,033	+56.5
VCR decks.....	315,120	307,850	+ 2.4	495,200	558,582	-11.3
Camcorders.....	148,940	116,839	+27.5	310,656	242,565	+28.1
Videodisc players	16,432	15,474	+ 6.2	35,305	26,759	+31.9
CD players.....	258,308	404,675	-36.2	525,129	733,780	-28.4

**VIDEOGAME MAKERS FORM IDSA, NEW TRADE GROUP:** Twelve companies were announced last week as charter members of Interactive Digital Software Assn. (IDSA) -- new trade group that's direct outgrowth of controversy over videogame ratings. Other than name and membership list, though, group released no details of plans or structure, saying information would come in "near future."

However, ratings board apparently will be headed by Arthur Pober, currently head of Children's Advertising Review Unit (CARU) of Council of Better Business Bureaus. Pober, who made brief presentation at meeting of about 35 videogame companies near San Francisco last week, was key figure in getting Nintendo and Sega -- members of CARU board -- to cooperate in process as congressional pressure intensified. IDSA Acting Chmn. Jack Heistand (senior vp, Electronic Arts), said candidate to head IDSA professional staff has been approved by board, and group hopes to have announcement in 4-6 weeks.

Meanwhile, rating system developed through IDSA and its forerunner Interactive Entertainment Industry Rating System Committee (IEIRSC) might not be only broadbased suitability guide on store shelves this fall. Software Publishers Assn. (SPA), Washington-based trade group that represents primarily companies involved in computer software business, intends to create its own rating system for entertainment software in time for Christmas selling season. SPA has split with IEIRSC proposal, mostly over latter's plan for system involving submission of software to independent review board before release to market.

Broad outlines of plan have won support from Sens. Lieberman (D-Conn.) and Kohl (D-Wis.), who have led Senate push for ratings system. However, SPA is developing plan based on submission of affidavits by publishers attesting to their programs' content as basis for assigning rating, with penalties imposed later if affidavits aren't accurate. SPA membership objects to cost and potential delay in getting product to market if "prior review" system is imposed.

IDSA charter members: Acclaim, Atari Corp., Capcom, Crystal Dynamics, Electronic Arts, Konami, Nintendo, Philips, Sega, Sony Electronic Publishing, Viacom, Virgin. Nintendo, Sega, Electronic Arts and Acclaim contributed \$50,000 each to startup effort, others \$25,000. Notably absent is 3DO, only one of 7 IEIRSC members not listed as IDSA charter member. Hal Josephson, 3DO dir. of industry relations and its liaison with IEIRSC, said company wasn't charter member because of \$50,000 fee and because 3DO "is not in full agreement with a prior review system." However, he said 3DO would join IDSA and work toward achieving system that meets needs of IDSA, SPA and others, while attaining goals listed by senators.

But John Nakahata, staff dir. of Lieberman's Regulation & Govt. Information Subcommittee, said he considers "pre-shipment review" as "absolutely necessary" for any plan to gain approval of senators.



Lieberman and Kohl have introduced bill that would create 5-member council to pass judgment on industry-developed voluntary plan; if plan isn't strong enough, bill includes process for developing mandatory code (TVD Feb 7 p17).

Heistand said IDSA's next moves will include defining rating categories and symbols, conducting consumer research on understanding and acceptance of rating system, and broad outreach to "industry at large" to gain members and input on relevant issues. He said IDSA expects to report on progress to Lieberman and Kohl subcommittees in June.

**CAMCORDER STOCKS UNBALANCED:** Camcorder inventories continue to be too heavily skewed toward compacts (8mm and VHS-C), according to unreleased EIA data for year's first 2 months. Total inventories at end of Feb. were equivalent of about 8 weeks' sales. Although full-size camcorders represented 26.3% of sales to dealers in year's first 2 months, they were only 19.5% of inventories at end of Feb.

Ratio at end of Feb. was better than month earlier, when only 16.3% of inventories were full-size. There's some evidence that much of excess inventory of compacts is in 8mm products.

In sales to dealers, full-size models seem to be undergoing slight resurgence this year. Of 345,714 camcorders sold in first 2 months, 91,044 (26.3%) were full-size and 254,670 (73.7%) were compacts. Thus, full-size models gained one percentage point as compared with calendar 1993, when full-size comprised 25.3%.

In Feb., when 162,342 were sold, 42,474 (26.2%) were full-size, 119,868 (73.8%) compacts. Compact sales actually were up 6.8% and full-size down 8.2% from Feb. 1993, month last year with highest share of full-size (29.2%). In Jan., full-size sales were up 19.6% from Jan. 1993, while compacts were up 6.4%. Of Jan.'s 183,372 sales, 26.5% were full-size, 73.5% compact.

\* \* \* \* \*

Trend in VCRs continues to be toward higher featured products. In Feb., 28.6% of decks sold to dealers were stereo, vs. only 23.8% in Feb. 1993; 48.9% were 4-head mono vs. 42.3% year earlier, and 22.4% were 2-head vs. 33.9 in Feb. 1993. S-VHS comprised 0.5%, down from 1.1%, highest percentage for any month last year.

In year's first 2 months, 27.1% were stereo, 50.1% 4-head mono, 22.8% 2-head, 0.6% S-VHS. No figures were given for models with VCR Plus in this year's periods, although 19.5% of total sales last year included that feature (TVD Feb 14 p13). Inventories, at about 4 weeks' supply, were low at end of Feb.

**Cold off the press:** Technical standard for VHS-D videocassettes has just been published by British Standards Institution (BSI). If you have good memory, you'll recall that system, developed by JVC and discontinued in 1980s. If you want copy for your memory book, it's about \$100.

**Best Buy board approved 2-1 stock split.** To be completed later this month, it will give company 41.7 million shares outstanding.

**Phillips is producing color TVs in Vietnam for domestic market there.** Company reentered Vietnamese market just over year ago.

**First combination color TV with GPS navigational receiver and CD-ROM drive will go on market June 1 in Japan.** Sony product will have 6" screen, list at about \$1,585.

**SONY CUTS 'SNAP' \$200:** Seven months after introducing its first camcorder with built-in LCD, Sony cut price of HandyCam Snap to \$799 from \$999, retail sources said. It's first for 8mm HandyCam Snap, which was introduced in Aug. in what retailers said was response to Sharp's LCD-based ViewCam.

At same time, Sharper Image took out full-page ad in Wall St. Journal last week offering \$200 rebate on purchase of top-of-line VL-H100U Hi8 4" Sharp ViewCam priced at \$1,995. Promotion runs through mid-April. Company also shipped 2nd-generation Hi8 4" VL-H400U this month at \$2,199. Model has instant playback with slow motion and 8x zoom.

HandyCam Snap has 3" LCD screen, multi-angle viewing, built-in speaker, wireless remote, flying erase head. Sony is said to be working on 2nd-generation model for fall introduction, features and pricing not available.

"That's where it should have been in the first place," said video buyer at west coast retailer. "It will sell better at \$799 than it did at \$999, but eventually it has to get even lower. We've sold a few, but it's not anything I would call a rousing success."

Elsewhere in line, Sony also lowered price of CCD-TR65 to \$899 from \$999, retailers said. TR65, unveiled at same time as HandyCam Snap, features 10x zoom, 4-mode program, digital fader, full-range inner focus. Spokesman declined comment on price moves. Retail cuts follow similar action in Dec. (TVD Dec 20 p14) that lowered prices \$50-\$100 on 3 models in FX "family series" of camcorders.

**SHARP'S REFLECTIVE LCD:** What is billed as "industry's first reflective LCD" was announced last week by Sharp. Panel, which will be offered for portable products, utilizes feature that was hailed as advantage in early development of LCD -- capability of being viewed in bright light, the brighter the light the clearer and sharper the picture.

Sharp's LCD has bright screen that doesn't require backlight. First prototype is 5", with power consumption said to be 1/30 of backlit type. Prototype can display 4 colors -- black, white, red, cyan. It achieves high reflectivity by use of organic dielectric film deposited on top of TFT. Pixel electrodes double as reflectors, with clear undistorted display at viewing angle up to 100 degrees vertically and horizontally.

Sharp said timetable for commercialization hasn't been developed. Same principles can be used for larger displays, company said.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 105 yen = \$1, except where noted.



**TANDY SALES--\$15 BILLION BY 1998?:** Tandy Corp., shifting focus to retail and pinning hopes on Incredible Universe, Computer City and Radio Shack (RS), will register sales of \$12-\$15 billion by 1998, Chmn.-CEO John Roach forecast last week.

Addressing security analysts in N.Y., Roach said sales boost would be paced by Incredible Universe, which will expand to 8 stores this year and hit \$1 billion by 1995. Tandy reported \$4.1 billion sales for 1993. It sold off most of its nonretail business last year in reorganization that began with closing of 110 Video Concepts and McDuff's stores.

Incredible Universe, launched in Portland, Ore., in 1992, will open 185,000-sq.-ft. stores this year in Phoenix, Ft. Lauderdale and Columbus and add 8 more in 1995. Unlike other national consumer electronics retailers, Tandy isn't ducking N.Y. It's exploring region with focus said to be on Long Island and also is eyeing N.Y. area for Computer City, Roach calling N.Y. "high and not low on the list of towns we would like to go into."

RS will add 50 stores this year. Out-of-warranty repair for all brand products began 90-day test in late March in Atlanta and Tampa and will expand to 116 stores by late summer, said Tandy Investment Relations Dir. Martin Moad. Chain will start gift program in June, beginning with 10 RS products for Father's Day, with entire 2,500-item line available by Aug., Roach said. Tandy will supply Union 76 truck stops with 1,200 RS products, Moad said, starting in about 70 locations by year-end.

New programs could add 1-2% to RS sales, turning projected "single-digit" into "double-digit" gain this year, Roach said. RS also may increase branded product offerings by adding more camcorders and laptop computers, he said.

RS's major marketing efforts this year will focus on speakers, batteries and telephones and 1-2 specialized catalogs and flyers, Roach said. Catalogs, most of which will be available in 1995, will target specific consumers -- such as hearing-impaired, women, those interested in electronic parts, he said.

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With increased retail, Tandy is pulling back from product development. Video Information System (VIS), once hailed as its entry into multimedia, will be phased out less than 2 years after introduction, Roach said. "There were too many competing formats for multimedia in the marketplace." Multimedia player was advertised recently in \$299-\$399 range, down from original \$699.

Once strong advocate of DCC, Roach said that "digital recording is something that has been a little bit slow in taking off." Tandy, which introduced own DCC home deck in 1992, will confine product largely to Incredible Universe because "before it will be a significant business at Radio Shack it still has to have more popularity." However, Optimus DCC deck was advertised in most recent Radio Shack circular at \$499. "MiniDisc is selling fairly well at the present time, but there may be more and viable DCC product as the year goes along," Roach said.

**Correction:** Acclaim Entertainment's agreement guaranteeing it right of first refusal for home rights to WMS Industries' arcade games (TVD April 4 p14) hasn't expired. Pact expires in March 1995.

**CHICAGO CES FINALE:** EIA Consumer Electronics Group (CEG) used N.Y. news briefing to discuss June 23-25 Summer Consumer Electronics Show (CES) in Chicago, but turned aside questions raised by announcement of unnamed successor show in Philadelphia May 11-13, 1995 (TVD April 4 p10).

"As details become available, we will be announcing them," EIA CEG Vp Gary Shapiro said in response to question. One new Philadelphia development last week had nothing to do with scheduling of May 1995 CES but of 1995 Mobile Electronics Show (MES) scheduled for April 7-9 at same Pa. Convention Center and co-sponsored by CEG.

Shapiro said 1994 Chicago event "certainly will be beyond the traditional audiovideo look." Summer CES "continues to be a changing show," reference to event's increasing focus on software, multimedia and personal computing -- areas that have caused many traditional audiovideo companies to skip show in recent years.

Changes were evident on list of "key exhibitors" organizers listed in slide presentation that featured such names as Cobra, Kodak, Nintendo, Recoton, Sony Electronic Publishing, Thiel, Thomson Consumer Electronics. Other harbingers of changing flavor of show are first-ever Photo CD and virtual reality pavilions and relocation of show's press room to upper floor of McCormick East, which formerly housed car audio displays.

High-end audio displays again will be situated on 6 floors of Chicago Hilton, but show has signed up only 60 exhibitors so far, compared with 80-90 that ultimately participated in 1993 event. CES Vp Sam Lippman said "that product category usually comes in a little bit later," but conceded demand for space was likely to be down from year ago.

Target audience for 1994 show includes "mainstream" consumer electronics retailers, distributors, ad personnel and financial analysts, Lippman told reporters. On issue of retail attendees, he said organizers are planning "unprecedented" direct mail campaign to attract that group, saying surveys have shown "we will have buyers and retailers come to the summer show that do not come to the winter show."

Among 1994 show highlights will be InfoHighway '94 Developers Conference that Shapiro said "has generated much interest from policymakers and industries we're seeking to attract." He said that "when it comes down to it, it's our products, the electronics products, which are going to connect every part of the information superhighway." Lippman described conference as first ever connected with major U.S. trade show with "a targeted audience of developers, managers, venture capitalists who are trying to decide how to take advantage from a business point of view" of Administration's National Information Infrastructure.

Also new on program are exhibits and conferences on creative advertising and promotion. Although show will bear little resemblance to first CES held in N.Y. in 1967, there will be air of nostalgia dictated by fact that it's 50th CES -- counting both summer and winter shows.

**Matsushita confirmed** it hopes to add camcorder with built-in LCD monitor, but said timing and pricing haven't been worked out. Confirmation came as reaction to Nikkei Sangyo report that company had planned product but delayed it pending assurance that sufficient LCDs would be available.



**'THE NEW ZENITH:'** Zenith's "long-term strategic plan" will "significantly change the way we address every aspect of our business," Chmn. Jerry Pearlman and Pres. Albin Moschner said in annual report. Plan involves "leveraging our strengths and selectively partnering with others." With trimming of noncore areas and restructuring, executives said, "a new Zenith is emerging."

Although Zenith reported \$97-million loss in 1993, they pointed out it had reduced costs \$75 million (TVD Feb 21 p11). Zenith's color TV unit sales hit all-time record, they said, and increased market share "in every screen size category we participate in, except one." Zenith's overall cost reductions "helped offset the effect of more than \$42 million of lower consumer products pricing (resulting from price cuts through 1992 and in early 1993) and \$20 million of inflationary cost increases, primarily labor costs in Mexico."

In terms of reengineering, "we are discarding decades-old processes and starting with a clean sheet of paper." In financing, company obtained new \$90-million revolving credit agreement in 1992 and raised \$55 million through sales of debentures and \$24 million in stock. Another \$12 million in debentures and \$34 million in stock were sold this year, with 5 million more shares to be sold. Credit agreement, which expires at year-end, is being renegotiated.

In Mexico, Zenith now has "world-class tuner facility" in Matamoros with productivity doubled and product quality increased; automated wood cabinet production in Juarez should cut cycle time to 3-5 days from 3 weeks and in Reynosa Zenith is consolidating subassembly and final assembly into 2 buildings from 5, increasing capacity 20%.

As for flat tension mask (FTM) tube, Zenith "continues to serve customers... although this product area was resized in 1993 to bring capacity in line with demand."

Royalty income from licensing of Zenith's tuning system to other TV and VCR manufacturers was about \$26 million in both 1993 and 1992, annual report said, with more than \$20 million expected annually.

Report described Zenith's major competitors as "foreign-owned global giants [which] have aggressively lowered their selling prices in the past several years." Some of them, it charged, "have been capable of offsetting the effects of U.S. price reductions through sales at higher margins in their home markets and through direct governmental supports." Zenith said it "selectively reduced color TV prices" in first quarter 1994 in response to price competition.

Zenith said it expects to reduce costs about \$50 million in 1994 from "continued process and design improvements, headcount reductions and other operating changes."

Federal judge last week upheld arbitration decision ordering Philips to pay \$1.9 million as part of agreement transferring ownership of major appliance plant in Argentina to Whirlpool. U.S. Dist. Judge Robert Sweet, N.Y., said Philips had no right of appeal from decision "in what was known to be a final and binding arbitration." Companies had reached pact in 1989 giving Whirlpool right to buy Argentine plant, but couldn't agree on revaluation of its assets and submitted dispute to arbitration in 1992. Arbitrator ruled that fixed asset revaluation required \$3.8 million adjustment in balance sheet, of which Philips would pay half. Philips won't appeal decision and will settle with Whirlpool for around \$1 million, said spokesman Jack Reemers.

**MARCH RETAIL SALES:** Major consumer electronics retailers reported strong gains in total and same-store sales in March.

**Best Buy** said comparable-store sales jumped 45% in 3 weeks ended April 2 as overall sales more than doubled to \$344 million from \$169 million year earlier. Of 151 Best Buy stores in operation at end of March, 104 were considered comparable. Company is to release annual earnings report Wed. (April 13).

**Circuit City** March revenues rose 32% to \$346.7 million as same-store sales gained 14%. Pres.-CEO Richard Sharp credited "strength of our marketing programs and stronger sales in Southern California."

**Tandy** said comparable-store sales in U.S. retail operations inched up 1% in March, with overall sales up 17% to \$323.2 million. That brought overall sales increase to 19% in first quarter, with comparable stores up 5% — performance that Chmn.-CEO John Roach said was achieved "despite the multiple weeks of bad weather throughout the quarter."

Comparable-store revenues for **Rex Stores** rose 7% in March, with total sales up 30% to \$22.8 million. Company had 132 stores at end of month, compared with 107 year ago. For first 2 months of fiscal year, Rex's sales were up 30% to \$45.4 million on 6% gain in comparable stores. Company announced plan to buy 14 of its stores in Ala., Ark., Fla., Ga., Ia., Mo., Ohio and Pa. from Shidler/West Finance Partners I for \$8 million. It said purchase, pursuant to sale-and-leaseback transaction completed in 1989, would reduce company's occupancy costs.

**Campo Electronics** said comparable-store sales rose 26% in March, boosting total revenues 91% to \$15.1 million.

**Audio King** Pres.-CEO Gary Thorne said 47.6% increase in March sales to \$4.36 million "exceeded our expectations." Gain sent company's sales for first 9 months of fiscal year to \$35.2 million, up 34%. Gains were produced in part by Audio King's remodeling and store expansion program. Thorne said grand opening of company's 10th store, in Des Moines, is on schedule for end of this month.

**Good Guys** said revenues for 2nd quarter ended March 31 gained 37% to \$159.9 million, with comparable-store sales up 26%. In first half, overall sales were up 30% to \$370.9 million, spurred by 18% same-store sales gain. Company had 48 stores at end of quarter, compared with 43 year earlier. In same quarter last year, Good Guys saw comparable-store revenues drop 8%, leading to 0.3% decline in overall sales, as weak west coast economy cut sharply into business.

**Washington Gov. Mike Lowry** signed omnibus youth violence bill that includes provision requiring that all new TV sets sold in state after Jan. 1, 1995, either be equipped with "time/channel lock" or sold "with an offer to the customer to purchase a channel blocking device, or other device that enables a person to regulate a child's access to unwanted television programming." Bill also requires cable companies to make available to consumers to purchase "at the company's cost" some device to "regulate" child's access to unwanted programming, and "commercial TV sellers and cable television companies" to make time/channel locks available to public "when these devices are available." Lowry vetoed earlier section of bill that included strict definition of time/channel lock.



**ACCLAIM SLATES DIVERSIFICATION:** Acclaim Entertainment, stung week earlier by stock market reaction that "bordered on the absurd" to disclosure that it wouldn't be extending licensing relationship with WMS Industries (TVD April 4 p14), announced 2 agreements signaling long-planned diversification in home videogame market. Company also released strong earnings report that showed net income for 2nd quarter ended Feb. 28 rising 97% and revenues 61% (see financial table).

Acclaim and Sega said they signed "multitiered software development agreement," with one outcome being Acclaim's entry into coin-operated business using combination of its own motion capture technology and Sega's "Titan" arcade game technology. Latter is based on Hitachi RISC chips similar to those at heart of Saturn and Super 32X advanced systems, which will allow for easy transfer of those arcade versions to home formats.

Acclaim is first U.S. publisher to take advantage of Titan system, Pres. Robert Holmes said, although it doesn't have exclusive license, but maintains major relationship with Nintendo. First game reflecting Acclaim/Sega technology package could appear in about year, Holmes said, and will be based on "a soon-to-be-released major motion picture" that he declined to identify. He said uproar over disclosure of Nintendo's deal with WMS played minimal role in timing of this announcement: "Obviously, something like this had been in the works."

Similarly, deal announced last week in which Acclaim agreed to buy comic book publisher Voyager Communications for \$65 million in cash and/or stock had been in discussion for some time, Holmes said. Closing of deal is subject to execution of definitive agreement and regulatory and 3rd party approvals, including from Acclaim shareholders.

Voyager, based in N.Y.C. is 3rd largest comic book publisher in U.S., according to news release, publishing 16 monthly series under Valiant imprint. It's also custom comic publisher, having completed projects for companies including KFC, Kraft, MCA, Metropolitan Life and Nintendo, and has licensed its properties for trading cards and other merchandise. Holmes hailed opportunities offered by "potential synergies" between comic book publishing and interactive entertainment. Valiant Publisher-CEO Steven Massarsky and other "key executives" will continue to lead publishing operation.

Emerson is "ready and able to compete around the world," said Chmn. Geoffrey Jurick as company formally emerged from Chapter 11 bankruptcy (TVD March 21 p12). As stipulated, parent Fidenas International arranged \$75 million in financing. Exec. Vp Eugene Davis noted that while in Chapter 11, company "reduced overall debt by more than 80%, restored substantial positive net worth, made large-scale cuts of operating expenses, paid suppliers without delay, held to delivery plans to ensure product availability during key fall selling season, exceeded sales plan and introduced exciting new products and merchandising programs." Company plans to file registration for stock offer to holders of canceled "old Emerson" stock before end of month.

Intellon Corp., Ocala, Fla., developer of technology to implement EIA's CEBus (consumer electronics bus) power line and RF products, has completed \$7.5-million private offering with 3 institutional and private investors. Intellon Pres. Jim Vander Mey said increase in capitalization will allow "continued and rapid expansion... to accommodate the growth of the CEBus market."

**TV FEATURES' ENERGY COSTS:** Incremental energy required (at floor plug) with added features, as compared with basic 19/20" color TV set with 90 degree picture tube, 30-w high voltage, one-watt mono audio and no jacks, from data submitted to Dept. of Energy by EIA Consumer Electronics Group (see separate report in this issue):

Feature or Device	Added 'Plug' Power
Higher picture power (40-60w).....	13-38w
110-degree CRT.....	10w
Picture in picture.....	5w
2 tuners (PIP and channel scan).....	10w
Active comb filter.....	2w
Scan velocity modulation.....	5w
High-resolution video.....	2w
B&w stretch, autocolour.....	2w
Input/output jacks, including S-Video...	5w
Broadcast stereo (including SAP channel)	3w
Audio output amplifier.....	5-10w
Closed-caption decoder (required by law)	1w
Progressive scanning.....	30w
Widescreen processing.....	10w
Projection TV (convergence, etc.).....	40w
TV/VCR combination.....	15w
SRS audio feature.....	2w
Dolby Pro-Logic Surround processor.....	3w
RF/Antenna A-B switching.....	1w

**CIRCUIT CITY SALES, NET UP:** Buoyed by improved sales in Southern Cal., Circuit City (CC) reported 11% rise in net income for 4th quarter on 9% gain in same-store sales. For quarter ended Feb. 28, sales increased 28% from year earlier (see financial table). For fiscal year, Richmond-based retailer registered 20% jump in net income despite nearly 2% drop in gross profit margin to 26.8%. Sales rose 26% on 8% same store sales gain.

Pres. Richard Sharp said that while new stores in Boston and Chicago helped boost sales, "intensely competitive retail climate" and increased competition in computers cut into gross profit margin. Lower profit margin was offset by 1.2% drop in chain's selling, general and administrative expense ratio, he said.

CC said it would open 2nd CarMax used-car dealership in Raleigh, N.C., later this year. Chain also is seeking to open 3rd location on 31-acre parcel near Norcross, Ga. First CarMax outlet opened in Richmond in Oct.

Digital Wireless Communications Div. has been formed by Sony Consumer Products Group to oversee marketing of company's first digital cellular phones in late 1994 and early 1995. Sony said it will market products "supporting all viable digital cellular transmission standards," including Code Div. Multiple Access (CDMA) and Time Div. Multiple Access (TDMA) equipment. Sony-brand CDMA handsets produced by Qualcomm Personal Electronics will be among first products, Sony said, referring to joint manufacturing venture near San Diego (TVD March 7 p14). Sony emphasized that it plans to maintain existing line of analog cellular phones. New division will be headed by Vp Michael Lang, whose former marketing duties at Sony Personal Telecom Products Div. will be assumed by Mark Viken, vp-Sony General Audio Mktg. Div. Senior Vp Martin Homlish said: "We're in on the ground floor of an industry that has huge growth potential, and Sony intends to be a major player in the development, manufacturing and marketing of consumer digital wireless products."



China is restructuring electronics industry to develop giant companies that can compete globally, China Daily said. Quoting Lin Yuanfang of Ministry of Electronics Industry, Daily said China's goal is to have several of world's top 100 electronics companies with annual sales of more than \$3.45 billion. Ministry has selected 8 electronics companies to nurture into gianthood. They include country's largest electronics firm, Shanghai Audio & Video Ltd., with 1993 revenues of \$410 million, and Legend Computer Group (\$345 million). China will try to form new companies through key projects such as VCRs, mobile telecom equipment and HDTV, Lin said.

Panasonic U.K. at our deadline was planning to announce that it would begin prelaunch marketing activities for R.E.A.L. 3DO player in U.K. this spring, with sales of player to begin in fall. As recently as Winter Consumer Electronics Show, 3DO Chmn. William (Trip) Hawkins said Panasonic would launch player in U.K. and continent in spring. Source close to 3DO said reported success of 3DO launch in Japan had shown Matsushita importance of having adequate hardware and software supplies, advance promotional activities, etc., which caused Panasonic's U.K. and European organizations to reevaluate plans. 3DO source said player would be shipped in continent following U.K. introduction, although order of countries hadn't been determined.

Second 21" plasma TV, only 2.4" thick, will be offered by Fujitsu General in Japan in Aug., Nikkei Weekly reported. New model will be priced at equivalent of about \$7,765, down from \$12,135 for first model, which became available last fall. Nikkei says sales of Matsushita's 14" beam matrix type thin TV, at about \$2,800, have totaled 1,000 in first 3 months, or 1/3 of initial projections.

WMS Industries, arcade game powerhouse that last month entered major joint venture with Nintendo (TVD April 4 p14), announced definitive agreement to buy home videogame publisher Tradewest Inc. Price will be about \$15 million "plus additional payments contingent upon future Tradewest earnings." Deal would put WMS into home videogame market for first time. Tradewest is based in Corsicana, Tex., with 50-person design staff in San Diego. Tradewest companies generated \$40 million in revenues and \$4.7 million in operating earnings last year, WMS said. Tradewest Pres. Byron Cook will become pres. of Williams Entertainment, new WMS subsidiary formed to make Tradewest purchase. John Rowe, who heads design staff, will be Williams Entertainment vice chmn. Deal is expected to close next month.

Ames Dept. Stores, struggling since emerging from bankruptcy in Dec. 1992, last week reported first annual net profit in 5 years. Discounter said net profit rose to \$10.8 million from \$163 million loss year earlier. For 4th quarter to Jan. 29, Ames had \$40.4-million profit vs. \$2.2 million year earlier. Pres. Peter Thorne said turnaround was tied to selling more higher margin products and controlling inventory and expenses. He said he expects profits to increase in 1994. Chain operates 307 stores in 14 northeastern states.

JVC has bought all of stock in Japan's Pack-In Video from co-owners Tokyo Bestg. System (TBS), Matsushita and Dentsu ad agency, remaining investors of 10 owners that formed company in 1970 as joint venture to produce and distribute video programming. Under JVC, Pack-In will leave videotape field and concentrate on multimedia software, including videogames, halving number of employees to 20.



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## Consumer Electronics Personals

**Terry Conner**, Zenith vp-consumer products mfg., elected vp, mfg.-west, responsible for manufacturing in Juarez, Agua Prieta and Chihuahua, Mexico, and Springfield, Mo.; **Philip Savoie**, ex-operations mgr., Reynosa plants, becomes vp, mfg.-east, responsible for manufacturing in Matamoros and Reynosa, Mexico, and McAllen, Tex.; **Cynthia Fricas**, exec. dir., purchasing and material logistics, moves to Zenith vp, purchasing and logistics.

**Clifford Tuttle**, Aerovox chmn.-pres., named EIA chmn., succeeding **Matthew Flanigan**, who becomes staff pres., Telecommunications Industry Assn. (TIA) April 25; succeeding Tuttle as EIA vice chmn. is **Jerry Kalov**, Cobra Electronics pres. and chmn. of EIA Consumer Electronics Group (CEG)... **Jonathan Thompson**, ex-Chicago-based vp, Golin/Harris PR firm, joins EIA Consumer Electronics Group as staff dir. for communications... **Jack Heistand**, Electronic Arts senior vp who has been chmn. of Interactive Entertainment Industry Rating System Committee, named acting chmn. of successor group Interactive Digital Software Assn.

**Stephen Cannon** joins Circuit City as senior vp-gen. counsel from Washington law firm Wunder, Diefenderfer, Cannon & Thelen... **Charles Searle**, ex-Tops video buyer, named Staples senior product mgr... Appointed top officials at Video Game Exchange, Cleveland-based retailer of new and used videogames: **Boake Sells**, ex-Reveco, Dayton Hudson and Cole National, chmn.; **Andrew Owczarek**, ex-Waccamaw Corp. and Federated Dept. Stores, pres.-CEO... **Douglas Shatz**, TV/video product buyer, promoted to senior buyer-computer products, Nobody Beats the Wiz, N.Y.; our report last week gave incorrect title.

**Appointments at Best Buy**: **Steve Anderson** promoted to senior vp-chief information officer; **Robert Fox** becomes senior vp-finance and treas.; **James Mixon**, ex-Marshall's, joins April 20 as senior vp-logistics and transportation; **Randy Zanatta** advanced to senior vp-mdsg.; **Jeff Abrams** (prerecorded software), **John Bohntinsky** (appliances), **Jim Kalasky** (home audio), **Debbie Meagher** (computer hardware) and **Tom Mills** (video) promoted to vp-mdsg.; **Greg Maanum** becomes vp-visual mdsg., responsible for new store prototypes, in-store signs.

**Steven Sandborg**, ex-Chiat/Day and Bozell, named mktg. vp, Philips Interactive Media... Promoted at Sega of America from dir. to group dir.: **Tom Abramson** for promotions, **Diane Fornasier** for Genesis brand, **Chris Garske** for 3rd party licensing and acquisitions, **Bob Lindsey** for Game Gear and category planning, including plans for forthcoming Super 32X add-on and "future hardware platforms"... **Min Yee** resigns as exec. vp, Media Vision, plans to launch new multimedia publishing venture "within the next 90-120 days."

**A. Mommer**, managing dir., Philips Semiconductors International, appointed managing dir., Philips' new Sound & Vision Product Div... **Ron Ryan**, ex-Dateline Publications, named mktg. dir., Dysan International... **Michael Lang** becomes vp, new Sony Digital Wireless Communications Div., Consumer Products Group; **Mark Viken**, vp, Gen. Audio Mktg. Div., adds Lang's former marketing responsibilities for Sony residential telecommunications products... **Kevin Rupkey**, ex-GE, named pres., Warrantech Consumer Products Services, succeeding **William Tweed**, who continues as pres. of parent Warrantech Corp.

## 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>			
1994-6 mo. to Feb. 28	242,891,000	22,974,000	.51
1993-6 mo. to Feb. 28	150,418,000	11,675,000	.27 <sup>a</sup>
1994-qtr. to Feb. 28	115,531,000	10,638,000	.24
1993-qtr. to Feb. 28	71,650,000	5,411,000	.13 <sup>a</sup>
<b>Audiovox</b>			
1994-qtr. to Feb. 28	115,337,000	23,985,000	2.61
1993-qtr. to Feb. 28	91,820,000	3,337,000	.37 <sup>b</sup>
<b>Chyron</b>			
1993-year to Dec. 31	37,391,000	1,276,000	.02
1992-year to Dec. 31	29,715,000	1,005,000	.01
1993-qtr. to Dec. 31	10,647,000	609,000	.01
1992-qtr. to Dec. 31	7,250,000	275,000	--
<b>Circuit City Stores</b>			
1994-year to Feb. 28	4,130,415,000	132,400,000	1.36
1993-year to Feb. 28	3,269,769,000	110,250,000	1.15
1994-qtr. to Feb. 28	1,406,736,000	67,743,000	.70
1993-qtr. to Feb. 28	1,098,252,000	60,784,000	.63
<b>Corning</b>			
1994-12 wk. to March 27	948,900,000	58,000,000	.28
1993-12 wk. to March 27	817,000,000	49,800,000	.26
<b>Jones Intercable</b>			
1993-year to Dec. 31	26,955,292	(57,867)	--
1992-year to Dec. 31	38,337,748	44,060,105	5.24 <sup>b</sup>
1993-qtr. to Dec. 31	6,611,051	(464,061)	--
1992-qtr. to Dec. 31	7,838,518	46,706,235	5.56 <sup>b</sup>

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

**Barry Leshtz** promoted to vp-gen. mgr, Playboy Entertainment Group Home Video Div... **Peter Fifield**, ex-New Line Home Video, named vp-finance and operations, Cap Cities/ABC Video Publishing... **Anthony Zummo** promoted to vp-legal affairs, MCA Home Entertainment Group... **Brian Brown** advanced to vp-sales, Fox Lorber Home Video... **Lonnie Strong** promoted to vp-operations, Title Wave Stores... New NARM officers: **Scott Young**, Wherehouse Entertainment, Torrance, Cal., pres.; **Ann Lieff**, Spec's Music, Miami, vp; **Barney Cohen**, Valley Record Distributors, Woodland, Cal., treas.; **Robert Schneider**, Western Merchandisers, Amarillo, secy.

## OBITUARY

**Bert Whyte**, 74, prominent recording engineer, critic and assoc. editor of Audio magazine, died on Long Island, N.Y., April 1 of heart failure following long illness. Born in Belfast, Whyte began professional audio career in 1949 as dir. of audio sales for Concord Radio, Chicago, moving to Magnecord as sales coordinator and musical dir. As co-founder of Everest Records, Whyte helped pioneer use of 35mm magnetic film for multitrack stereo recordings, later served as musical dir. for RCA Victor Red Seal classical recordings. He was Life Fellow of Audio Engineering Society. Wife survives.

Philips this month in U.K. will begin selling bundle that includes CD-I player, Digital Video (DV) cartridge and "Caesar's World of Boxing" DV game for £500. Company said it plans to spend more than £6 million promoting CD-I in U.K. this year. Philips executives in U.S. have talked about bundling forthcoming CD-I changer with DV cartridge when it comes to market this year. However, Philips executive last week, noting that U.S. and U.K. operations often have different marketing programs, declined to comment on any other plans to bundle CD-I players with DV cartridge.



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## SUMMARY-INDEX OF WEEK'S NEWS

VOL. 34, NO. 16

### Broadcast - Cable

**FOX JOUSTS FOR AFFILIATES:** Lines up affiliates, primary and secondary, with Sun. NFL package. More negotiations under way. ABC, CBS fighting back. (P. 1)

**TV GETTING MORE SPORTS:** Program migration said to be toward broadcast, not cable. Sports leagues say broadcast carriage sets new records. INTV again hits cable competition. (P. 2)

**RHCs FACE DIGITAL TROUBLE** because of antiquated infrastructure, analyst report says. Strong sell recommendation issued. BA's Smith disagrees. (P. 3)

**DOLE SLAMS FCC ON CABLE RULES:** In Senate speech, criticizes agency on Cable Act implementation, accuses it of power grab on bill to open local loop to competition. (P. 3)

**CBS NET INCOME JUMPS:** Olympics boost profits 28%, ratings. Sagansky is leaving, was paid \$7.83 million. (P. 4)

**CABLE HITS 'MICROMANAGING'**, says interactive will be delayed by govt. interference. Cable rules said to derail information highway. Hundt defends actions. (P. 4)

**PUBLIC TV CYTS HIT** by House subcommittee members. Budget for PTFP spending down, but NTIA says money will come from NII budget. (P. 5)

**WIRELESS CABLE FIRM RAIDED:** Improper securities, marketing alleged. Marrco denies wrongdoing. (P. 5)

**FOX JOUSTING WITH ABC AND CBS ON NFL COVERAGE:** Fox's goal is to "maximize" availability of NFL games on free TV when it takes over contract from CBS this summer, network told FCC commissioners last week in midst of Fox fight for primary and secondary affiliates in 47 markets where its signal doesn't go out over air. ABC and CBS are fighting back in opposing Fox efforts in those 47 markets that have only 3 TV stations and are making less than veiled threats against stations considering switch to get NFL Sun. football.

In April 11 letter to FCC, Fox Exec. Vp Preston Padden said network has added 7 primary affiliates (most not yet on air) and 27 secondary (about equally divided between ABC and CBS) since it acquired NFL rights, covering 96% of U.S. TV homes (up from 92%). Another primary, KMVU Medford, Ore., scheduled to go on air in midsummer, was added, and 4 more joined Fox April 14, effective with first NFL preseason game Aug. 12: CBS affiliates WJKA Wilmington, N.C., KECY-TV El Centro, Cal., and satellite KDBA-TV Palm Springs, along with independent WFAY Fayetteville, N.C. Padden said "we are in active discussion in all remaining" secondary markets where Fox hasn't obtained agreement to carry NFL games.

Other major defectors have been KARD W. Monroe, La. (now ABC) as primary affiliate and WSBT-TV South Bend (now CBS) as secondary. WSBT-TV is owned by Schurz Communications and its Senior Vp-Bestg.

### Consumer Electronics

**HOME DIGITAL TV SPECS** approved by 50 worldwide companies. Models could be on market early next year, but HD specs for U.S. still are to be finalized. (P. 9)

**HIGH-LEVEL PHILIPS RESIGNATIONS:** Senior Vp Palaia and Vp Reid leave in sudden moves 4 weeks after Minkhorst replaced Johnstone as PCE pres. (P. 10)

**FIRST-QUARTER SALES** stars are projection TV, TV/VCR combos, camcorders. Direct-view TV slightly behind 1993 record pace. March sales good. (P. 10)

**VHS-C WILL OUTSELL 8mm** this year, JVC forecasts. Sanyo & Fisher deemphasize camcorders, promise return with 2nd-generation LCD monitor model. (P. 11)

**FIRST PROJECTAVISION TV**, portable made by Taiwan's CMC in \$150-million program, due this year. Projectavision hails 'broad' patent position. (P. 13)

**PBS WILL SET CLOCKS** on VCRs in first known use of Extended Data Service. Sony will introduce 2 VCRs utilizing signal in blanking interval. (P. 13)

**TOSHIBA 16:9 PROJECTION TVs** being delivered, have unique software promotion -- 2 special 'anamorphically squeezed' widescreen laserdiscs. (P. 13)

**PANASONIC OUT OF SCES**, citing timing as barrier and preferring winter show. (P. 14)



Berry Smith was chmn. of CBS TV affiliates board few years ago. In letter to FCC, Padden wrote: "With the possible exception of very brief football overruns... these secondary affiliations do not involve any regular season preemptions of any network prime-time programming." Neither CBS or ABC sees it that way, with CBS saying such secondary affiliates wouldn't be able to move into 60 Minutes in progress if game went beyond 7 p.m.

George Newhi, ABC exec. vp-affiliate relations, said Sun. night overruns (which affect Eastern and Central zones) "are more than isolated... and [not] very brief." Extent of possible overruns this fall isn't known because 1994 NFL schedule hasn't been announced. Fox reportedly isn't offering compensation to ABC or CBS affiliates that carry NFL but is agreeing to give them spots to sell locally. NBC affiliates aren't involved because that network has AFL Sun. games.

In letter to affiliates, Newhi said promise of additional revenue for short term may be appealing, but stations should "look to the long view" in citing several examples, including estimated "well over 70 hours of program preemptions" over during NFL season. ABC will have Major League Baseball playoffs and World Series this fall, plus major Sun. golf, and "we will not allow stations to join these games in progress," Newhi wrote. He said ABC renewed Mon. Night Football (MNF) at "a considerable loss. For a station to preempt programs that contribute to our ability to pay for MNF would be hypocritical." Newhi said there would be "great confusion and harm" if ABC affiliates carried promotions for other Fox programs during NFL games: "It's ironic that the Fox Network, which fervently is trying to stop their affiliates from also aligning with Time Warner or Paramount [which are attempting to launch new networks] is approaching ABC affiliates to stick it to their network."

CBS and ABC are looking for alternate ways to get their programming into markets where stations have defected to Fox and football. CBS already has talked with other affiliates in South Bend-Elkhart on carrying 60 Minutes. But CBS official stressed that it "isn't an option" for station carrying NFL to pick up CBS programming after overrun of football game.

**BROADCAST TV SAID TO BE GETTING MORE SPORTS:** Any migration of TV sports programming is toward broadcasting, not cable, sports and cable interests said in latest round of comments in FCC inquiry. Results will be used as part of Commission report to Congress, due July 1. However, INTV said mere existence of competition from cable cuts amount of broadcast sports that could be available. NAB didn't file comments this go-round, despite conducting major study earlier in attempt to prove there's migration of sports to cable.

NCAA and other sports groups said broadcasters continue to carry more events, not fewer, often at expense of cable. Major League Baseball, NBA and others said more games are on broadcast TV than ever. Time Warner said that move of NFL games to Fox from CBS "will not only likely result in increased competition among the networks for sports events, but an increase in... reverse migration" of sports to stations. It pointed out that after CBS lost NFL, network bought rights to Southeast Conference and Big East college football, meaning more broadcast sports. Other reverse migration examples cited by TW include NBC decision not to put any of 1996 Olympics on cable, fewer Major League Baseball games on ESPN, move of NHL from cable to ABC.

INTV disputed FCC conclusion that there's no migration to cable because more sports events are on broadcast TV. Assn. said there's "legitimate question" whether there would be even more sports on broadcast if TV stations didn't have to compete with cable for rights. INTV also said ESPN's baseball contract and cable deals with college football are "preclusive" because they prohibit broadcast competition and discriminate against TV stations. As result, INTV said, FCC should recommend that Congress allow Commission to retain jurisdiction over migration.

College conferences and professional sports leagues said deals weren't preclusive because broadcasters hadn't been carrying games, despite efforts of sports rights holders to interest them. Several conferences and leagues said they had tried unsuccessfully for years to get broadcast coverage, and cable was only alternative. Commissioner of baseball said cable is "a valued supplement" to, not substitute for, broadcast. He said 1,707 games to be broadcast this season is up 23% since 1980.

In April 11 comments, Fox promised its NFL contract won't reduce availability of games to TV viewers. It said it has added 7 new fulltime affiliates since acquiring NFL rights from CBS, plus 24 stations that will carry games as secondary affiliates. Network also said that it's in "active discussions" with stations for carriage in all remaining TV markets.



NFL's deal to offer satellite package of games remains controversial. League will offer package to sports bars and others via C-band satellite and is requiring broadcast networks to scramble all feeds so bars couldn't get them free. National Licensed Beverage Assn., which represents sports bars, said NFL package is "unreasonable and will cause financial hardship to sports bars."

NFL satellite package is "additive," making more programming available legally to such establishments, NFL and Turner Bcstg. said in separate comments. NFL said package would "enhance competition" in video. NFL plans to make package available to more than 3,000 sports bars at \$699-\$2,499 per season, depending on bar capacity. Package also will be available to dish owners in white areas. Turner said superstation carriage of sports was legal and harmless to sports license holders.

There's no justification for FCC intervention in sports programming, Cap/ABC said, and deals "plainly do not violate antitrust laws." All contracts are result of "intense competition," network said. ABC said it would continue college football pay-per-view program for 2nd year in 1994 on essentially same basis as in 1993, but didn't commit to future years.

**RHCs FACE DIGITAL TROUBLE:** New Wertheim Schroder report says telcos are in poor position to compete on information superhighway because they rely on "archaic," expensive and low-functioning copper twisted pair. Telcos won't remain \$95-billion industry when competitors using new technologies -- fiber, wireless and fiber-coaxial cable systems -- provide service at lower prices, report said. Distributed at company's joint "Big Picture" conference with Variety in N.Y.C., report, "The Digital Battlefield," strongly recommended that investors sell BOC shares.

Even if telcos deploy new technology, they require large cash flows to make interest and dividend payments, report said. Since almost all phone system costs are fixed, loss of market share will go straight to bottom line, as will decline in price levels, and sales and marketing costs will increase. That "could easily eliminate the profits of an RBOC," report said, and could put cable industry in better competitive position.

Report saw Big 3 TV networks faring well because "they are the best programmers, have the largest built-in audience and spend the most money on original programming." It said cable networks won't fare as well, especially if they rely on reruns or programs that can be replicated easily by others. It said cable networks' recent growth has come from higher ad rates rather than from ratings or new subscribers. Report said outlook for MSOs is cloudy for next 2 years with competition from DBS, phone companies, wireless.

Bell Atlantic (BA) Chmn. Raymond Smith said: "The vulnerability of the telephone companies is greatly overstated. Video is the next frontier, a big part of our plan. It's clear the industry transformation will take place sooner rather than later -- 2 or 3 years go rather quickly... We'll build those systems because they make sense."

Showtime Networks violated FCC ex parte rules by filing request for declaratory judgment on rate rules for multiplexed program services, Encore said in filing at Commission. Encore said request should be rejected and Showtime should be subject to sanctions because filing was meant only to influence FCC during "sunshine period," when Commission isn't supposed to be subject to influence on particular issues. Encore had asked FCC for clarification of multiplex rule before sunshine period on rate rules, and Showtime's filing after sunshine period began was response to Encore bid. Showtime filing "makes a mockery of [FCC's] deliberative process," Encore said. Encore Chmn. John Sie also said company was "baffled" as to why Showtime would try to derail Encore effort since Showtime also is multiplexed.

**DOLE SLAMS FCC:** Senate Republican Leader Dole (R-Kan.) April 14 signaled opposition to legislation (S-1822) by Commerce Committee Chmn. Hollings (D-S.C.) that would open up local telephone loop to competition. In speech to Senate, Dole said Commission had "dropped the ball with the implementation of the Cable Act" and accused it of being power hungry in its support of bill, which also is sponsored by senior Committee Republican Danforth (R-Mo.) and others. FCC had no comment on Dole statement.

Dole has made several such speeches critical of FCC. In this one, he assailed Commission for issuing more than 500 pages of cable regulations: "That's more than 5 pounds of paper." While he said he agreed that cable TV business "has its bad apples who have gouged consumers and delivered poor service," he said point of law was that FCC should pursue "just the bad guys," not all cable operators.

Dole also criticized FCC for not yet releasing study on cable rates, which he said was 3 weeks late. Noting that cable has only 60% penetration, he said rate cuts mandated by FCC have hurt industry: "Cable TV companies will not have the revenues or the borrowing power to build out their systems to the remaining 40%."

Claiming that FCC Mass Media Bureau Video Service Div. has abused its power and even is possibly involved in "conspiracy," DBS permittee Dominion Video Satellite (DVS) Chmn.-CEO Robert Johnson requested that FCC Inspector Gen. (IG) mount investigation of division. IG's office said investigation was in preliminary stages, but it hadn't decided whether to proceed. Source there said investigation would proceed only if waste, fraud or abuse were issue, not "rehash" of same issues raised in licensing procedure. After cancelling satellite contract with Hughes and GE, DVS lost place in line for slot in Dec. 1991 because FCC said DVS hadn't met due diligence requirements. However, by Feb. 1992, Commission reinstated DVS when it proved it had signed similar contract with Fairchild, but FCC allowed other applicants (EchoStar, DirectSat and Tempo) to have chance for preferred 119° W location.

FCC staffers will address cable industry questions on rate rules in satellite-delivered seminar 1-3:30 p.m. EDT April 21. Seminar will be transmitted via Telstar 302, TR 5 (horizontal), and also via Capitol Connection in Washington, D.C. Distribution was arranged by CATA, in cooperation with FCC, NCTA, Small Cable Business Assn. CATA is asking operators to send questions via fax (703-691-8911) by April 18. FCC Cable Bureau also will accept questions via fax (202-416-1207) even during presentation. Seminar can be watched at FCC hq, Rm. 856.



**CBS NET INCOME JUMPS:** CBS reported record \$69.3 million net income (\$4.23 per share), 28% increase, on net sales of \$1.247 billion (up 42%) for first quarter 1994, said it expected to win "exceptional triple crown" for TV season that ends this month: First in prime time, daytime and late night. It gave most of credit for Jan.-March performance to Winter Olympics, during which it won 16 consecutive nights and every half-hour of prime-time. Without Olympics, CBS said, sales growth would have topped at 6%.

Comparable figures for CBS first-quarter 1993 were \$54.2 million (\$3.50) in net income on sales of \$878.7 million. Chmn.-Pres. Laurence Tisch said operating results outside Olympics "continued to show steady improvements, reflecting the combined effect of a strong programming schedule, strengthened demand for advertising and active cost control..." Earnings also increased in daytime and late night.

Sales and profits of 7 owned TV stations "were dramatically boosted" by Olympics, CBS said, especially at WCBS-TV N.Y. and WCIX Miami, and demand for local ad time "strengthened substantially." Earnings from syndication increased as result of "stepped-up level" of in-house program production. On radio side, local and national spot sales benefited from "more robust business conditions," led by improved sales at AM stations.

CBS Entertainment Pres. Jeffrey Sagansky received \$7,838,263 in 1993, including \$500,000 base salary and \$7,325,000 in bonuses because of network's No. 1 performance. He also was granted options for 2,200 shares of stock (price not disclosed). Figures are contained in proxy statement for shareholders meeting May 11 in N.Y.

Tisch received \$1.02 million salary last year, \$900,000 bonus and \$153,864 in "other compensation," plus options for 8,500 shares. He owns or controls 3.06 million shares, 19.77% of those outstanding, and his brother, CBS Dir. Preston Tisch (who owns N.Y. Giants), controls 19.56%. Salaries, bonuses and other compensation (in that order) of other CBS executives (stock options in parentheses): Best. Group Pres. Howard Stringer \$1.19 million, \$300,000 and \$44,993 (4,000); Best. Group Exec. Vp Peter Lund \$475,000, \$350,000 and \$23,766 (2,400); CBS News Pres. Eric Ober \$475,000, \$213,750 and \$25,303 (2,200). Stringer contract ends Feb. 28, 1997, Lund Jan. 2, 1998, Ober Dec. 31, 1994. Nominated to CBS board for first time is Daniel Yankelovich, 69, chmn. of research firm D.Y.G. Inc. Upon his election, Yankelovich will resign from Meredith Corp. board, remain a dir. of Loral Corp. and U.S. West.

Sagansky will leave CBS when contract expires June 30, succeeded by Exec. Vp Peter Tortorici. "We had hoped to find a way to convince Jeff to stay," Stringer said. Sagansky said he had "no specific plans" but may "try my hand at some of the other areas of the entertainment business." Tortorici became CBS vp-planning and scheduling in 1987, has been exec. vp since Aug. 1991. Other changes: Larry Sanitsky, of Konigsberg/Sanitsky Co., becomes exec. vp May 1; Steven Warner, vp-program planning, is promoted to senior vp; David Himelfarb of Witt-Thomas Productions becomes vp-comedy development, replacing Timothy Flack, named vp-creative affairs. In another change, David Kenin, formerly of CBS and lately exec. vp-programming of USA Network, will replace Neal Pilson as CBS Sports pres. Pilson recently was named senior vp of Best. Group.

Japan's Mitsui will buy 10% of Taiwan cable firm Goldsun Communications for \$1.9 million.

**CABLE ASSAILS 'MICROMANAGING':** Interactive TV won't arrive until late in this decade because of govt. interference, cable speakers said at Wertheim Schroder-Variety conference in N.Y.C. "I'd like to put government involvement in a favorable light -- but I can't," Time Warner Chmn. Gerald Levin said in keynote. "It's simply bewildering to me how a Commission that preaches the growth of new technologies, creation of jobs and the rebuilding of our international competitiveness... can, with one action, negate all these goals... A regulatory framework so involved and intrusive that it seems borrowed from the old Soviet Union is already discouraging private sector investment."

HBO Chmn. Michael Fuchs and Comcast Pres. Brian Roberts bashed FCC and Congress for "derailing" cable-telco mergers and "chilling" development of new services. USTA Pres. Roy Neel, former White House asst. chief of staff, said cable industry had been "its own worst enemy," doing such poor job of serving customers that it invited reregulation. "I'll agree the legislation became punitive," he said. "Congress is not good at complicated economic issues. What they're good at is finding a bad guy and demonizing him. Cable made it easy." Neel conceded that rate regulation wasn't original intent of 1992 Cable Act and that some of provisions in final Act might not make sense. Comcast's Roberts predicted that 600 pages of rules "which micromanage our business" would fall in court challenges.

FCC Chmn. Hundt said govt. acted on cable issues to create structures to do what competition would have done if it had existed: "When competition comes, rate regulation will disappear." Agency shouldn't "micromanage" cable, Hundt said. But he said success of information highway "depends on open access. That is something law can assure." He said competition can't assure access, including such things as affordable access to telephone lines, free broadcasting, cable equipment compatibility. Noting widespread debate on information highway, Hundt said "we should enjoy the cacophony of views," which he said proved that highway "is one of the 3 or 4 most important developments affecting the jobs and lives of every U.S. citizen."

Levin predicted that within 10 years: (1) 50% of all phone calls won't be on conventional wire. (2) 20% of catalog sales would be over digital networks. (3) 50% of video movie rental would be electronic. He said figures proved that electronic superhighway would be financial success: "The demand won't be new -- it exists today." That doesn't mean telcos will die, he said, because of their expertise in such things as digital switching and billing. Failed marriages of Bell Atlantic and TCI, and of Southwestern Bell and Cox, may mean that major mergers don't work, Levin said, but partnerships and alliances (such as Time Warner and U S West) will.

GTE appeal of telco-cable cross-ownership restriction can't be heard by 9th U.S. Appeals Court, San Francisco, because First Amendment issues weren't raised first at lower court, NCTA and Cal. Cable TV Assn. argued in joint brief. Telco is seeking to use same arguments as Bell Atlantic to throw out provision, clearing way for GTE to continue Cerritos, Cal., project. Cable groups said GTE isn't appealing actual FCC decision withdrawing Cerritos waiver, over which court could have original jurisdiction, but act of Congress, which must be heard at lower court first. Brief also said GTE's speech rights hadn't been abridged because it never asked to "speak" directly to customers as cable operator.



**PANEL HITS PUBLIC TV CUTS:** Democratic and Republican members of House Appropriations Commerce Subcommittee took turns April 14 criticizing NTIA for slashing amount of money in agency's FY 1995 budget dedicated to public TV. They also questioned whether planning grants should be included in National Information Infrastructure (NII) grant program, and whether NTIA should be spending more than \$1 million it requested on Endowment for Children's TV.

NTIA Dir. Larry Irving explained that cuts weren't as bad as they looked because many programs that got funds under Public Telecommunications Facilities Program (PTFP) would be financed through new NII grant program. NTIA's budget request for FY 1995 for new Public Bcstg. Facilities Program is \$10.8 million. PTFP budget for FY 1994 was \$24 million, and difference brought questions from panel, including Reps. Moran (D-Va.) and Rogers (R-Ky.). When Irving said Republican Administrations hadn't budgeted any money for PTFP, Moran said Republicans did so knowing that Democratic Congress would put money into budget. Rogers questioned whether some of \$100 million NII grant program should be shifted to public broadcasting.

Irving said distance learning activities, which accounted for \$6-\$8 million under PTFP, would be taken care of under NII program, which will provide money for demonstration and planning for innovative telecommunications. He conceded that less money would be available for public broadcasting but said budget priorities meant that "something has to give." He said priorities for public broadcasting funds included service to visually-impaired and hearing-impaired and for some replacement of equipment. Communities served by more than one public TV or radio station would have lower priority, Irving said.

New Subcommittee Chmn. Mollohan (D-W.Va.) and other members questioned whether 40% of requested \$100 million should go for planning grants, rather than demonstration projects. Irving said it would be "fundamental mistake" to cut planning projects, which bring together segments of communities on issues that they don't usually plan jointly. Goal will be to spread money to different geographic regions and demographic areas, he said. He said there have been 7,000 requests for information about NII grants in 5 weeks since Commerce Secy. Ronald Brown announced availability of \$26 million in grant money.

Subcommittee members were surprised there wasn't even token increase in \$1 million for Endowment for Children's TV programming, with Rep. Price (D-N.C.) terming request "an unfortunately small item." Irving said NTIA has given out \$2.6 million in dozen grants, focusing on programs for children 6-8. Rep. Skaggs (D-Colo.), fierce opponent of TV Marti, asked whether NTIA had reviewed advisory commission report that recommended changing controversial service to UHF from VHF (see separate story, this issue). Irving said agency would do so.

FCC takes its turn before subcommittee April 18, when Chmn. Hundt testifies at 2 p.m. in Rm. H-310, Capitol. FCC's Senate appropriation hearing, which had been set for April 21, was moved to April 28.

Time Warner will integrate multimedia and videogame units into single group, called Time Warner Interactive (TWI). It said new structure will allow TWI to develop products that can be used on all platforms. Units are Atari Games, Tengen, Time Warner Interactive Group. Group also will market products for affiliated publishers.

**WIRELESS FIRM RAIDED:** Authorities carried out extensive raids on wireless cable marketers in Cal., charging they were dealing in unregistered securities and using illegal marketing tactics. Cal. Comr. of Corporations Gary Mendoza said main target, Marreo Communications, had raised at least \$30 million through practices. Marreo Chmn. Jon Marple denied wrongdoing by company or subsidiary Micro-Lite TV (MLTV).

Investigators from 5 states raided 10 locations in L.A., Orange and San Diego counties, seizing records and promotional materials of several wireless cable ventures and making 2 criminal arrests. Mendoza said records show that at least 3,000 people had invested total of at least \$30 million in ventures. Evidence indicated that they were promised returns of more than 600% over 5 years, at very low risk, and that investors were subject to sales commissions of 38-50%, Mendoza said.

Marple called raids "heavy-handed," said Marreo no longer was marketing, was focusing now on developing wireless systems. He said Marreo had sold Boston and Baton Rouge operations to 3rd parties, and those partnerships were dissolved. Partners were offered option of restitution, he said, although most decided to become shareholders in publicly traded companies. Marreo formed limited partnerships to develop wireless cable systems in Baton Rouge, Boston, Des Moines and Erie, authorities said, and used radio and telephone to solicit investors. "Marreo has failed to develop any of the wireless cable systems for which it has solicited investors," Mendoza said. Marreo just announced deal to merge into M.V.I.D. International.

Among those cited by Mendoza were Marple, board member of defunct U.S. Interactive & Microwave TV Assn. who identified himself as former FCC attorney; his wife Mary Blake; Richard Weintraub, who was making separate offerings. Mendoza said possible violations included offer and sale of illegal securities, misrepresentations in sales materials and oral communications, violations of Cal. Telephonic Sellers Law. He said Marple and Weintraub also violated administrative orders in several states barring their activities.

So-called "boiler room" operations are becoming more widespread in "cutting edge" industries, Mendoza said: "We see that investment scams have moved from oil and gas to the infamous information superhighway." Raids were welcomed by Wireless Cable Assn. Pres. Robert Schmidt, although he acknowledged that they could cause confusion among potential investors in legitimate wireless cable operators: "We have been trying to eradicate the various undesirable elements for 3 years. We are pleased that the state law enforcement agencies are engaging in a concerted effort."

Jones said it will launch infomercial channel called Product Information Network (PIN) this month. PIN, tested on Jones systems for 5 months, now becomes full-time network available to all cable operators. "PIN has proven to be a successful revenue generator... because of the generous commission to operators on all products sold in their zip code areas," Jones Pres. Gregory Liptak said.

Cable industry opposition to Bell Atlantic (BA) Open Network Architecture (ONA) plan is example of "mere dilatory tactics to prevent the public from receiving the benefits of video dial tone," BA said in comments filed with FCC. BA called NCTA filing simply repeat of earlier rejected claims that telcos need cable franchise.



U.S. "Deathstars" are "godsend," Patrick Watson, head of Canadian Bestg. Corp. (CBC), said at Centre of Canadian Studies luncheon in Washington April 13. Despite pervasive Canadian belief that U.S. DBS with "gazillion" channels is threat to Canadian culture, Watson said new technology was challenge to CBC to provide even better "home-grown" programming that Canadians could "come home to" after "whizzing out to the outer reaches of this new [DBS] universe." He said that as result of DBS threat, CBC was beginning to take actions now that it wouldn't have taken for "another 3 or 4 years," including raising prime-time Canadian program content to about 90% and rearranging schedule to include early evening "family prime" and later "adult prime," which includes programming with sexual, violent or controversial subject matter. Watson said he's working to bring French and English services into collaborative relationship. He said another potential benefit of DBS carriage, particularly on Canadian system, is that it would save CBC millions of dollars in terrestrial transmission. Satellite-based digital transmission would free up some of broadcasting spectrum to "the telecommunications folk who are clamoring for it," he said. He said CBC has 7-year contract with Directv for carriage of 2 CBC channels -- one news, one entertainment -- of all-Canadian programming on U.S. DBS.

Two separate efforts by cable industry and broadcasters to monitor TV violence "will not serve the public interest and could undermine the process," said Bobbi Kamil, exec. dir., Cable in the Classroom, at Washington Cable Club luncheon April 13: "The entertainment industry will be ultimately better served by a unified position." Kamil stood in for Showtime Networks Chmn.-CEO Winston (Tony) Cox, whose flight out of N.Y.C. was cancelled by weather, and read from his prepared text. She said critics of separate V-chip proposals "may cry censorship or feel they do not go far enough. I disagree with both." Kamil said chip would allow viewers to "make better informed decisions for themselves and for their families" and is similar to movie industry ratings, which "I would not call censorship." System would "actually liberate programming options rather than censor or limit them," she said, because viewers' ability to shut out programming would result in "less need to restrict content." Kamil also announced that Lifetime Pres.-CEO Douglas McCormick and Arts & Entertainment Pres.-CEO Nicholas Davatzes will head task force on Ratings, Parental Advisories and Responsible Scheduling.

Turner Home Entertainment will market and distribute PBS programs to home video market under new agreement. First release will be Ken Burns' 9-part series Baseball; deal includes rerelease of Burns' Civil War. PBS has been distributing programming on video since 1990, but new deal is seen as way to widen scope and create new funding source. However, deal was somewhat controversial, with Coalition for Public Bestg. Program Access & Diversity claiming that it might "push PBS further down the road to commercialism, distracting it from its mission to broadcast for free the diverse, innovative and educational programming... which commercial networks do not provide." Group said that if PBS becomes dependent on video revenue there will be stronger temptation to fund only programs with mass appeal.

Bell Atlantic proposal to use Open Network Architecture (ONA) proceeding as route to video dial tone was endorsed by BellSouth (BS) in FCC filing, but BS agreed with Nynex that Commission should clarify that regular VDT applications still are acceptable. BellSouth said there's "no legitimate reason" that Bell Atlantic plan shouldn't be approved.

**Financials:** Gannett broadcasting profit jumped 134% to \$21.2 million in quarter ended March 27. TV revenue was up 9% to \$84 million, radio 8% to \$83 million. Net profit was \$78.7 million, vs. \$66.3 million year ago... Scripps Howard Bestg. profit dipped to \$10 million in quarter ended March 31, from \$10.3 million year ago. Broadcast revenue was off 2.4% to \$60.4 million and operating profit down 7% to \$15.9 million. Cable revenue dropped 1.5% to \$28 million and operating profit 38% to \$4.1 million. Parent E.W. Scripps net profit fell to \$25.1 million from \$32.6 million... Rogers Communications said it bought 164.1 million shares of Maclean Hunter in merger, giving it 99.6%... Infinity Bestg. board approved repurchase of up to \$15 million of its common stock on open market... Media General profit increased 16% to \$3.9 million in first quarter ended March 27 and revenue 4% to \$149.4 million... C-Cor had \$472,000 profit for 3rd quarter ended March 25, down from \$819,000 year ago; sales increased to \$17.8 million from \$14.5 million. Lower profits were result of hiring and training costs because of volume of new orders, Chmn. Richard Perry said... Video Jukebox Network lost \$2.5 million in year ended Dec. 31, vs. \$4.8 million loss year ago. Revenue rose to \$10.7 million from \$10.4 million.

First "official" testing of proponent DAB systems began last week at NASA Lewis Research Center in Cleveland, EIA Consumer Electronics Group Vp Gary Shapiro told reporters at annual N.Y. news briefing to preview Summer Consumer Electronics Show: "There's industrywide consensus now that the EIA approach is the right one, and we hope that within a year or 2, I'll be up here and we'll be launching demonstration digital radio systems across the country." Asked to comment on recent statements by NAB Exec. Vp John Abel that June 1997 was earliest date by which DAB transmissions could begin in U.S. -- assuming 2-year waiting period for FCC to mandate recommended EIA or National Radio Systems Committee standard -- Shapiro said "we're more optimistic" that it could be implemented sooner. National Information Infrastructure (NII) is "the buzzword" in Washington, he said, noting that EIA board has created special task force "to address all the things the Clinton Administration is considering." EIA believes electronics industry "can play a principal role" in NII, Shapiro said.

"Call to Action" has been issued by NAB asking members to comment on Small Business Administration (SBA) proposal to permit govt. loans to be made to stations. When SBA was established in 1958, loans to broadcasters and other "businesses engaged in the dissemination of intellectual property" were prohibited. In 1978, SBA provided "broadcaster exception" to ban against loans, but it was restored in 1987 because, according to NAB, FCC repealed fairness doctrine. NAB stressed that availability of SBA loan guarantees "would greatly help broadcasters obtain bank loans." Comments, due May 20, should be filed with John Cox, asst. administrator for financial assistance, SBA, 400 3rd St. SE, Washington 20416.

FCC freeze on cable rates is having effect, U.S. Bureau of Labor Statistics said. Consumer Price Index (CPI) continued to show increases in overall cable prices for months after freeze took effect, but latest figures, issued April 13, showed that rates were flat for March and for previous 12 months. Overall CPI was up 0.3% for March and 2.5% for full year.

"Broadcasting is a haven for the most competitive people in the country," said retired Cap/ABC Pres.-CEO Daniel Burke in accepting Gold Medal Award from IRTS. He said industry leaders "must use TV and radio for the greater good of our country."



American consumers are willing to pay "about as much" for future interactive information services as they currently do for cable services, said survey by FIND/SVP and Thomas Miller Assoc. Study was sponsored by 19 companies, among them: AT&T, Bell Atlantic, IBM, Prodigy, Sprint. Study found that "information-intensive" consumer households pay average of \$75 per month for computer, TV, newspapers, magazines. Households said they spent 20-25 hours per week seeking information. "Vast majority" said they were willing to pay \$20-\$30 for "selection of services offering information retrieval benefits." Because consumers are in "adolescent phase" of Information Age, marketers face several challenges, Project Dir. Thomas Miller said, among them (1) educating prospective customers on benefits of new services and (2) developing right audiences.

There would be no financial or technical advantages in converting TV Marti to UHF from VHF, NAB told Hill in response to USIA advisory committee report that recommended conversion (TVD April 4 p4). NAB said proposed UHF system would cover small area and "can be more easily jammed" than VHF: "Using a 100-watt communications radio and an off-the-shelf TV receive antenna, the UHF transmission from TV Marti, as proposed, could be completely wiped out." NAB also disputed advisory panel conclusion that millions could be saved, saying that UHF would need more power than VHF to reach Havana.

U.S. Appeals Court, D.C., refused to hear broad appeal by MSO Columbia Assoc., which claimed that all FCC cable rate regulation violates First Amendment (TVD March 7 p7). Court, in brief order, denied petition for writ of mandamus and quick oral argument, saying that "petitioner has not shown that the ordinary remedies available through a petition for review are inadequate." Columbia had claimed that FCC rate rulemakings, regardless of outcome, violated First Amendment because they limit cable's ability to speak. Separate appeals of individual rules have been filed by several cable groups.

As promised to U.S. Dist. Court, D.C. (TVD April 4 p3), FCC April 12 asked for comments on 3 petitions seeking repeal or major relaxation of prime-time access rule. Rule prohibits affiliates of 3 major networks in top 50 markets from airing off-network programming 7-8 p.m. Comments are due June 14, replies July 14. FCC said that between now and filing of replies, proceeding will be treated as "restricted," with ex parte comments prohibited. New Media, licensee of CBS affiliate WCPX-TV Orlando, has asked Court for writ of mandamus ordering agency to rule on its petition for repeal of rule, filed in April 1990.

Prodigy launched interactive TV listing service on computer network. Total TV Online includes detailed listings of all national broadcast and cable networks for next 7 days, plus movies and sports events for 2nd week. Listings are updated daily, available automatically for correct time zone based on members' zip codes. Users also can search for particular listings or categories of listings. Service is joint venture of Prodigy and TVSM Inc., publisher of Total TV and Cable Guide magazines.

Siberian steel manufacturer NOSTA will become first Russian company to advertise on U.S. TV network when it begins airing spots April 19 on CBS Evening News, plus morning and Sun. news programs. Campaign "is designed to establish good relations with U.S. companies and to develop business in a mutually beneficial way with both the Russian and American steel industries," NOSTA Pres. Pavel Gurkalov said. Campaign was created by Russian ad agency Video International.

AP All News Radio, due to launch June 1 as live, 24-hour service, will offer 2 flexible services so affiliates can insert as much local news as they want. One channel, "The News Service" (which includes promotions, etc.), will be offered on market-exclusive basis; 2nd is designed for stations to produce their own jingles and production elements. All News Radio will sell no network commercials, with stations paying cash based on market size. Affiliates will have access to hot line channel, reserved for long-form coverage of major breaking news. Regular programming will originate from Washington, sent on GTE Spacenet 3, SatCom C-5.

Senate Judiciary Committee tentatively scheduled executive session April 21, when satellite compulsory copyright legislation (S-1485) could come up for approval. Sources said networks may continue to push for amendments for fair market value of their transmissions. Turner Bestg. had been trying to line up support for amendment to allow time-shifting of programs. Although it still backs measure, it said it wouldn't withdraw endorsement of bill if item weren't included.

Digital Equipment Corp. (DEC) is supplying video and interactive information server to NEC Australia for Telecom Australia pilot project. DEC also will supply service management systems for billing, marketing, customer profiles, customer relations. Trial, to begin in Melbourne in early 1995, will use Asymmetrical Digital Subscriber Line for video-on-demand. Telecom Australia said it expects to begin offering interactive services by 1996. Same DEC servers are used in tests by Nynex, USA Video, U S West.

Disney Chmn. Michael Eisner easily topped list of top-paid U.S. executives in 1993, according to Business Week. His \$202.3 million in long-term compensation and \$750,000 were highest ever for executive in one year, and possibly for entire career, magazine said. Blockbuster Chmn. Wayne Huizenga ranked 6th at \$15.6 million. McCaw Cellular Chmn. Craig McCaw was 3rd among those said to give best value to shareholders compared with pay, at \$433,000.

Money and programming priorities were cited by PBS in deciding not to help finance sequel to ratings success -- and controversial -- *Tales of the City*, which aired in Jan. on American Playhouse. Producer Armistead Maupin charged that PBS "knuckled under to conservative pressures." Miniseries had homosexual theme. New PBS Pres. Ervin Duggan has said it will expand public service and children's programming.

FCC granted PanAmSat authority to launch and operate PAS-2 Pacific Ocean Region satellite at 191° W. To be launched in June by Arianespace, it will provide broadcast and telecommunications services to Asia-Pacific Region. It will be 2nd in PanAmSat's planned Global Satellite System. PAS-3 is scheduled for launch at end of year, PAS-4 in March/May 1995.

Interactive Video & Data Service (IVDS) and EEO rules are only mass media items on agenda for FCC meeting April 20, 9:30. On IVDS, FCC will consider adopting regulations for competitive bidding for licenses. On EEO, it will consider inquiry on rules, procedures and guidelines for cable, broadcast, other industries.

Cap/ABC announced April 13 that it's buying KMPC(AM) L.A. from Golden West Bestrs., price not announced. Cap/ABC currently owns KABC-TV-AM and KLOS(FM) there.



## Personals

FCC Chmn. **Hundt** speaks at National Press Club lunch May 2. He also testifies before House Appropriations Subcommittee on Commerce, Justice, State and Judiciary, 2 p.m. today (April 18), Rm. H-309, Capitol Bldg.

**Steven Heyer**, ex-Young & Rubicam, named pres., Turner Bestg. Sales, also corporate vp-bestg. sales, sales mktg. and development as member of Exec. Committee... Promotions at HBO Direct: **John Ovrutsky** to vp-DBS, **Lori Megown** to dir.-mktg... **Garrett Mullins** resigns as TCI dir.-customer service, joins Zenith... **Patrick Donovan** promoted to acting chief, Policy & Rules Div., FCC Cable Services Bureau; **Lee Cirbo** promoted to engineer in charge, FCC Denver office... **Daniel Castles**, Tektronix vp, also appointed pres., Grass Valley Group, succeeding **Robert Wilson**, who resigns "to pursue other career opportunities"... **Marcia Robbins**, ex-MPAA, joins Group W Satellite Communications as mgr.-international distribution, new post... **Jim Shelton**, ex-General Instrument, appointed senior vp-sales and mktg., TV/Com International... **Martine Mahoney** promoted to account mgr.-affiliate sales, southeast region, A&E Networks... **J.P. Dolman**, ex-IndyCar, named vp-mktg., OCC Sports, ESPN subsidiary.

**Michael Solomon** resigns as pres., Warner Bros. international TV, to form Solomon International Enterprises, with **Lorraine Johnson**, ex-Imagine Films, as COO, **Steve Blume**, ex-Largo Entertainment, as chief financial officer... **Katherine Evans**, Turner Publishing's Bedrock Press, named mktg. dir., Turner Classic Movies; **Mary Fiorillo** moves from TNT to asst. mktg. mgr... **Robert Friedman**, pres., New Line TV, also named to head new Turner Pay-Per-View Div... **Richard Popp**, ex-IBM, joins BroadBand Technologies as exec. vp-operations... **David Woodrow** promoted to senior vp-broadband services, Cox Cable.

**Jack Everette** advanced to pres.-COO, bestg. operations, Midwest TV... **Richard Swanson**, ex-KABC-TV L.A., named dir.-mktg. and programming, KRON-TV San Francisco... **Michael Weinert** promoted to national sales mgr., WRGT-TV Dayton; **Jeff Schroeder** advanced to production mgr... Changes at KARE Minneapolis: **Vp-Gen. Sales Mgr. John Remes** appointed vp-broadcast, **Nan Diley** advanced to gen. sales mgr., **Jerry Ness** named local sales mgr... **Robert Hoke**, ex-KPHO-TV Phoenix, appointed dir.-mktg. and promotions, KOLO-TV Reno... **Laura Friedman**, ex-Manheim, named dir.-development, Rysher Entertainment... **Tribune Bestg. Pres.-CEO James Dowdle** receives Avatar Award May 23 at Best. Cable Financial Management Assn. conference, Sheraton Harbor Island Hotel, San Diego... Promotions at Warren Publishing TV & Cable Factbook: **Mindy Band** and **Matt Byars** to senior editors, **Kelly Holder** to assoc. editor, **Kevin Ryder** and **Mary Christopher** to asst. editors.

**Lawrence Miller**, ex-Macromedia, named vp-mktg., TV Guide On Screen... Elected to Assn. of America's Public TV Stations board: **Burnill Clark**, KCTS-TV Seattle; **Robert Larson**, WTVS Detroit; **George Miles**, WNET N.Y.-Newark; **Joseph Traigle**, Sterling Group; **Karen Sherrin**, WFUM Flint; **Howard Bell**, WCET Cincinnati.

Changes at Daniels & Assoc.: **Bill Daniels** re-assumes chmn. post, replacing Chmn.-CEO **Phillip Hogue**, who will work with Daniels on civic initiatives; **Brian Deevy** promoted to CEO... **John Sarsen**, ex-Mktg. Partnership, elected pres.-CEO, Assn. of National Advertisers... **Thomas McKnight**, ex-Orion Satellite and onetime FCC, joins Smith Barney Shearson Washington office as broker.

# TELEVISION DIGEST

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## EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037

Phone: 202-872-9200 Telex: 6502173616 (Via WUL)

MCI Mail: TELEFACTS Facsimile: 202-293-3435

### WASHINGTON HEADQUARTERS

Albert Warren . . . . . Editor & Publisher  
Paul L. Warren . . . . . Sr. Ed. & Exec. Publisher  
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Betty Alvine . . . . . Circulation Mgr.  
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### NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001

Phone: 212-686-5410

Facsimile: 212-889-5097

David Lachenbruch . . . . . Editorial Dir.  
Paul Gluckman . . . . . Senior Editor  
Martin Brochstein . . . . . Senior Editor  
Mark Seavy . . . . . Associate Editor  
Cindy Spivogel . . . . . Associate Editor

### CONTRIBUTING EDITOR, EUROPE

Barry Fox  
5 Denning Rd.  
Hampstead, London NW3 1ST  
Phone: (071) 435-6244

### JAPANESE REPRESENTATIVE

Editorial and Circulation  
CES International Corp.  
1-18-2 Nishi Shinbashi, Minato-ku  
Tokyo 105, Japan  
Phone: (03) 3592-1531

### Television and Cable Factbook

Michael Taliaferro . . . . . Managing Editor &  
Asst. Publisher—Directories  
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**Ronald Furman**, ABC senior account exec., prime-time sales, promoted to vp-dir.-sports sales... **Helene Michaels** advanced to exec. vp-programming, Columbia TriStar TV; **Jeanie Bradley** named senior vp-programming; **Mindy Schultheis** senior vp-comedy development.

## OBITUARIES

**Javier de Juan Aracil**, 54, Spanish creator of Euronews all-news cable and satellite TV network, died April 12 in Lyon, France. Cause of death wasn't reported. Aracil also was delegate to EBU and a leading member of Organization of Ibero-American TV.

**Peter Rubenstein**, 38, asst. chief of FCC AM Radio Branch, died of cancer April 11 at Hospice of Northern Va. He received law degree from U. of Miami, had been at Commission since 1983. Mother survives.

Australia's Nine Network will acquire 15% of Optus Communications for \$225 million. Other Optus shareholders include Cable & Wireless and BellSouth (each nearly 21%). Optus provides fiber and satellite network in Australia for video and telephony.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for final week of 5-week March and first quarter:

	MAR. 26- APRIL 1	1993 WEEK	% CHANGE	MARCH 19-25	1ST QTR. 1994	1ST QTR. 1993	% CHANGE
TOTAL COLOR....	643,185	655,261*	- 1.8	482,363	5,533,466*	5,493,483	+ 0.7
DIRECT-VIEW..	630,898	646,783*	- 2.5	472,955	5,412,026*	5,401,653	+ 0.2
TV ONLY.....	566,116	597,301	- 5.2	430,812	4,992,167	5,122,321*	- 2.5
TV/VCR COMBO	64,782*	49,482	+30.9	42,143*	419,959*	279,332	+50.3
PROJECTION...	12,287*	8,478	+44.9	9,408	121,440*	91,830	+32.2
VCR DECKS.....	423,373	319,985	+32.3	208,673	2,588,582	2,597,341	- 0.3
CAMCORDERS.....	159,485	101,490	+57.1	43,724	615,625*	540,769	+13.8
LASERDISC PLYRS	12,776	6,742 <sup>r</sup>	+89.5	8,280	60,718	58,199 <sup>r</sup>	+ 4.3

Direct-view TV 5-week average: 1994--430,303; 1993--422,940 (up 1.7%).

VCR deck 5-week average: 1994--205,490; 1993--195,344 (up 5.2%).

Camcorder 5-week average: 1994--53,982\*; 1993--42,993 (up 25.6%).

\* Record for period. <sup>r</sup> Revised to include players with karaoke features.

**50 COMPANIES AGREE ON HOME DIGITAL VCR SPECS:** In move to avert standards battle, 50 of world's leading consumer electronics, component, recording media and computer companies last week agreed on specs for home digital VCRs for standard and high-definition signals. There were forecasts that first models could be in stores early next year -- or even sooner -- but models to record and play back U.S. HDTV signals obviously must await finalization of standards here.

Meeting in Tokyo, group ratified system whose basic standards were developed last year (TVD July 5 p12): System would use metal evaporated or equivalent tape 1/4" wide, with 2 cassette sizes -- small one about size of DAT cassette (2.6x1.9x0.48") recording 60 min. in standard mode (NTSC, PAL, SECAM) and large cassette slightly bigger than audiocassette box (4.9x3x0.57") recording 4-1/2 hours. Recording time would be halved in HDTV mode.

Group approved baseband recording for standard mode and developed specs for recording decoded MUSE HDTV signal being broadcast in Japan. Specs for recording compressed signals of U.S. HDTV are scheduled to be finalized by year-end, with study starting on European digital standards when available. Working group is preparing to submit specs to International Electrotechnical Commission (IEC) for worldwide standardization by year-end.

System will use digital component recording for video. For all existing TV standards, sampling frequency for luminance will be 13.5 MHz, video quantization 8 bits, video recording rate 25 Mbps after bit rate reduction. Audio recording will use 48 kHz (18 bits) for 2-channel, 32 kHz (12 bits) for 4-channel, same as DAT. Tape speed for 60 Hz systems will be 18.812 mm/sec., for 50 Hz 18.831 mm/sec. Discrete cosine transformation (DCT) will be used for video bit rate reduction. Extra optional feature of cassette will be built-in IC memory to store table of contents, recording date, program title, etc.)

For HDTV, video luminance sampling frequency will be 40.5 MHz, video recording rate 50 Mbps after bit rate reduction for both 1,125/60 and 1,250/5- systems, tape running speed at 27.594 mm/sec in both modes.

Manufacturers were reluctant to estimate when they would enter consumer digital market, but Panasonic already has announced it will have broadcast version compatible with consumer standards early next year (TVD Jan 31 p11). In Japan, Sony spokesman said real consumer use must await HDTV broadcasting. JVC spokesman said company, which is member of Digital VCR Conference, will concentrate



for time being on its analog WVHS HD recording system, which already is on market. Spokesman called attention to huge VHS software library, which will continue to be viable on compatible WVHS.

Participants in Digital VCR Conference: Aiwa, Akai, Alps, Apple, BASF, Canon, Daewoo, Dolby, Elden, Exabyte, Fuji Photo, GoldStar, Hewlett-Packard, Hitachi, Hitachi Maxell, IBM, Ikegami, Industrial Technology Research Institute, IR3 Video International (Philips and Grundig), Kao, Konica, Longshine Electronics, LSI Logic, Matsushita Electric, Matsushita (Taiwan), Media Technology Corp., Mitsubishi, National Semiconductor, Nippon Polaroid, Olympus, Otari, Pioneer, Rank Video Services America, RCA Engineering Labs, Rohm, Sampo, Samsung, Sanyo, Sharp, Shibasoku, Sony, Sumitomo 3M, Tatung, TDK, TEAC, Technicolor, Texas Instruments Japan, Thomson, Toshiba, Victor Japan (JVC).

**SENIOR VP PALAIA AND VP REID OUT AT PHILIPS:** Four weeks to the day after Robert Minkhorst took over from Donald Johnstone as pres. of Philips Consumer Electronics (TVD March 7 p11) and one week before company's sales meeting in Scottsdale, Ariz., 2 top officials left company.

Terse announcement, delivered verbally by company spokesman at Knoxville hq, said that Ralph Palaia had resigned as senior vp, sales and marketing, "to pursue other career interests," his duties to be assumed by Minkhorst until successor is named. No announcement was made of departure of Gerald Reid, service vp, who also had responsibility for parts and accessories, and who presumably left company same day -- April 11.

Officials at Philips were mum on sudden departures, which apparently occurred without normal advance notice. With regard to Palaia, spokesman said it was mutual decision, and indicated that replacement could come from inside or outside company. Reached at his home, Palaia told us he had "decided to part with Philips" and reached "mutual understanding" with company. He said he was "not yet in a position to talk about any moves" and regretted "not being able to continue" with company that was moving in "positive direction in sales, market share and finances."

Week before Johnstone left Philips to assume presidency of Whittle Communications, he told us: "I am leaving behind the best team there is in this industry. I see a smooth transition and consistency of service to our dealers. I put Ralph Palaia in his position knowing this would occur. He will do a fantastic job."

Neither Minkhorst nor Johnstone could be reached for further comment. Within Philips, there presumably was agreement not to comment beyond announcement. However, there were some indications that no other departures were expected.

Palaia joined Philips in 1984 from Litton as national mdsg. mgr. for Magnavox VCR and videodisc players. He left in 1987 to form Magnin Electronics (later MGN Technology Corp.), which specialized in TV/VCR combinations. In late 1990, MGN was absorbed by Craig Electronics, where Palaia served briefly as senior vp before rejoining Philips in 1991 as computer mktg. vp. He later served as national accounts vp, was named retail sales vp in 1992 and promoted to senior mktg. and sales vp last Nov.

**PTV, CAMCORDERS, TV/VCRS STAR IN FIRST QUARTER:** By virtue of soaring TV/VCR combo sales, total direct-view color squeaked out first-quarter sales record. Projection TV's boom pushed total color to record by slightly greater margin. But in both cases edge over 1993's previous record was less than 1%. TV/VCR, projection TV and camcorders were first quarter's bona fide stars.

Camcorders soared to surprising 13.8% lead over 1993's first quarter, while projection (PTV) continued to confound prognosticators with 32.2% gain over last year's record first quarter. Direct-view TV-only (excluding TV/VCRs) ran behind last year, and VCR decks were hair's breadth behind despite strong March when more than million were sold.

For March, combos, projection and camcorders set records, as did total color TV, with TV-only direct view behind last year, just as it was for first quarter. Although color ran neck-and-neck with last year in both periods, even that level is surprising in view of glass and tube shortage that already is affecting supply.

In all, first quarter appeared healthy for all products, particularly in view of bad winter weather in many parts of country and quakes in Southern Cal. Added depressing factor, particularly in March, could have been consumer uncertainty over how hard higher income taxes would bite.



Look at first quarter in terms of seasonally adjusted annual rate shows PTV running at hot 610,000 rate, up 31.1% from record 465,359 actually sold last year. If camcorders continue at first-quarter pace, 3.83 million will be sold this year, 24.1% above 3,088,427 of 1993, also record. VCRs, at 12.27 million rate, would just 1.5% behind 12,447,847 sold last year. Total direct-view color was at 23.8 million rate in quarter, down 3.4% from 24,663,449 sold last year. That includes TV/VCRs, running at 2.23 million rate, 36.8% ahead of 1993's full-year sales pace of 1,628,847.

With exception of TV/VCR combos (gaining momentum each month), seasonally adjusted figures for March weren't as strong as for Jan. and Feb. Total direct-view color came out to 22.9 million rate, PTV 555,600, VCRs 11.57 million, camcorders 3.64 million. Annual rate for TV/VCR combinations was 2.46 million.

Final week of 5-week March didn't show burst normally associated with last week of month, only PTV and combos selling at record rate, with direct-view and total color behind last year's weekly records. But camcorders demonstrated continued energy with 57.1% increase, PTV up 44.9% and laserdisc players in best week of year at 12,776, up 89.5% from EIA's revised figure for 1993 week and 22 higher than entire month of Feb. Here are EIA statistics on sales to dealers for March (for first quarter and final March week, see State of the Industry):

Product	March 1994	March 1993	% Change	March 1992
Total color.....	2,195,470*	2,146,103	+ 2.3	2,026,747
Direct-view...	2,151,515	2,114,701	+ 1.7	1,995,979
TV only.....	1,966,611	2,001,370	- 1.7	1,928,489
TV/VCR combo.	184,904*	113,331	+63.2	67,490
Projection....	43,955*	31,402	+40.0	30,768
VCR decks.....	1,027,451	976,718	+ 5.2	903,904
Camcorders.....	269,911*	214,967	+25.6	185,746
Laserdisc players	29,695	18,466	+60.8	15,629

\* Record for any March.

**JVC HIGH ON VHS-C, SANYO CAMCORDER HIATUS:** JVC last week introduced 4 new VHS-C camcorders and forecast that format would overtake 8mm this year. At same time, Sanyo-Fisher is pulling back from camcorder market for time being, fielding only single model, under Sanyo brand. Both companies are banking heavily, meanwhile, on multimedia market -- Sanyo planning heavy push on 3DO multiplayer and JVC cutting \$100 off price of its X'Eye due for launch at end of month (see separate report, this issue).

JVC Exec. Vp Harry Elias, extrapolating EIA and import figures as published in TV Digest, said 8mm had 38% of camcorder market last year, VHS-C 36%, full-size VHS 26%. He forecast that 1994 would see positions reversed, with VHS-C at 38%, 8mm 36%, full-size staying at 26%. "Retailers are singing a different tune" this year, Elias said. "C is growing."

In contrast to JVC's 6-camcorder line (including 2 holdovers), Sanyo introduced single 8mm model with 8x zoom at \$699, while Fisher declared "hiatus," having cleared warehouse early this year, Fisher Mktg. Vp Michael Shoemaker said. Move represents major change for Fisher, which last year showed camcorder with 2.2" LCD monitor/remote control that was marketed in Japan but never made it to U.S. (TVD May 3 p12).

LCD monitor camcorder probably will be introduced here as 2nd-generation model with 3" or 3.5" screen and more "functionality," Shoemaker said. "We are not out of that business. We are simply making sure that the product meets the market." In effect replying to JVC's Elias, Shoemaker saw "very little chance that [8mm] will be overtaken" by VHS-C. He conceded that "VHS-C has a very solid position in the market, great advertising, but the reality is that 8mm has fidelity advantages."

JVC officials, meanwhile, were bullish on industry prospects for 1994, forecasting camcorder increase to 3.24 million sales from last year's 3.1 million, VCR decks to 12.6 million from 12.4 million, direct-view TV (excluding VCR combos) to 24.5 million from 23 million. Among VCRs, they predicted hi-fi stereo would rise to 29% of total sales, from 26% in 1993 and 24% in 1992, with 4-head mono constituting 46% of sales and S-VHS climbing to 1.5% from about 0.6% this year. JVC's hi-fi sales last year, they said, were double industry average and S-VHS constituted 4% of its deck sales.



JVC made big bid for high-end TV market with Premiere series of 6 sets from 20" to 55" widescreen models. Top direct-view model, 35" at \$2,000, includes PIP with 40% more pixels claimed, along with full-motion split screen with equivalent of two 17" undistorted pictures side by side. Some of top TVs include new computer-like menu system: "Help" button on remote control gives instructions and purpose for each menu item. Sets also have "bulletin board" reminder feature (dates, anniversaries, etc.).

Flagship of JVC TV line is 55" widescreen (16:9) projection TV introduced earlier at \$4,500 list, with panorama feature that stretches standard picture into widescreen with minimum of noticeable distortion. Color TV Mdse. Mgr. David Bent told us widescreen set is "selling through steadily, better than our forecast."

In noteworthy act of independence from its Matsushita parent, JVC said it has no plans to market DCC products in U.S. this year. Eschewing launch of DCC technology co-developed by Matsushita, JVC said it will put marketing muscle behind MiniDisc (MD) recorder that arrived on U.S. store shelves in late Jan. at \$1,300 list. JVC will support introduction by marketing 60- and 74-min. blank MDs.

Explaining why U.S. subsidiary has decided to sit out DCC hardware launch this year, Consumer Audio Div. Gen. Mgr. Kevin Weinhoef chose his words very carefully. "At this point," he said, "MiniDisc has shown more promise than DCC." Policy is reversal from U.S. subsidiary's stance as recently as Dec., when spokeswoman reaffirmed plans that company would market JVC-made deck stateside this spring.

Fellow MD loyalist Sanyo said it finally will bow 3-disc in-dash MD car changer in May at \$1,400. Changer, first shown at Jan. 1993 Consumer Electronics Show (CES), has undergone various "refinements" to add 4-channel amplifier and CD changer control functions, Mktg. Vp Isaac Levy told reporters at company line preview in Pasadena last week. Model will have detachable faceplate, he said.

At same time, Sanyo will continue marketing \$599-list playback-only MD portable introduced year ago, but will hold off on bringing in additional MD gear until 1995, when company's first home deck is expected. Flamboyant Levy was his usual bullish self on MD market in U.S. when he projected industry shipments would grow to 200,000 in 1994 from estimated 70,000 shipped in 1993.

Sanyo said it would announce marketing plans for 3DO hardware within 90 days. Levy said Sanyo unit will list for about same as \$499 ticket of Panasonic multiplayer. Full-motion video (FMV) cartridge first will be sold as option, but over long term will be part of product.

Fisher is weighing introduction of Video CD in 1995 using Studio 24 CD management system. Prototype was shown at CES in Jan. Studio 24 is 24-CD changer introduced in 1993. "I think it's [Video CD] a lot closer now than in January, but by the end of the year we should have some good conversations about whether or not it will come to market," Shoemaker said. Studio 24 also may be redesigned for CD-ROM or Photo CD, he said.

In core TV and VCR, Sanyo and Fisher concentrated more on added features than new categories. Both brands will carry first 27" and 31" PIP sets at \$449-\$1,099 and menus have been redesigned throughout. New twists include mute function that switches to closed caption after 30 sec. Fisher line starts with 13" at \$249 and Sanyo showed little sign of backing off aggressive position in 25" mono where it established industry low \$279 price in 1993. New Sanyo 25" adds MTS stereo at \$369. "We're not going to give up our position," Levy said.

In answer to our question, Sanyo's Shoemaker said: "We have production limitations that are caused by some glass shortages, and we're aggressively trying to solve that." Biggest problem areas are 20" and 25" -- latter "understandable because it was the fastest growing screen size last year." He said tube orders are being placed 6 months ahead, and both Sanyo and Fisher's 20" and 25" sets will be on allocation for at least next 3 months -- "the demand right now is exceeding supply." Company is considering adding assembly lines and personnel to its Forrest City, Ark., TV plant. Details on JVC and Sanyo-Fisher lines will appear in future issues.

Three Time Warner game and multimedia divisions have merged to form Time Warner Interactive. New unit, consisting of Time Warner Interactive Group (TWI), Atari Games and Tengen, will offer games across all multimedia formats, company said. Atari will continue to focus on coin-op market, Tengen on videogames, Time Warner on CD-ROM. TWI will have operations in Cal., London, N.Y.C., Paris, Ireland, Tokyo. Time Warner Exec. Vp Geoffrey Holmes is chmn.

Lewis Galoob Toys has received \$16.1 million from Nintendo, ending nearly 4-year legal battle over unlicensed video game enhancer for Nintendo Entertainment System (NES). Galoob was awarded \$15 million in last year in suit against Nintendo for profits lost while Game Genie was barred from market June 1990-July 1991. Addition of interest to original award increased total payment to \$16.1 million. Galoob said it would keep \$12.2 million, \$3.9 million going to its Game Genie licensors.



**PROJECTAVISION TV DUE THIS YEAR:** Armed with "broad" patent on its depixelization and brightness enhancement processes (TVD March 7 p15), Projectavision announced last week that its Taiwan licensee was investing \$150 million in manufacture of "advanced LCD projection home theater TVs." Even as it was making announcement, some of its top officials, including Pres. Martin Holleran, were in Japan demonstrating compact model to TV manufacturers.

CMC Magnetics, which demonstrated prototype model at Winter Consumer Electronics Show, will begin production of advanced model this year. Product will be "based on Projectavision's small, portable shoebox-sized TV receiver projector," capable of projecting up to 10-ft. picture on screen or wall. Set will be marketed under "MGM Home Theater" name.

As we reported 2 weeks ago, we viewed progress of Projectavision's developments at its N.Y. hq and were impressed with brightness and viewing angle of rear-projection system using single 3.6" LCD (TVD April 4 p15). Picture had more "picture-tube" appearance than usual for LCD projection, and neither lines nor pixels were in evidence.

Projectavision inventor Eugene Dolgoff told us that so-called "Wonder Screen" projection system developed by William Johnson in Britain (TVD April 4 p15) uses principles patented by Projectavision.

Patent No. 5,300,942, issued April 5, covers 167 claims, including wide variety of depixelization systems that could be applicable to any display, including CRT. Also included are many systems for enhancing brightness, including "light tunnel" lined with mirrors that concentrates all light on rectangular area of LCD. Among other claims: (1) Projector uses multiple light valves (such as LCDs) to increase resolution. (2) Redundant LCDs are used to compensate for possible defects in LCD. (3) Screen is made up of venetian blind-like slats, presumably for decorative effect when picture isn't being viewed. (4) Additional lenses are used before light valve to increase amount of light passing through valve.

**PBS TO SET VCR CLOCKS:** Extended Data Service, on field 2 of closed caption line in TV's vertical blanking interval (VBI), gets its first publicized use this month when PBS starts transmitting time and date signals.

Sony is expected to introduce this week 2 VCRs that will utilize those transmissions to set their clocks automatically. Models are SLV-770HF and SLV-920HF. PBS said stations that will begin broadcasting signal this month are in N.Y., Chicago, L.A., San Francisco, Dallas and Miami, and by June entire PBS system will be transmitting signals.

VCR's time and date will be reset automatically each time VCR is turned off. One of plusses claimed is that it adjusts automatically for daylight time. Sony Home Video Div. Vp James Bonan said system may make VCR "most accurate clock in the house."

PBS also is transmitting StarSight program guide data during VBI.

Replica of Emerson radio of 1935 will be first offering in Franklin Mint's "Golden Age of Radio Anniversary Collection," to be available by subscription.

**TOSHIBA DELIVERING 16:9 TV:** First software specifically designed for widescreen TV is being distributed free to buyers of Toshiba's 56" rear-projection 16:9 TVs. Two special edition "anamorphically squeezed" laserdiscs, which give better resolution than letterboxed versions, are being produced by Warner Home Video (WHV) especially for Toshiba widescreen buyers.

When widescreen TV is set to "full" mode, image is expanded to full screen width. Since it's at full-screen height already, it utilizes full area of TV image, doesn't have to be expanded vertically. Some camcorders have used squeezed system for 16:9 images, but to best of our knowledge WHV discs constitute first consumer software using principle.

As forecast earlier this year, Toshiba started shipping widescreen sets this month (TVD Jan 3 p11) at suggested list of \$4,995. Picture is claimed to be brightest in industry at 450 ft. lamberts. Sets have 900 lines of horizontal resolution, 160 degree viewing angle, Dolby Pro Logic. Cabinet measures only 25" deep, including storage for laserdisc player and VCR. It's being assembled in Lebanon TV, using projection tubes imported from Japan.

WHV is supplying Free Willy and Unforgiven in squeezed form especially for promotion. Toshiba TheaterWide TVs shipped this month and in early May will include coupons for both discs. After that, Free Willy will be included with sets, along with coupon for Unforgiven.

WHV official said discs are being produced only for current promotion and won't be offered through other channels. Such discs won't necessarily be playable on all widescreen TVs. Some don't have "full" mode, which normally would be used to stretch standard 4:3 picture to full screen width without increasing height.

R.R. Donnelley & Sons purchased undisclosed interest in Nimbus CD International, and companies will establish "multiline CD-ROM manufacturing operation adjacent to... Donnelley's global software services plant in Provo, Utah." Scheduled to start up by Nov. 1, 40,000-sq.-ft. plant will employ about 50, offer mastering, replicating, printing and packaging, companies said. They also are negotiating agreement to establish CD-ROM operation in Donnelley's plant in Kildare, Ireland. Donnelley produces catalogs, inserts, magazines, books and directories, is expanding into CD-ROM business.

How do you say "CNN" in Chinese? Voice Wand knows, apparently. Voice Powered Technology said last week it has licensed Kong Wah Video to incorporate Voice Wand technology in TV sets to be sold in China. Kong Wah will pay royalty on each TV sold with Voice Wand, which automatically tunes set when channel number or network name is pronounced.

Sharp extends rebates on ViewCam through May. National "Score Big" program, which began Feb. 1, offers \$100 rebate on both 3" models, \$150 on standard 8mm 4" model, \$200 on 4" Hi8 camcorder.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 103 yen = \$1, except where noted.



**SCES -- PANASONIC OUT, SEGA IN:** Although Sega has announced it won't exhibit at Summer Consumer Electronics Show (SCES), it will be at McCormick Place in official capacity at June 23-25 Chicago event. Meanwhile, Panasonic -- traditional mainstay of summer show -- confirmed that it won't be there this year.

In letter explaining that its Florida convention in late May will be closed to press, Sega revealed that it will have "a rather large 'Sega Press Room' at SCES, where we will have small product displays, interview rooms, media kits, etc." and executives will be available for interviews. Letter to editors added: "In other words, you will get everything from Sega at the upcoming SCES that you always get -- except the booth."

Asked to elaborate, spokeswoman said Sega "press room" will be at McCormick Place, not at sideshow hotel suite. EIA Consumer Electronics Group official confirmed that Sega had reserved room for small equipment displays and media interviews.

Panasonic, which in past has had largest exhibit at main Mall Level of McCormick Place East, will be dropout this year. "We looked at our business over the last few years, and we have been shifting product introductions more and more to spring," spokesman said. "The winter show is more of a focal point for us than the summer show."

He said company hadn't decided whether to exhibit at 1995 summer show in Philadelphia. Dropout was foreshadowed earlier this month when CEG listed "key exhibitors" at Chicago event, from which Panasonic's name was conspicuously absent, as were most other traditional TV-audio manufacturers with exception of Thomson (TVD April 11 p14).

**Crazy Eddie** founder Eddie Antar, ordered last month to sign over foreign bank accounts containing \$53 million gained in stock fraud scheme, has yet to transfer money to federal govt., delaying sentencing to April 29. Antar, who built chain of 43 stores that plunged into bankruptcy in late 1980s, was scheduled to be sentenced April 15, but hadn't turned over certificates of deposits, courthouse source said. U.S. Dist. Judge Nicholas Politan, Newark, has said he wouldn't sentence Antar until money was transferred to SEC for repayment to investors. Sentencing of former Crazy Eddie CFO Abraham Grinberg was postponed to late May, officials said.

**Highest resolution LCD**, with 510,000 dots on 1.35" display, has been developed by Sony, which will ship samples in Aug. at about \$1,250 for color version, \$1,060 for b&w. TFT display uses polysilicon material and has drive circuit chips printed directly on glass. Current 3-3.6" projection TV panels using amorphous silicon LCDs have 110,000-300,000 dots. Sony's display will be sold for viewfinder use in professional cameras and camcorders, as well as for projection TV. It can be switched from 4:3 to 16:9 aspect ratio, with 600 lines of horizontal and 450 lines of vertical resolution as 16:9 display.

**Electro International '94**, annual IEEE conference and exposition, will be held May 10-12 at Boston's Hynes Convention Center. More than 15,000 are expected to attend show, which claims 80 new products, including innovations in digital signal processing, batteries, power management -- and even environmentally safe replacements for lead solder, which has been used for more than 5,000 years -- 800-223-7126.

**CIRCUIT CITY SUIT SETTLED:** Circuit City (CC) has settled suit filed against former executive hired away by rival Good Guys (GG). Suit, filed in U.S. Dist. Court, San Francisco, in Feb. (TVD March 7 p16), was settled earlier this month, terms not disclosed, said Matthew Moore, attorney for GG. CC spokeswoman confirmed settlement, declined further comment.

Agreement allows former CC executive Robert Baird to remain as GG mktg. vp., Moore said. CC sued GG Feb. 28 charging Baird took 1,000 pages of documents containing retailer's west coast strategy when he joined GG Feb. 25. Suit sought to bar Baird from working for GG for up to year. Baird had worked for CC 1990-1993 and returned Feb. 14 before resigning short time later.

Meanwhile, CC is said to have eliminated 15-20 district operations manager positions, sources close to company said. Cuts were said to be nationwide, although most employees affected were given other jobs within chain, sources said. CC spokeswoman declined comment.

Meanwhile, CC Pres. Richard Sharp reportedly told financial analysts that chain had no plans for rumored 50,000-sq.-ft. megastores and that ideal size was 5,000-10,000 sq. ft. larger than existing outlets. Existing stores average 32,000 sq. ft., 50% of which is selling space.

Chain plans to open 8 stores in 2nd quarter, including first in Best Buy's Minneapolis home turf, 13 in 2nd quarter and 40 in 3rd quarter, sources said. In addition to previously reported new market in Cleveland, CC is said to have set sights on Denver, Kansas City, Little Rock, New Orleans and Seattle-Portland. Additional stores are expected in Atlanta and Phoenix.

**Motif Inc.**, joint Motorola-In Focus venture developing Active Addressing LCD systems, announced "strategic alliance" with Standish Industries, LCD producer of Lake Mills, Wis. Motif will sell Active Addressing ICs to Standish, which will expand its line to include video rate high-information content LCDs. Motif signed similar deal in Dec. with Tottori Sanyo, Tokyo. Motif system is designed to add advantages of active matrix LCDs to passive matrix panels, by placing circuit complexity in ICs rather than on glass as in active LCDs.

**Adding to consumer electronics-furniture mergers**, Thomson and Drexel Heritage (DH) signed agreement allowing DH dealers to sell RCA custom home theater systems with special cabinetry. RCA Home Theater series packages audiovideo receiver, hi-fi VCR and surround sound speakers with 27-35" direct view and 52" and 60" projection sets. Systems sold through DH will contain single remote, have network of RCA installers and one-year in-home warranty.

**New multimedia service** called InfoTravel, Yellow Pages directory aimed at hotel guests, will be announced this week by Bell Atlantic. It will be produced on CD-I platform using On-Command system developed by Comsat Video and will be available through hotel room TV. First installation will be at hotel in Silicon Valley.

**Emerging Technologies Div.** has been added to EIA structure to accommodate hardware, software and material manufacturers involved in new technologies that aren't covered by other EIA groups. New unit, as well as new Medical Electronics Div., will function within EIA Industrial Electronics Group -- Group Vp Gene Lussier, 202-457-4933.



**TOSHIBA SIGNS WITH 3DO:** Toshiba has signed hardware license agreement "to manufacture, market and distribute 3DO products," 3DO announced. In Japan, Toshiba spokesman told us company plans to develop car navigation system compatible with 3DO, which also can use 3DO software for entertainment.

Toshiba declined to give details, but said portable system would be introduced in Japan this year. There are no current plans for sale in U.S., spokesman said. It will be developed and sold by Toshiba's car electronics operation. Spokesman said license gives Toshiba right to make any products that can use 3DO software. He said company chose car navigation because that's one of most promising multimedia markets and 3DO's high data processing speed and 3D pictures make system suitable for that use. Toshiba doesn't plan to develop any 3DO software.

Meanwhile, JVC and Pioneer announced price reductions on their multimedia systems. JVC, which will begin shipping Sega-compatible X'Eye at end of month, announced price will be \$399.99, down from \$499 originally announced (TVD Dec 27 p13). Consumer Audio Div. Gen. Mgr. Kevin Weinhoeft said it will be bundled with more than \$280 worth of software, including Compton's Interactive Encyclopedia, Sega CD Prizefighter, Top Hits CD+G karaoke disc.

Citing "strong retail support," Pioneer chopped \$235 from list price of basic LaserActive console, dropping it to \$735 from \$970. Each of its 2 game control packs has been reduced \$115 to \$486. Laser karaoke pack remains \$350. Total system will sell for under \$1,000, Pioneer Home Electronics Mktg. Vp Kerry McCammon said, making it "available to a wider range of consumers." Pioneer also announced lower priced Mega-LD authoring system, available in Aug. at about \$20,000.

Matsushita will begin export of REAL 3DO system to Canada and U.K. in Sept. For U.S. market, it will add Circuit City as REAL outlet in May and Wal-Mart and Sears in June. Matsushita will sell players to AT&T on OEM basis as well.

**GAINS FOR ELECTRONIC AVE.:** Montgomery Ward (MW), citing "double-digit" sales gains in consumer electronics (CE), posted 10% jump in 1993 earnings to \$101 million from \$90 million year earlier. Privately held company said specialty store format including Electronic Ave. had 6% gain overall.

Strong rise in CE sales was tied to expanded product offerings including use of private labels such as Admiral, Bell & Howell and Signature, it said. In 1994, 385-store retailer's sales will hit \$7 billion, company forecast. Debt was lowered to \$302 million in 1993 from \$1.1 billion at time of management-led buyout that took company private in 1988.

Chain plans to open 16 new stores this year and expand recently acquired Lechmere (TVD Feb 7 p12) Boston fixture. Lechmere operates 24 stores in Northeast. MW also has said it would open 6 Electric Ave. & More stores this year, new format placing greater emphasis on consumer electronics.

Short-neck color tube just 7.4" deep is featured in 6" Trinitron TV developed by Sony. It's claimed to be 1.5" shorter than other tubes that size. Set will be AC/DC-powered and offered with FM transmitter to use autotune system in car. Weighing 5.3 lb., it will be priced at about \$575 when it goes on Japanese market next month. Sony plans to make 10,000 monthly.

**10 MILLION HOME CD-ROMs:** Cartridge-based game systems are "declining faster than anyone is admitting," video software industry veteran Court Shannon told VSDA Videogame Conference seminar in Chicago. Shannon, now exec. dir.-channel mktg. and sales for CD-ROM supplier Media Vision, said his company believes there will be 10-12 million households with CD-ROM drives by end of 1994, up from 5 million currently.

Reason CD-ROM hasn't done better so far is that "95% of CD-ROM titles are a poor representation of what CD-ROM has to offer," Shannon told retailers. Former Karl/Lorimar executive co-hosted seminar with Bob Mossanen, operations vp, Electro Source, one of largest distributors of Sega and other lines.

As of Jan. 1993, 35% of U.S. households had home computers while 40% owned videogame software, Mossanen said. By year 2000, 60% of homes could have PCs. Revenue from multimedia hardware and software is expected to reach \$10.9 billion this year, increase of more than 32%, he said. CD-ROM base should reach 10.5 billion drives from shipments of 13.6 million. Total of 5,000 CD-ROM titles were mastered in U.S. last year.

Mossanen polled attendees on whether they felt consumers preferred to play CD-ROM games on PCs or standalone systems; most chose standalone. That's common "dealer misperception," he said, citing survey showing 42% of consumers prefer to play CD-ROM games on PCs while only 23% opt for standalone systems, with 35% responding "don't know."

Video stores should diversify into CD-ROM business because "video and videogames are maturing," Mossanen said. "CD-ROM is where the growth is."

**Best Buy's net income** in 4th quarter ended Feb. 26 was nearly double that of year earlier on 94.4% sales increase (see financial table). For 12 months, net income soared 108% on 46.1% sales increase. Chmn. Richard Schulze called sales levels at stores in chain's newer markets "higher than average" of outlets in other territories, "which is particularly significant in light of well-established competition in those markets." Company said it plans in new fiscal year to open about 45 stores, including 30 in new markets "primarily" in eastern and southeastern U.S. New markets in which leases have been signed or land purchased for development include Atlanta, Charlotte, Columbia (S.C.), Dayton, Lexington (Ky.), Melbourne (Fla.), Orlando, Washington, Youngstown. Majority of new outlets will feature 45,000 sq. ft. of selling space, with 25 existing stores to be expanded to same size area, company said, adding that increased space will be devoted mainly to home office and AV software and "greater overall product selection."

**Home Theater Products** said it has secured \$7 million working capital line of credit from Bank of America. Brea, Cal., company, which began trading on Nasdaq April 8, markets variety of consumer electronics (CE) products, including 60-CD changer and Acoustivision Home Entertainment Centers that have 46", 50" and 60" projection TVs. Company has licensed Paramount Pictures name for use with CE models.

**Zenith** has sold switch mode power supply business to Oryx Technologies for undisclosed amount as part of restructuring to eliminate noncore businesses. Oryx will hire Zenith's salaried employees in Chicago, said to number about 12. Zenith will provide contract manufacturing services to Oryx during transition period.



**BIG TUBES BENEFIT BMC:** BMC Industries, believed to be world's biggest independent manufacturer of shadow masks for color tubes, enjoyed good year in 1993, with pretax operating income up 96% from 1992 (TVD Feb 7 p20), partly because of industry trend toward larger and better tubes.

Company's worldwide mask business with plants in Cortland, N.Y., and Müllheim, Germany, serves tube manufacturing of Philips, Samsung, Thomson, Matsushita, Hitachi, Chungwha (Taiwan), Toshiba and Zenith, among others. Its annual report said sales of invar masks, used in high-performance tubes, rose 73% last year. In addition, its business should benefit this year from move to high-resolution computer monitor masks, which started in 4th quarter at N.Y. plant. Also according to annual report, among areas of concentration in 1994 will be flat panel display equipment and components, particularly color filter plates for LCDs and other displays.

Revenues of BMC's Precision Imaged Products Group increased 12% to \$125.4 million, with operating profits up 46% to \$16.4 million. Shadow mask operations accounted for 87% of group's 1993 sales.

BMC estimated annual worldwide demand for aperture masks at about 170 million annually, with 80% used in TV tubes, rest in computer monitors. Some 75% of global mask market is served by independent manufacturers (not affiliated with picture tube makers), of which "BMC is among the largest with an estimated 20-23% market share." BMC is sole independent mask producer outside Asia and supplies "virtually every non-Japanese picture tube manufacturer" as well as Japanese tube facilities outside Japan.

BMC also sells mask production equipment and technologies and has 3 contracts in China, latest being \$26-million 24-month deal with tube plant in Yantai.

### Consumer Electronics Personals

Geoffrey Holmes, Time Warner exec. vp, appointed chmn., new Time Warner Interactive... Louise Wannier, who served in top posts at Gemstar, resigns to pursue undisclosed business interests, continuing as adviser to Gemstar... Ralph Palaia resigns as Philips Consumer Electronics senior vp-sales and mktg. "to pursue other career interests," his duties to be assumed by Pres.-CEO Robert Minkhorst until successor is named; Gerald Reid departs as service vp (see report in this issue).

Tom Abramson, Diane Fornasier, Chris Garske and Bob Lindsey promoted to group dirs., Sega of America... Amy McKibbin departs as Pioneer PR mgr. to freelance PR, her duties assumed by Courtney Ravkind... Judy Murray, ex-Sharp, named Samsung home economist... Appointments at Montgomery Ward: Spencer Helne, Signature chmn.-pres. and MW gen. counsel, as MW properties pres.-exec. vp; Joseph Reddington, ex-Sears, as Signature chmn.-CEO; Gene McCaffery, MW exec. mktg. vp, as Signature vice chmn... Russell Hammer appointed Absolute Entertainment dir., replacing Raymond Sozzi, resigned... Richard Popp, ex-IBM, named BroadBand Technologies exec. vp-operations.

Marc Kringsman named assoc. dir.-programming, Cap/ABC Video Publishing... Appointments at Hemdale Communications: Timothy Waters pres., Hemdale Interactive Publishing; Marnita Schroedl PR dir...

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Best Buy</b>			
1994-year to Feb. 26	3,006,534,000	41,285,000	2.00
1993-year to Feb. 27	1,619,978,000	19,855,000	1.14 <sup>a</sup>
1994-13 wk. to Feb. 26	1,193,159,000	21,439,000	1.00
1993-13 wk. to Feb. 27	613,625,000	10,776,000	.61 <sup>a</sup>
<b>CBS</b>			
1994-qtr. to March 31	1,246,900,000	69,300,000	4.23
1993-qtr. to March 31	878,700,000	54,200,000	3.50
<b>C-COR Electronics</b>			
1994-39 wk. to March 25	49,147,000	2,616,000	.56
1993-39 wk. to March 26	41,324,000	2,585,000	.56
1994-13 wk. to March 25	17,828,000	472,000	.10
1993-13 wk. to March 26	14,467,000	819,000	.18
<b>Century Communications</b>			
1994-9 mo. to March 31	278,629,000	(26,033,000)	--- <sup>a</sup>
1993-9 mo. to March 31	255,790,000	(28,364,000)	--- <sup>a</sup>
1994-qtr. to March 31	93,078,000	(7,960,000)	---
1993-qtr. to March 31	85,434,000	(10,979,000)	--- <sup>a</sup>
<b>Gannett</b>			
1994-13 wk. to March 27	876,625,000	78,711,000	.54
1993-13 wk. to March 28	844,730,000	66,342,000	.46
<b>General Instrument</b>			
1994-qtr. to March 31	432,521,000	50,984,000	.83
1993-qtr. to March 31	303,244,000	11,410,000	.19
<b>Granite Broadcasting</b>			
1994-qtr. to March 31	13,448,000	(995,000)	---
1993-qtr. to March 31	8,602,000	(1,773,000)	---
<b>King World Productions</b>			
1994-6 mo. to Feb. 28	330,182,000	63,009,000	1.65
1993-6 mo. to Feb. 28	282,793,000	62,555,000	1.62
1994-qtr. to Feb. 28	137,138,000	24,287,000	.64
1993-qtr. to Feb. 28	113,079,000	24,053,000	.62
<b>Media General</b>			
1994-13 wk. to March 27	149,390,000	3,949,000	.15
1993-13 wk. to March 28	144,190,000	3,409,000	.13
<b>Motorola</b>			
1994-qtr. to April 2	4,693,000,000	298,000,000	1.03
1993-qtr. to April 3	3,626,000,000	204,000,000	.73
<b>Park Communications</b>			
1994-qtr. to March 31	40,093,000	3,664,000	.18
1993-qtr. to March 31	37,889,000	2,602,000	.13
<b>Pulitzer Publishing</b>			
1994-qtr. to March 31	111,391,000	4,164,000	.32
1993-qtr. to March 31	93,591,000	3,696,000	.32
<b>Raytheon</b>			
1994-qtr. to April 3	2,314,000,000	7,000,000	.05 <sup>b</sup>
1993-qtr. to April 4	2,204,000,000	157,500,000	1.16
<b>Republic Pictures</b>			
1993-year to Dec. 31	88,862,000	2,356,000	.38
1992-year to Dec. 31	68,348,000	(3,513,000)	---
1993-qtr. to Dec. 31	27,374,000	1,232,000	.16
1992-qtr. to Dec. 31	12,646,000	(2,672,000)	--- <sup>c</sup>
<b>Scripps Howard Bestg.</b>			
1994-qtr. to March 31	88,402,000	9,862,000	.96
1993-qtr. to March 31	90,315,000	10,327,000	1.00 <sup>d</sup>
<b>Video Jukebox Network</b>			
1993-year to Dec. 31	14,742,982	(2,489,483)	---
1992-year to Dec. 31	14,182,367	(4,809,444)	---

Notes: <sup>a</sup>Adjusted. <sup>b</sup>After special charge. <sup>c</sup>Includes special credit. <sup>d</sup>Restated; includes special credit.

Gregory Ballard, ex-Warner Custom Music, named COO-chief financial officer, Digital Pictures.

New NARDA officers: Ronald Romero, Schaefer's, pres.; Robert Cremer, Aronson Furniture, first vp; Joseph Bookwalter, Baker Appliance & Video, 2nd vp; Michael Fischer, Nielsen Tire, secy.; Barry Gunn, Edmonds Appliance, treas.



# TELEVISION DIGEST®

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With Consumer Electronics

APRIL 25, 1994

## SUMMARY-INDEX OF WEEK'S NEWS

VOL 34, NO. 17

### Broadcast - Cable

**FEW SUBSCRIBERS ATTRACTED** by lower cable rates. Penetration up some, but losses not offset. Operators not stressing low rates. (P. 1)

**FCC MAY ASK BUDGET BOOST:** Hundt tells Congress more money may be needed. Some to be covered by filing fees. USIA silent on TV Marti conversion. (P. 2)

**NBC SPURS GE PROFIT:** Network had double-digit profit growth. Time Warner loss grows. Tribune broadcast profit doubles. Westinghouse improves. (P. 4)

**FCC STREAMLINING EEO:** Ideas sought to ease reporting, whether to extend EEO to new technology. Report to Congress required. (P. 4)

**JONES HEADS CABLE BUREAU:** NOAA lawyer was Hundt classmate, says she's 'excited' about new job. Wilson to leave. Johnson detailed to Bureau. (P. 5)

**MARKEY PUSHES HR-3636,** asks regulators for help on consumer issues. Action called likely this year. Neel attacks cable role. (P. 5)

**TCI RATES HIT** for bars, others. FCC says rules unclear, but decision possible 'soon.' TCI says Cable Act applies only to private entities. (P. 6)

**PTV NOT THREATENED** by new technology, Bortz says. Public stations to benefit from local presence. (P. 6)

**LOWER CABLE RATES GENERATING FEW NEW SUBSCRIBERS:** Lower cable rates mandated by FCC have stimulated subscribership slightly, according to our survey of cable operators, but difference between growth rate in last year and historic growth rates is so small that it would have little impact on cable profits and losses, compared with revenue lost because of rate decreases. FCC had speculated in latest round of rules that revenue lost because of rate cuts could be offset by subscribers gains stimulated by lower rates (TVD April 4 p1). Survey showed that few cable operators are reacting to govt.-mandated rate cuts by advertising "sales" on cable service.

Among top-10 MSOs, subscriber growth rates in last 12 months have averaged about 3.5%, although that was inflated by Jones's 10% increase. Industrywide average growth rate was 2.6% in 1992, last year before reregulation took full effect. Many MSOs have had growth rates in last 12 months lower than 2.6%, including Time Warner (1.5%), Continental (1.4%), Cox (2.2%), Newhouse (1.6%). TCI had 4.2% increase, Comcast 4%, Times Mirror 3.2%. Top-10 MSO results were virtually unaffected by acquisitions or sales.

Jones's growth rate was higher than others because it owns systems in high-growth areas and because of "more targeted" marketing, Vp Scott Wheeler said. He said "blanket marketing" including across-board rate

### Consumer Electronics

**TV-RADIO RECEIVER TAX** to support public broadcasting is subject of study in Congress once again. (P. 9)

**WHO'S ON FIRST?** Perennial market-share contest erupts. Philips claims Magnavox is No. 1 VCR brand, disputed by Thomson. VHS-C vs. 8mm. (P. 9)

**SALES MEETINGS AND NEW LINES:** Philips has ghostbuster plug on projection sets. Sony enlarges TV line, adds 9" Trinitrons. Canon redesigns consumer camcorder line. TCE premieres first TV/VCR combo. (P. 10)

**CES S. AMERICA** postponed for year by EIA and Brazilian partner, awaiting improvements in economics and politics in Brazil. (P. 11)

**ICCE ENGINEERING MEETING** to precede CES this summer, keyed to advanced TV, multimedia, cable. (P. 12)

**NINTENDO ANNOUNCEMENT RAISES QUESTIONS** about nature of 32-bit 'virtual reality' product slated for introduction in Japan next year at \$200. (P. 13)

**PHILIPS LOW-END CD-I PLAYER** announced officially, though company declines specifics on price, merchandising. Deal signed for Orion movies on Video CD. (P. 13)

**AUDIO SALES UP 13.3%** in 1993 in units, according to unreleased EIA figures, which show 10.6% dip in home CD players offset by home theater boom. (P. 14)



discounts got industry to 60% penetration level, but won't help it reach remaining 40%: "I don't believe in any credible way that lower rates drive subscriber penetration. For the FCC to say that just underscores how grossly it has underestimated this business. We're not stupid. We've tried rate cuts before." As evidence of small impact of rate cuts, Wheeler said Jones typically hasn't reacted when competitors such as wireless cable undercut Jones prices by as much as \$5 per month, and there has been little subscriber movement to competitors: "Price is always an issue, but the important thing is better product and better service."

Cox also has become aggressive marketer, largely because of threat of DBS and other new competition, Mktg. Vp Terri Thompson said: "We are saying that growing our market share is crucial. We have to get as many subscribers as possible before we face direct competition." Focus on market share is new for Cox, and possibly for industry, Thompson said.

Similar growth rates are apparent for most other top-50 MSOs, which account for about 85% of all cable subscribers, according to data being collected for next edition of Warren Publishing's Television & Cable Factbook. Growth rates average about 5% for last 12 months, data showed, but most of that is result of mergers and acquisitions. If acquisitions are factored out, growth rate for 10th through 50th-ranked systems barely topped 3% for period March 1, 1993-March 1, 1994. Among fastest-growing MSOs were Lenfest (17%, but 4% without acquisitions), Sammons (14.7% including acquisitions), Bresnan (11.5%, but 1.4% if acquisitions are excluded).

Other growth rates (and declines) include: Adelphia, up 5.6%; Colony, up 2.8%; Columbia International, up 6.3%; Crown, up 5.8%; Falcon, down 1.6%; Greater Media, up 2.8%; Harron, virtually flat; KBLCom, up 5.8%; Multimedia, up 1.6%; Post-Newsweek, up 2%; Rifkin, up 5.3%; TeleCable, up 4.2%; Triax, up 8.9%; U S Cable, up 4%; Viacom, up 2.6%; Western, down 3.6%.

Few cable operators are using lower rates to try to entice nonsubscribers, our survey indicated. Marketing officials gave 2 reasons: (1) Executives were so busy trying to figure out how to comply with cable rules that there wasn't time to conceive and implement new marketing campaigns. Cox, for example, had virtually no growth in 2nd and 3rd quarters of 1993 when executives were focusing on first round of reregulation, but 2.2% growth rate next 2 quarters. "I suspect that all of us had difficulty [earlier in year] focusing on our basic business and doing the things that would grow the business," Thompson said. "Now we are getting back to aggressive marketing." (2) Cable executives almost unanimously believe that rate cuts in \$1-per-month range, such as those mandated by FCC, will attract few new subscribers.

"We are not marketing rates," Bresnan Mktg. Dir. Patrick Bresnan said. "They probably won't motivate people to buy, at least not as much as talking to them about the quality of networks like Discovery and CNN." Times Mirror official agreed that "buying decisions on basic cable are based on programming, not price," although she admitted that "maybe we should at least try" marketing campaigns based on new lower rates. Cox's Thompson was doubtful that rate-based marketing campaigns would work because "the price/value relationship is not radically changed." She said that Cox was trying to communicate message that MSO now is providing additional outlets and similar new services at little or no cost.

Bresnan saw little benefit in advertising lower rates, Patrick Bresnan said, in part because rates dropped relatively small amount in first round of reregulation, and in part because they're "too complicated to explain in advertisements." He said MSO does stress lower rates in some of its door-to-door sales.

Editorial in April issue of Private Cable magazine, which deals with SMATV, wireless cable and other alternative media, warned operators that lower rates for traditional cable would make it more difficult for alternative media to compete.

**FCC MAY ASK BUDGET BOOST:** FCC Chmn. Hundt said April 18 agency may ask for budget higher than \$167.4 million for FY 1995 that Commission has submitted, about \$95 million of that to be covered by filing fees. He told House Appropriations Commerce Subcommittee last week that agency is talking with Office of Management & Budget on more funds, and that budget agency is "seriously considering" making request to Congress on behalf of FCC. Hundt told Subcommittee that new budget calls for 2,046 staffers in FY 1995, but even that may not be enough because of increasing complexity of industries. He said FCC had 2,250 employees in 1980 and should move toward that level. He said about \$138 million in fees will be collected in FY 1995.



House Budget Committee Chmn. Sabo (D-Minn.) said there was "absolutely no justification" for FCC's issuing pioneer's preference licenses for spectrum in some of country's largest markets. Sitting in on hearing of Appropriations Commerce Subcommittee, Sabo, member of Appropriations panel but not of Subcommittee, said last year's budget agreement was built in part on assumption that FCC would auction spectrum worth \$10 billion.

Commission's decision, announced without public meeting, contained "curious logic," Sabo said in asking for explanation why such large item wasn't handled at open agenda meeting. He said he assumed there still would be "fairly significant revenues," but wondered whether pioneer's preference would reduce value of other licenses. Hundt replied that he had recused himself from decision because of conflicts with his former law firm, declined to answer questions. He said spectrum auctions would be conducted for some markets by Sept., although most valuable areas would come later.

On cable issues, Rep. Moran (D-Va.), former mayor of Alexandria, Va., asked whether cities would lose some of their franchising authority under HR-3636 sponsored by House Telecom Subcommittee Chmn. Markey (D-Mass.) and senior Republican Fields (Tex.). Hundt said bill would give "continuing role" to local franchisers, while balancing national need to encourage competition.

Rep. Price (D-N.C.) was concerned that FCC wasn't moving as aggressively as it could on children's TV compliance and didn't like Hundt's reply that FCC hadn't received any petitions to deny license renewals for failure to follow rules. Hundt said Commission has fined 16 stations for violations of children's rules. Also in reply to Price, Hundt said agency evaluation of notice of inquiry on children's TV should be concluded soon. He told Price that slow processing of video dial tone applications was due to lack of resources.

Moran said that if Commission were to issue fines against Howard Stern or others, fines should be large enough to be worth more than publicity generated by their announcement.

Meanwhile, USIA Dir. Joseph Duffey last week declined comment on advisory panel recommendations that TV Marti be switched from VHF to UHF. Testifying on USIA's FY 1995 budget before House Appropriations Commerce Subcommittee, Duffey said he would look at technical and economic questions raised by advisory group, noted he has until July to make decision.

Rep. Skaggs (D-Colo.), fervent opponent of TV Marti, asked Duffey if it would be possible to make decision sooner, to accommodate appropriations timetable. Duffey said he would try. Duffey defended his reorganization plan, which would consolidate all non-military international broadcasting operations into new International Bestg. Bureau with Voice of America, Radio Free Europe/Radio Liberty, Cuban Bestg., Worldnet TV and Radio Free Asia. Duffey said some services have already had their hours cut back and that technical facilities, such as transmitters, would be shared. Current Board for International Bestg. Dir. Daniel Mica noted that budgets for services under his jurisdiction will be cut from \$218 million and 1,600 employees in FY 1993 to \$75 million and about 600 employees by FY 1996.

USIA proposed budget is \$1.43 billion for FY 1995, \$79.4 million more than for FY 1994. Higher total will cover termination costs for RFE/RL, modernization of VOA, start of Radio Free Asia, among other items. Mica said services such as VOA and indigenous RFE/RL could end up sharing same frequencies, with VOA broadcasting some hours, other services other times. Mica said it could cost \$50-\$85 million just for "social plans" required by German govt. for laid-off employees of RFE/RL in Munich. Such plans are unemployment arrangements based on economic status, size of family, etc.

Rep. Rogers (R-Ky.) and other subcommittee members asked whether consolidations would jeopardize credibility of RFE/RL by combining that service, which carries locally oriented programming, with VOA, which has official U.S. govt. views. Duffey said he didn't expect such problems to develop. Asked by Rogers about TV Marti's broadcast of I Love Lucy, Duffey noted that it also broadcasts other programs.

**Bravo Eastern Europe Digital Network (BEEDNet)** is close to signing deal to access Intelsat without going through U.K. signatory British Telecom (BT). Policy was enacted recently by BT Signatory Affairs Office allowing direct access to Intelsat. BEEDNet plans to offer TV, voice, data, fax between U.K. and Czech and Slovak Republics, where it has satellite licenses. Company said it hopes to obtain licenses and offer similar services to Poland, Russia, Kazakhstan. Intelsat spokesman deal is "not fully closed," should be soon.

**Thai Skycom**, which plans to offer voice, image and data over VSAT network, also may work with international movie suppliers, including Time Warner, Columbia and Turner, to distribute foreign satellite and cable program in Thailand, local news agency reported.

**DirecTv** said it signed pay-per-view distribution agreement with Warner Bros. Pay-TV under which DirecTv will offer WB movies and independent productions on new Direct Ticket.



**NBC SPURS GE PROFIT:** Double-digit growth in operating profit at NBC in first quarter ended March 31 helped spur parent GE to \$1.07 billion profit. GE net would have set record if there hadn't been \$210 million charge related to alleged improper trading at GE's Kidder, Peabody unit, officials said. GE noted that NBC was among divisions that led in revenue growth (parent company's revenue was up 10% to \$14.2 billion), and that NBC's operating margin improved by more than one point. It provided no other NBC detail.

In other financials: **Time Warner** lost \$51 million in quarter ended March 31, vs. \$15 million loss year ago. Cable operating profit dropped to \$244 million from \$255 million, despite continued subscriber growth. Total operating profit was \$639 million, up from \$632 million year ago. Subsidiary **Time Warner Entertainment** had \$41 million net profit, down from \$94 million year ago... **Tribune Co.** broadcasting and entertainment operating profit more than doubled in quarter ended March 31 to \$20.4 million (on 4% revenue growth to \$146.9 million). Parent company's net profit increased 42% to \$35.4 million. It benefited from lower programming costs and higher TV station revenue.

**Westinghouse** broadcast revenue grew 6.6% in quarter ended March 31 to \$190.5 million, and operating profit was up 27.2% to \$33.7 million. Overall profit was \$36 million, vs. \$3 million year ago... **BHC Communications** net profit slid to \$13.7 million in quarter ended March 31, from \$75.9 million year ago, when company benefited from sale of Time Warner holdings. Revenue increased to \$96 million from \$89.6 million, and operating profit to \$15.1 million from \$8.8 million... **Multimedia** net profit fell to \$17.3 million in quarter ended March 31, from \$29.5 million year earlier. Broadcast revenue grew to \$29.3 million from \$27.9 million, and cable to \$41.2 million from \$41 million. Cash flow increased 10% to \$56.5 million... **Meredith Corp.** said it had "substantial improvement" in broadcast profit in quarter ended March 31, provided no details. Overall profit was \$7.2 million, vs. \$5.4 million year ago... **Knight-Ridder** had \$30.4 million net profit in quarter ended March 31, vs. \$23.1 million year ago. Revenue grew to \$630.9 million from \$583.9 million.

**Times Mirror** had \$22.7 million net profit in quarter ended March 27, vs. \$29.8 million year ago. Cable revenue grew 8.6% to \$123 million, and cable operating profit was up 3.9% to \$27.1 million. Cable revenue growth was attributed to 2% increase in subscribers, increased pay-per-view and higher ad revenue... **Gaylord** had \$8.5 million profit in quarter ended March 31, vs. \$8.3 million loss year ago. Revenue grew 7.1% to \$126.2 million, including 12.1% for cable to \$54.3 million and 9.5% for broadcast to \$33.4 million (entertainment lost 1% to \$38.5 million)... **N.Y. Times** broadcast/information group had \$4.1 million operating profit in quarter ended March 31, vs. \$3.6 million year earlier, as revenue grew to \$24.1 million from \$20 million. Parent's net jumped to \$17.7 million from \$10.9 million.

**Former BET** chief financial officer Antonia Duncan was sentenced to 30 months in prison after pleading guilty to embezzling \$1.9 million from company between 1988-1992. Duncan was charged with creating false production companies paid by BET.

**Transactions:** EMI Music became equity partner in **Digital Cable Radio**, joining Adelphia, Comcast, Continental, Cox, General Instrument, Times Mirror, Time Warner. Terms weren't disclosed... **Times Mirror** bought stake in videogame maker **Digital Pictures**, details not reported.

**FCC TO STREAMLINE EEO RULES:** Comments are being sought by FCC on ways it can make more effective its EEO requirements for cable and broadcasting. In notice of inquiry, agency also is seeking comments on whether "emerging technologies" should be subject to EEO rules. Comments are due May 23, replies June 7.

Commission said EEO rules "enhance access by minorities and women to increase employment opportunities... including participation in ownership." Chmn. **Hundt** pointed out that, under 1992 Cable Act, FCC is required to report to Congress this fall on effectiveness of its EEO rules. He predicted "a good-faith, whole-hearted response from the industries" to inquiry.

Among EEO subjects upon which FCC is seeking comments: (1) What ways would "better enable" broadcasters to meet their obligations? For instance, order states that small-market broadcasters have said they have "unique difficulties attracting and retaining minority employees," position backed strongly by NAB. Comr. **Quello** expressed concern about plight of such stations.

(2) Should required documentation of parttime hires be eliminated for stations? (3) Should broadcasters be required to encourage minority and female entrepreneurs to conduct business with "all parts of their operation" as is required now of cable operators and multichannel video programming distributors (MVPD)? (4) Should FCC make changes in its standard letter of inquiry on EEO matters, which now are sent out for last 3 years of license term? Commission asked whether such inquiries should cover full license period (5 years for TV, 7 for radio).

(5) Should agency conduct on-site audits of stations' EEO compliance, as is done in cable? (6) Is there "a more efficient and effective" method of conducting such cable audits? (7) Should cable systems be required to maintain EEO records on their recruitment efforts, same as broadcasters? (8) How can FCC help cable operators and multichannel video program distributors (MVPDs) meet EEO goals? (9) Should "application and enforcement" of EEO requirements be expanded to other entities -- such as common carriers?

Last Feb., FCC set base fine of \$12,500 for EEO violations (which could go much higher or lower), established guidelines EEO for stations and cable.

**Home satellite** users who sign up for NFL Sunday Ticket before Aug. 15 will pay \$99 for season ticket to Sun. afternoon regional telecasts, vs. regular \$139, NFL said. New service will go on sale to sports bars, home dish owners and restaurants in June after distribution arrangements are completed with major programming packagers, NFL said. Prices for restaurants, bars and other commercial entities will be based on size of establishment, beginning at \$699 for 17-week schedule. Service will operate via Telstar 303 at 123° W and also will be available to dish owners outside U.S. covered by footprint, including Canada, Mexico, Caribbean.

In deal valued at \$150 million, MBD Bestg. is acquiring 10 radio stations from American Media, and Chancellor Communications is buying KHYL(FM) Sacramento. Steven Dinetz is pres. of MBD and Chancellor, which acquired KFBK(AM)-KGBY(FM) Sacramento in Jan. for \$48 million. Stations being acquired by MBD are in Cincinnati, Minneapolis, Nassau-Suffolk, N.Y., Riverside-San Bernardino, Orlando. William Steding of Star Media was broker for American Media.



**JONES HEADS CABLE BUREAU:** Resignation of Alexandra (Sandy) Wilson, effective May 13, as acting chief of Cable Services Bureau was announced at FCC meeting April 20. She will be replaced by Meredith Jones, currently gen. counsel, National Oceanographic and Atmospheric Administration in Commerce Dept. Jones will be chief of Bureau, not acting chief. William Johnson, deputy chief of Mass Media Bureau and last head of previous incarnation of Cable Bureau, was detailed to Cable Bureau as deputy chief-policy, and Scott Harris, chief counsel of Export Administration, was named dir.-FCC Office of International Communications.

Jones, Yale Law School classmate of FCC Chmn. Hundt, joined NOAA last July, was previously with San Francisco engineering firm Bechtel, working on financing of domestic and international infrastructure projects. She has also been attorney with Chickering & Gregory of San Francisco and Cleary, Gottlieb, Steen & Hamilton, N.Y.C. Most of her practice involved financial transactions, including public and private debt and equity financing. She also worked on international banking, including representing foreign banks.

Jones was reluctant to discuss her views on cable in detail, but told us that she's "excited" about move to FCC: "Anyone who is alive knows that cable is one of the most exciting areas around." She said she's particularly interested in cable's role in development of information superhighway. Hundt said that Jones' background as business lawyer "will be invaluable. She has expertise in how businesses work and how businesses are financed. At the same time, she has run a government office."

Hundt said he was accepting Wilson's resignation "with real sadness," but he could "understand her desire to give up 20-hour days and 7-day weeks." Wilson said she probably will return to private law practice but hasn't had any discussions because of Commission's tough recusal rules. She has served in several capacities since joining agency in June 1990 from law firm Wiley, Rein & Fielding, and has been front person in FCC's implementation of 1992 Cable Act, first in Mass Media Bureau and then at new Cable Services Bureau.

**FCC approved 2 auctioning methods for awarding Interactive Video & Data Service (IVDS) licenses and set preferences for small businesses, minorities, women.** Rules are similar to those for narrowband PCS. At meeting April 20, Commission said it generally would use oral auctions for licenses for large population centers, which will be auctioned first, but it may use single-round sealed bids for smaller communities. Auction dates haven't been set, but are expected to be this summer. Preferences will include 25% "bidding credits," Office of Plans & Policy Chief Robert Pepper said, plus possibility to defer payments interest free. He estimated that total benefit could be about 40%. FCC also adopted license transfer rules for those using preferences. Bidders will have to make \$2,500 deposit, with winners required to pay 20% of total price within 5 days of auction and full payment within 5 days of final award of license. Rules also include penalties for defaults on winning bids.

**A.H. Belo Corp. Chmn.-CEO Robert Decherd** had \$547,500 salary and \$393,750 bonus in 1993, according to proxy statement. Pres. James Sheehan received \$450,500 and \$247,131, Best. Div. Pres. Ward Huey \$399,200 and \$131,381, Michael McCarthy, senior vp-gen. counsel and secy., \$215,300 and \$104,958. Belo stockholders meeting is in Dallas May 4.

**MARKEY PUSHES HR-3636:** "HR-3636 is either a done deal or it's stuck in the mud and going nowhere, depending on which headlines you read," House Telecommunications Subcommittee Chmn. Markey (D-Mass.) told National Assn. of State Utility Consumer Advocates (NASUCA). Markey, sponsor of bill, said he's confident that HR-3636 and companion Senate bill will pass by end of year. Bill cleared Commerce Committee in March.

Markey urged NASUCA to remain vigilant on consumer issues during amendment process. Reminding state activists that Consumer Advocate Ralph Nader rated him one of best in House on consumer issues, he predicted "vigorous attempts" in coming months to "undermine consumer protections." Ronald Binz, dir. of Colo. Consumer Counsel's Office and NASUCA past pres., said group "tentatively endorsed general direction" of HR-3636 and S-1822, sponsored by Sen. Hollings (D-S.C.) but both have "problematic features we are working to repair." Rep. Synar (D-Okla.) said he hopes strong language preventing cross subsidies will be preserved.

Addressing FCBA lunch, USTA Pres. Roy Neel questioned both bills: "The regulatory disparity that still characterizes the House bill and which dominates the Senate bill could virtually immobilize the ability of local telephone companies to make any significant contribution to the information superhighway. Cable, CAPs [competitive access providers] and any company seeking to siphon off the most profitable high-volume customers, are given a clear advantage in these bills, forcing the telcos onto the shoulder." Neel said bills, particular Senate version, "diminish the very real opportunity for telcos to develop new lines of business by adding layer upon layer of regulatory restrictions... Policymakers ought to look at the record before assuming cable will lay the first asphalt on the information superhighway... Try living in a rural area and asking the nearest cable company to run co-ax to your home." In answer to question, Neel said he doubted if FCC rate regulation was reason TCI-Bell Atlantic deal fell through: "If anyone could have predicted what the FCC would do, it's TCI since they brought it about."

**Cable operators can add channels to regulated tiers before July 14 without triggering refund liability under new rate rules,** Cable Bureau Acting Chief Alexandra Wilson said in clarification letter. Decision clears way for Fox to launch FX channel June 1 by stating that adding channel won't constitute "restructuring" that could trigger requirement for refunds. Wilson said: "We do not believe that the addition of a new program channel... raises a serious risk of harm to consumers where the channel addition was previously planned by the operator and the programmer." Fox attorney Robert Corn-Revere had said failure to clarify rule could delay introduction of new programs. Fox, meanwhile, said that FX will have 18 million basic subscribers at launch, will spend \$12 million advertising network.

**International pledge drive for public radio will be tried for first time by NPR.** Test, set for 8 days beginning April 24, will occur in NPR programming delivered to Europe via Astra satellite. Astra will carry alternate feed of NPR's Morning Edition that will include fund-raising breaks; pledge pitches in other NPR programs will be hosted by 3-person team, including Ray Dilley, project dir. of NPR's international service.

**Continuing accelerated growth in station membership,** TvB has added 3-station Chronicle Bestg. group: KRON-TV San Francisco, KAKE-TV Wichita, WOWT Omaha.



**TCI COMMERCIAL RATES HIT:** TCI's new higher rates for commercial entities and nonprivate cable users are facing opposition. Among those affected are hotels, restaurants, most businesses that use cable in waiting rooms and showrooms, fraternal groups, others that make public use of cable. FCC postponed ruling on commercial rates in its order March 30 (TVD April 4 p1), and TCI said it would comply with Commission's decision, but MSO believes commercial rates to be outside scope of 1992 Cable Act.

Patrick Donovan, acting chief, Policy & Rules Div., FCC Cable Bureau, said new charge may be reasonable in some cases but status "is unclear." Commission hasn't set timetable to decide issue, he said, but hopes to rule "soon." In rulemaking, agency said it would "consider, on a case-by-case basis, specific proposals" for waivers for commercial rates, but also said: "We are not persuaded that the Commission should establish provisions authorizing special, presumably higher, rates for regulated cable services provided to commercial establishments."

TCI Senior Vp Robert Thomson said disputes, such as those on commercial rates, are "first of hundreds of situations like this" that will force FCC to make definitive rulings. He predicted "millions of dollars will be spent" over next few years by cable operators and franchise authorities to resolve disagreements. Thomson charged that municipal consultants, who often first raise issue of price restructuring, "are urging [franchisers] to waste their money." He said new structure is fair because businesses use cable as "different kind of service... serving customers," which means "it's worth more to a business person."

Broadcasters shouldn't be allowed to use HDTV spectrum for ancillary services, NCTA's Blue Ribbon Committee on HDTV said in letter to FCC's Advanced TV Advisory Committee. Broadcasters have been pressing for right to use HDTV channels for multiplexed NTSC, data and other services (TVD March 28 p5, Feb 28 p6), but cable group said Committee should "resist proposals to permit television stations to use valuable HDTV spectrum to provide services that fall outside of their service as broadcast licensees." NCTA said allowing alternate uses of HDTV channels would undermine legal and policy basis of HDTV selection process, have "technical and practical ramifications for cable delivery" of HDTV and "most importantly, delay the implementation of HDTV for the public." Letter, signed by Committee Chmn. Glenn Jones, said that if broadcasters get to use channels for other purposes "it will become more and more unlikely that broadcast licensees will have the incentive to turn off other, perhaps more profitable, short-term uses of the spectrum in order to implement HDTV."

FCC en banc hearing on children's TV has been scheduled for June 28, 9 a.m., at hq. Commission opened inquiry last year, said "it would be useful to hear oral presentations and a direct exchange of viewpoints." FCC said it's also interested in comments on economics of educational and information programming for children in home and classroom. Those seeking to testify should contact (in writing) Larry Miller, Video Services Div. of FCC, by May 11. Written comments will be accepted until June 8, replies to statements made in hearing by July 15.

FCC cable rate spreadsheets in Lotus 1-2-3 format are available from Cable Bureau. Original spreadsheets (Forms 1200, 1205 and 1210) were available only in Excel, language that most cable operators don't use. Computer discs are available from ITS -- 202-857-3800.

**PTV UNTHREATENED:** "New technology does not pose an insurmountable threat to your future," consultant Paul Bortz told public TV (PTV) station executives. Speaking at annual APTS membership meeting in Washington, Bortz said that cable, unlike PTV, doesn't have combination of strong national programming and local presence and that it's extremely unlikely cable and other media will get it: "Public broadcasting's strength... is continuing to develop a highly effective and efficient alliance between local stations and their national service. Both players must remain strong." He described many of comments as applicable to broadcasting in general vs. PTV per se.

Comments, providing preview of Bortz & Co. study of PTV's place in multimedia commissioned by APTS, contrast with recommendation last summer of 20th Century Fund Task Force on Public TV that PTV's federal funds be earmarked for national programming. Saying PTV viewing has been little affected by cable, Bortz noted that former's prime-time rating has declined only marginally in last decade -- when average number of channels quadrupled to 38 and number of cable households grew more than 50% to 58 million. PTV viewing averages about 25% less in cable households, he said.

Future megachannel offerings won't "cannibalize" PTV and other broadcasters, Bortz said, partly because they will be available to minority of households. He said PTV can have benefit by developing new niche program and other services, but PTV should focus on its strengths and not "weaken the base [broadcast] service."

Commerce Dept. said it supports digital performance rights for performers that would kick in with new technologies. In letter to House Copyright Subcommittee Chmn. Hughes (D-N.J.), Commerce Gen. Counsel Ginger Lew said that Dept. supported Hughes' bill (HR-2576) and that establishing such rights would provide international protection to creators of copyrighted material. Similar bill (S-1421) has been introduced in Senate by Sen. Feinstein (D-Cal.) and Sen. Hatch (R-Utah). Lew said Commerce supports eliminating "mechanical" compulsory license, saying there should be price competition instead. NAB Exec. Vp James May called letter "a politically and practically ill-considered attempt by the Administration to make amends for the failure to obtain greater recognition of national treatment as part of the GATT negotiations. We suspect Congress is unlikely to be receptive to the idea of throwing 11,000 American owned and operated radio stations to the foreign-based recording industry wolves in return for the hopelessly slim prospect that such a trade would improve our prospects in future intellectual property trade negotiations." RIAA Chmn. Jay Berman replied that broadcasters are "running scared." Berman said: "Just think of all the years we have been subsidizing the broadcasting industry. It was built on the backs of our companies. American performers and musicians, whose recordings [broadcasters] use, really don't appreciate their self-serving statement."

**Clarification:** Suburban Cable and parent Lenfest will pay \$5 million to settle complaint that they defrauded U.S. Copyright Office (TVD April 11 p6). Amount includes previously announced \$2.4 million, plus adjustments. Lenfest also agreed not to pass cost of settlement on to subscribers.

**Field tests** of "Grand Alliance" HDTV system began April 13 in Charlotte, N.C. Tests of transmission characteristics of vestigial sideband system are being managed by PBS, MSTV, CableLabs.



**Bell Atlantic (BA) Chmn.** Raymond Smith urged public broadcasters to collaborate with BA on alternative delivery of public TV (PTV) programming and to work with telcos in Congress to gain approval of plans for full-service networks on which such delivery is predicated. Speaking at APTS annual meeting in Washington, he said PTV's "powerful archives... will be much more valuable in the days ahead." Smith stressed importance of "brand identity," like that of PBS, and dangled several carrots including: (1) Using software provided by BA to raise funds from target groups year round. (2) Earning additional revenues from existing programming at little additional cost by alternative delivery. (3) Enhancing delivery of educational fare -- BA has committed to providing free links to schools.

Several groups are sponsoring April 28 symposium, Bel Age Hotel, L.A., to "analyze and critique the continuing exploitation of, and violence toward, women in media portrayals and the lack of images depicting love between equals." Speakers include Jeffrey Sagansky, CBS Entertainment pres.; author Betty Friedan; L.A. Times TV critic Howard Rosenberg; Elizabeth Daly, dean, U. of Southern Cal. School of Cinema-TV; author Terry McMillan; James Bellows, L.A. bureau chief, TV Guide; rap duo Conscious Daughters. Sponsors: Women, Men & Media, Southern Cal. Chapter of Women in Cable, Women in Film and Women in Communications. Fee is \$75 in advance, \$85 at door -- Kathy Mahoney, 909-986-4564, ext. 313.

**FCC** has received delivery of first Chevrolet Caprice equipped with \$75,000 in electronic equipment to detect unlicensed signals and interference. "This will give us a lot of advantage against the bad guys, no doubt about it," said Chmn. Hundt, showing vehicle to reporters. Equipment includes 2 computers, color printer, satellite receiver, etc. By June, FCC will have 10 cars so equipped for field offices, hopes eventually to provide 2 to each of its 35 field offices. Cars will feature control station, mobile phone, computer keyboard and 2 screens -- one for computer commands, other for display maps and other information. FCC agent can pick up signal, go into data base to determine if it's authorized, immediately pinpoint transmitter.

**DirecTv** is investigating source of letter mailed to satellite retailers last month on company letterhead and containing forged signature of board member, stating that system won't be operational until 1995, we're told. Company spokeswoman said DirecTv hasn't announced launch date yet, still is conducting test with 300 users. Launch is likely to be next month, not next year, she said. Source of fraudulent letter could be held responsible for felony, she said. Regarding system tests, she said, receivers checked out okay, company is "simply integrating all of the software" for billing, remittance, scheduling, traffic, encoding, decoding, etc. Satellite is functioning "perfectly," she said.

**Tipper Gore**, wife of Vice President, will be among speakers at National Ready to Learn TV Forum May 17-18 in Washington. Conference, which includes CPB and Pew Charitable Trusts among sponsors, is designed to promote school readiness. Others: Sen. Kennedy (D-Mass.); Ernest Boyer, Carnegie Foundation; John Brademas, pres. emeritus, N.Y.U.

**House-Senate Conference Committee** agreed to establish new Radio Free Asia. Details will be known this week when conferees file report on legislation (HR-2333), which sets authorizations for State Dept. for FY 1995. Conference Committee also approved consolidation of other international broadcasting functions.

**Senate Judiciary Committee** may mark up this week legislation (S-1485) on satellite copyright issues. Committee didn't act last week, as Sen. Feinstein (D-Cal.) has hold on bill. Networks have asked Feinstein to be intermediary in reaching negotiated settlement that could result in bill being changed so that network feeds would be priced to satellite broadcasters at fair market value, sources said. Bill now requires set fee that's lower than networks would like. Representatives of network affiliates and satellite broadcasters have been meeting to try to work out agreement on remaining details of Senate bill, including implementation date. On House side, however, networks are playing defense, trying to prevent companion measure (HR-1103) from being amended to take fair market value language out of bill.

**Advance registration** at NCTA convention in New Orleans May 22-25 is up 30% from same time year ago, setting record for early sign-ups. Size of crowd is putting pressure on New Orleans facilities, with more than 2/3 of official convention hotels sold out. Speakers at general sessions include outgoing NCTA Chmn. Richard Roberts of TeleCable, convention Chmn. Larry Wangberg of Times Mirror, CableLabs Pres. Richard Green, Continental Chmn. Amos Hostetter, Cox Senior Vp Barry Elson, Discovery Chmn. John Hendricks, Liberty Cable Chmn. Peter Barton, National PTA Pres. Kathryn Whitfill, Sony Chmn. Michael Schulhof, Time Warner Chmn. Gerald Levin, Turner Bestg. Chmn. Ted Turner, Viacom CEO Frank Biondi, Waller Capital Chmn. John Waller.

**Program Notes:** Showtime said it will add 5 new premium channels and test weekends-only subscriptions to Movie Channel. New niche services include Showtime En Espanol, Showtime Family TV, Showtime Action TV, Showtime Comedy TV, Showtime Film Festival. Services will begin in Sept... Brazilian TV company Globo said it will launch pay-TV service in cooperation with Hollywood studios. Service will be rolled out to cable, wireless cable and satellite subscribers this summer... **HBO Brasil** will be launched July 1 by partnership of HBO, Sony, Warner Bros., OLE Communications... Supermarket chain Winn-Dixie said it will be first grocery group to participate in Time Warner full-service network in Orlando.

**Technology to deliver interactive video, voice and data** over home wiring will be developed by partnership of FutureVision and Elcom Technologies, companies said. FutureVision said it will use system this year to provide interactive video over Bell Atlantic's Dover Township, N.J., network. Technology, developed by Elcom, eliminates need to install cable in homes. Elcom will provide self-contained transceivers that plug into standard AC outlets, use electrical wiring to send and receive signals.

**Independent WFTE** (Ch. 58) Salem, Ky., has gone on air in Louisville ADI. Station is licensed to Kentuckiana Bestg.; owner James Ledford is gen. mgr., Gary Schroder chief engineer. WFTE debut raises to 1,514 operating U.S. TV stations, including 1,147 commercial, 367 noncommercial; additional 149 CP have been granted.

**FCC proposed 5 fines** for Tex. TV stations, all for violations of ad limits on children's programming: (1) \$15,000 for KJTL Wichita Falls. (2) \$15,000, KCIT Amarillo. (3) \$15,000, XXLN-TV Rosenberg. (4) \$10,000, KBMT Beaumont. (5) \$10,000, KJTV Lubbock.

**NewsOne**, ABC affiliate and international news service, will launch 24-hour schedule of satellite news feeds today (April 25).



## Personals

Promotions to exec. vp at CBS Best. Group: **Joe Abruzzese**, sales; **David Poltrack**, research & planning; **George Schweitzer**, mktg. & communications... **Paul Corbin**, ex-Nashville Network, named vp-music industry relations, Gaylord... **Larry Ruthkowski**, ex-Walt Disney, named vp-corporate finance, NBC; **Susan Costley** promoted to vp-international finance and business development... **John Madigan**, Tribune Co. exec. vp and head of publishing group, elected pres.-COO.

**Frank Gregg**, ex-KDFW-TV Dallas, appointed sales dir., WTTV Indianapolis... **Fred Witte**, ex-WPIX N.Y., joins WLVI-TV Boston as controller... **Frank Polisano** promoted to chief engineer, WGBS-TV Philadelphia... **Karla Halbakken** promoted to public affairs mgr., WJLA-TV Washington; **Doug Neilson**, ex-WJLA-TV, named asst. news dir., WTKR-TV Norfolk... **Peter Hughes**, promoted to exec. vp, MCA TV International... **Mark Dunn** ex-Subaru of America, joins Primestar Partners as dir.-ads & promotion... **Ricka Fisher**, ex-NBC Entertainment, named vp-movies and miniseries, Walt Disney TV.

Viacom Chmn. **Sumner Redstone** named visiting prof., Brandeis U... New on Turner Bestg. System board: **William Bartholomay**, Atlanta Braves chmn., as vice chmn.; **Peter Barton**, Liberty Media pres.; **Robert Shaye**, New Line Cinema chmn... TV Food Network appointments: **James Dowdle**, ex-Turner Bestg., vp-midwestern sales; **Rosanne Paquette**, ex-Paramount, and **Susan Malfa**, ex-Comedy Central, account execs.; **Christine Barry**, ex-Discovery, dir.-direct response ads; **Jim Sasaki**, ex-Cable Ad Bureau, dir.-research; **Noreen Alvarez**, ex-Lifetime Cable, mgr.-affiliate mktg.; **David Merrill**, ex-CNBC, show publicist; **Peter Cori**, ex-WNET N.Y.C., senior mgr.-national accounts; **Mary Collins**, ex-Sports Channel, mktg. and sales dir.-central region; **Bill Jarrett**, ex-Bexel Corp., dir.-engineering... **Darby Sanchez**, ex-Echosphere, joins General Instrument Communications Div. as regional sales mgr.-Latin America... **Ray Giacopelli** promoted to dir.-research, Sci Fi Channel... **Abbott Brown**, ex-Sony Pictures, named managing dir.-chief financial officer, Pacific Capital Group... **Michael Hanafee** advanced to COO, Prevue Interactive Services.

**Brian Fontes**, senior advisor to FCC Comr. **Quello**, receives Commission's Eugene C. Bowler Award at April 26 dinner in Washington, Park Hyatt Hotel; FCC Chmn. **Hundt** will speak... **Terry Straub** promoted to dir.-operations and technical services, and **Chris Lane** advanced to mgr.-field operations and client services, Potomac TV/Communications... **David Ault**, ex-Katz TV, joins TeleRep Dallas office as account exec... New at Turner Bestg.: **Jane Gash**, ex-Carlton TV, named deputy vp-PR, International Div.; **Rich Stebbins**, ex-Sun Microsystems, dir.-distribution systems, Worldwide Information Technology Services Div. (WITS); **Bill Beard**, ex-MCI, dir.-information technology financial management, WITS... Christian Bestg. Network appointments: **Gene Kapp** to vp-PR; **Daniel Olson** to vp-international group; **Jon Kubiak**, ex-Prestolite Electric, Toledo, vp-gen. counsel... PBS Pres. **Ervin Duggan** speaks at FCBA Foundation Public Policy Forum, April 28, 6 p.m., Sheraton City Centre Hotel, Washington.

FCC events: Chmn. **Hundt** testifies at Senate Commerce, Justice, State, Judiciary and Related Agencies Subcommittee appropriations hearing, Capitol Rm. S-146, April 28, 10 a.m.; **John Winston**, chief, Office of Small Business Activities, addresses Washington Assn. of Urban Bankers, First Union Bank, April 26, 6:30 p.m.; he also

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## EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037  
 Phone: 202-872-9200 Telex: 6502173616 (Via WUT)  
 MCI Mail: TELEFACTS Facsimile: 202-293-3435

### WASHINGTON HEADQUARTERS

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### NEW YORK BUREAU

276 Fifth Ave., Suite 1111, N.Y., N.Y. 10001  
 Phone: 212-686-5410  
 Facsimile: 212-889-5097

David Lachenbruch . . . . . Editorial Dir.  
 Paul Gluckman . . . . . Senior Editor  
 Martin Brochstein . . . . . Senior Editor  
 Mark Seavy . . . . . Associate Editor  
 Cindy Spielvogel . . . . . Associate Editor

### CONTRIBUTING EDITOR, EUROPE

Barry Fox  
 5 Denning Rd.  
 Hampstead, London NW3 1ST  
 Phone: (071) 435-6244

### JAPANESE REPRESENTATIVE

Editorial and Circulation  
 CES International Corp.  
 1-18-2 Nishi Shinbashi, Minato-ku  
 Tokyo 105, Japan  
 Phone: (03) 3592-1531

### Television and Cable Factbook

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speaks at meeting of Small Business PCS Assn., Sheraton City Center, Washington, April 28, 9 a.m.; **Catherine Sandoval**, special asst. to dir., Office of International Communications, addresses ITU Regional Development Conference, Cairo, Egypt, April 29; **Thomas Stanley**, chief engineer, speaks at KMB Video Journal's "The Convergence Outlook -- Telephone, TV/Cable, Computer and Best. Industries," Don CeSar Conference Center, St. Petersburg, Fla., May 2, 8:30 a.m.

To be honored at first annual IRTS Foundation awards lunch May 10, Waldorf-Astoria, N.Y.C.: **John Hendricks**, founder-chmn.-CEO, Discovery Communications; **Howard Stringer**, CBS Best. Group pres.; **Diane Sawyer**, ABC correspondent. Special tribute will be given to **Stephen Labunski**, retiring this spring after 17 years as IRTS exec. dir.

Five hardware companies will cooperate to develop equipment for video-on-demand and interactive services. Components for MPEG-based system will include Digital Equipment Corp. video and interactive server, BroadBand Technologies fiber-to-curb interactive system, Philips and Compression Labs set-top boxes and Microware Systems operating software.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	APRIL 2-8	1993 WEEK	% CHANGE	MAR. 26- APRIL 1	14 WEEKS 1994	14 WEEKS 1993	% CHANGE
TOTAL COLOR....	265,824	204,257	+30.1	643,185	5,799,290*	5,697,740	+ 1.8
DIRECT-VIEW..	262,218	201,743	+30.0	630,898	5,674,244*	5,603,396	+ 1.3
TV ONLY.....	248,365	186,319	+33.3	566,116	5,240,532	5,308,640*	- 1.3
TV/VCR COMBO	13,853	15,424*	-10.2	64,782*	433,712*	294,756	+47.1
PROJECTION...	3,606	2,514	+43.4	12,287*	125,046*	94,344	+32.5
VCR DECKS.....	85,883	86,754	- 1.0	423,373	2,674,465	2,684,095	- 0.4
CAMCORDERS....	21,026	24,806	-15.2	159,485	636,651*	565,575	+12.6
LASERDISC PLYRS	1,687	549 <sup>r</sup>	+207.3	12,776	62,405	58,737 <sup>r</sup>	+ 6.2

Direct-view TV 5-week average: 1994--423,728; 1993--403,624 (up 5.0%).

VCR deck 5-week average: 1994--200,969; 1993--186,843 (up 7.6%).

Camcorder 5-week average: 1994--55,137\*; 1993--44,236 (up 24.6%).

\* Record for period. <sup>r</sup> Revised to include players with karaoke features.

**CONGRESS AGAIN EYES TV-RADIO TAX FOR CPB:** Roving eyes in Congress once again are viewing possibility of excise taxes or user fees on TVs and radios as way to bankroll Corp. for Public Bcstg. (CPB). Congressional Research Service staffer told us last week he was conducting study for House subcommittee he wouldn't name to assess impact user fees would have on sales of audio and video products.

EIA Consumer Electronics Group (CEG) spokeswoman said it knows of no plans for legislation in House or Senate, but would vehemently oppose such initiatives, as it has in past. CEG position, she said, hasn't changed since last policy statement in 1989 that "public broadcasting serves important public needs, but is best funded through general revenue funding, private contributions or station transfer fees." Consumer audio and video products "make tempting targets," statement said, "as they are viewed as foreign-made luxury goods." Nevertheless, they're "important communications devices and are an important part of the modern American household."

Idea of taxing receivers to finance public broadcasting has been floated repeatedly in Congress. It last flared into open contention in 1987 when NAB proposed 1.5-2% on TVs, VCRs and radios as alternative to proposed 2-5% fees on transfers of station licenses (TVD Nov 9/87 pp1 & 9). In 1991 speech, former FCC and PBS Chmn. Newton Minow predicted "in the long run" tax on receivers and franchise fees on commercial stations would be adopted to finance public broadcasting despite opposition of consumer electronics manufacturers and commercial broadcasters (TVD Oct 7/91 p5).

**ANNUAL 'WHO'S ON FIRST' GAME BEGINS:** New-line season brings "market share" contest into prominence with welter of conflicting claims. Only halfway through spring sales meetings and product shows, industry is confronted with array of estimates of who and what is on top.

Most intriguing was claim by Philips last week that Magnavox is "the industry leader in VCR unit sales." Traditionally, Thomson Consumer Electronics' RCA brand has been on top in sales, so we asked TCE Exec. Vp Joseph Clayton to comment. He told us that most widely accepted research survey showed RCA with 13.6% of VCR market, Magnavox with 9.2% for 1993, with spread widening in first quarter 1994 to 14.43% vs. 8.95%. "Our friends in Knoxville may be desperate for good news," he said.

Philips spokesman said company uses variety of surveys, including its own. In most months, he said, Magnavox leads RCA, and at worst the 2 are neck-and-neck in any given month. Further details weren't



available at our deadline, which came just before scheduled late April 22 news conference at Philips sales meeting in Scottsdale.

Comments on 8mm vs. VHS-C by JVC Exec. Vp Harry Elias, as reported here last week (TVD April 18 p11), prompted stunned comment from 8mm camp. Elias said that extrapolating EIA and import data showed that 8mm had 38% of camcorder market, VHS-C 36% last year, and he forecast reversal of figures for 1994. As might be expected, Sony Senior Mktg. Vp Yuki Nozoe disagreed. "Manufacturers shouldn't propagandize" with statistics, he said, adding that 8mm is "the major format" for camcorders with "over 50% of the total industry." He said use of import figures to determine 8mm's share wasn't valid because many imported products are re-exported, particularly to Latin America.

Ted Ando, dir. and gen. mgr. of Canon Video Div., another 8mm proponent, estimated 8mm's share of camcorder market at 45% last year. Sharp Mktg. Product Planning Mgr. Robert Scaglione sees 8mm at 49.6% of total in 1994. Most forecasts see full-size VHS dropping to 20-22% of market from last year's 25%.

Our own market share survey for VCRs and camcorders is in preparation and will end or add to confusion when it's published next month.

**NEW LINES FROM PHILIPS, SONY, SHARP, CANON:** Not many major innovations are apparent in new-line introductions so far. Manufacturers largely are filling in gaps, building and improving on previously introduced features -- particularly in color TV, following most extensive revamp in history year ago to accommodate closed caption and associated extended data system (EDS) circuitry.

Among completely redesigned products is forerunner of new line of 8mm VCRs by Canon, replacing all existing consumer camcorders (except high-end "prosumer" models). Third brand of camcorder with LCD monitor -- after Sharp ViewCam and Sony Handycam Snap -- is expected to be announced this week by Panasonic at special N.Y. news conference in advance of its May 11-15 sales meeting in Hawaii. Japanese reports indicate Hitachi is planning innovative Hi8 model with 3" or 4" screen capable of transmitting pictures by telephone, but not before early 1995.

Significant breakthrough in TV is inherent in Philips' announcement that it will deliver industry's first ghost cancelers in early 1995. Philips, which developed industry standard deghosting system (TVD April 26 p15), will offer 2 models -- one designed for Philips and Magnavox projection TV sets introduced last week which have dedicated jack for purpose, the other for use with tuner of any brand VCR, cable box or TV. Both models will be offered at \$200 suggested list. Philips signaled its intention to offer projection TVs with ghost canceler jack last year (TVD May 10 p15).

In VCRs, highlight is first use of EDS in 2 Sony models, as reported last week (TVD April 18 p13). Recorders at \$599 and \$649 use signal from PBS stations (nationwide by June) to set their clocks. Every time VCR is turned off it searches channels until it finds EDS signal. The VCRs also label channels received with call letters if station is transmitting them (some PBS stations are). Other networks are expected to start using EDS as well, and other manufacturers could show VCRs or other products designed for EDS system this year.

Other trends this year include longer lines of TV/VCR combinations. Virtually only have-not in combos, Sony is expected to add model this fall. TVs designed for kitchens are spreading. Thomson held news conference in N.Y. to introduce new model combining both trends -- its first combo is 13" GE "KitchenVision" model due in stores by Mothers Day at \$499 suggested retail; Magnavox has 9" kitchen combo. Among highlights of last week's new lines (details and manufacturer comments elsewhere in this issue):

**Magnavox/Philips.** Both brands were represented at Scottsdale sales meeting. Company has replaced its 31" sets with 32" throughout both lines. Two features introduced in last 2 years are in more evidence in new models -- Smart Sound, which levels out volume preventing annoying blasts, and Remote Locator, which provides beep from remote unit when power on button on set is pushed. Magnavox has record seven 25" models. Its kitchen set, 9" with mounting bracket and FM, has on-screen clock with countdown cooking timer.

Magnavox, which claims to be "market share leader" in TV/VCR combos, is offering U.S. industry's first combo with VCR Plus, in 13" and 19" 4-head models of 7-model 9-19" combo line. In VCRs as well, Magnavox introduced its first VCR Plus models -- it's last major brand to do so -- and announced it will



offer first VCRs with StarSight on-screen program guide and VCR control system by year-end. Magnavox has dropped 8mm camcorders and added 2 new full-size models, 2 new VHS-C to sole VHS-C holdover. (Details on Magnavox and Philips lines and sales meeting will appear in next week's issue.)

**Sony.** Marking Trinitron's 25th anniversary, Sony featured enlarged TV line including 15 new models. Two new top-of-line 27" and 32" XBR<sup>2</sup> models at \$1,700 and \$2,600 have "industry's flattest consumer TV picture tube," digital signal processing. Three projection sets of 8-model line have built-in "Pro-Optic" screen, described as part of lens system, combining screen cover with screen.

Sony has added 9" Trinitron models for first time, with both remote AC/DC and under-cabinet kitchen models. Unique highlight is water-resistant Watchman model with 3" active LCD color screen (\$550 list). It has built-in rechargeable battery but eliminates all exposed terminals, using electromagnetic induction system for charging. Set is placed on top of charger with no plug-in connection. If set is accidentally dropped in water, it will float and automatically turn off to prevent short.

Handycam and family camcorder lines are revamped with 7 new models, new top-end Handycam (CCD-TR700) Hi8 having color viewfinder, stereo zoom mike, optical 10x zoom, optical SteadyShot stabilization and 4-program auto exposure mode at \$1,900 list; other new high-end is first family model with SteadyShot, with 12x zoom, auto-exposure, age and calendar update system (\$1,100). Handycam Snap with 3" LCD monitor remains in line. Two new double-side laserdisc players are \$599 and \$899.

**Canon.** Video System Dir.-Gen. Mgr. Ted Ando made it clear that Canon plans to stay in consumer camcorder market, as he showed forerunner of complete new line to press in N.Y. briefings. ES1000 is first in "ES" series which replaces UC line. Gone is vertical look of former Canon models, replaced by more compact appearance with lens to left of chassis. ES1000 is Hi8 with new higher resolution color viewfinder, improved optical Shake Absorber, 12x zoom, built-in video light, listing at \$1,900. Ando said ES line will "hit all major price points from \$799 to area above first model" as entire consumer line is replaced by Oct. with new 5-model ES line. However, Ando said Canon plans no models in \$599-\$699 area.

**Thomson (GE).** "KitchenVision" 13" combo, molded in "kitchen-white" plastic, includes integrated lazy susan swivel base, comes in 4-color carton for bulk displays. Set comes packed with cooking videotape, catalog of additional tapes available through toll-free number. Set was sourced from Matsushita's TV/VCR combo factory in Vancouver, Wash. Other combos will be introduced by Thomson later in year, said James Arnold, Gen. Mgr.-Core Line TV Product Management. He estimates that market for combos will be slightly over 2 million in 1994. Set is being marketed under GE brand because of its familiarity in kitchen market; TCE said it sells more than 600,000 units of Spacemaker electronics annually.

**CES S. AMERICA POSTPONED:** Because "recent developments in Brazil made it clear that we could not guarantee our exhibitors would meet their market and sales objectives," EIA Consumer Electronics Group (CEG) last week announced postponement of CES S. America until 1995.

Announcing postponement of show originally scheduled for Aug. 3-7, 1994, CEG Vp Gary Shapiro said that "interest by American companies in Brazil exceeded our expectations," but putting show off for year "will allow us to fulfill our obligation to produce the best show possible consistent with our standards and reputation."

CEG's decision to participate in show originally was "in part, based on forecasts showing Brazil's economic and political situations stabilizing in 1994," Shapiro said. Omar Guazzelli, dir. of co-sponsor Guazzelli Associados, said: "With stabler times forecast for 1995, we believe EIA/CEG's decision to postpone the show is very prudent at this time. However, we still believe that providing Brazilian and South American retailers access to the wide variety of quality goods produced by EIA/CEG's members is a good move."

Brazil's economy has been unstable and country faces political uncertainties, with presidential election called for this year. Brazil this month reached agreement for restructuring of some \$49 billion of commercial debt.

Positioning its player as "most advanced home gaming system around," 3DO this week begins first campaign with print and TV ads surrounding 100th episode of "The Simpsons" to be broadcast April 28 on Fox network. "Multimillion dollar" ad and marketing drive will continue through spring, said Mktg. Dir. Janet Strauss. TV spot includes snippets from 10 games; print ads feature 13 games from 3DO licensees. Until now, all ads for system came from Panasonic for its R.E.A.L. player, but 3DO is weighing in with own campaign to popularize technology. Emphasis on games is heavier than originally planned when 3DO and Panasonic officials were touting it as "interactive multiplayer" that shouldn't be compared to mere videogame player. Strauss said that when focus group participants saw game capability in side-by-side comparisons with videogame systems, player's \$499 price point became less of an issue.

China's first quarter TV production totaled 7 million sets, 8.94% above 1993 period, according to State Statistics Bureau.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 103 yen = \$1, except where noted.



**ICCE TO PRECEDE CES:** International Conference on Consumer Electronics (ICCE), annual engineering event, which normally follows Summer Consumer Electronics Show, this year will come first -- presumably due to late timing of June 23-25 show. ICCE will be held June 21-23, preceded by educational sessions June 20, at Westin O'Hare hotel, Chicago.

Keynote speaker at June 21 luncheon will be Rob van Oostenbrugge, business unit mgr., Digital Video Communication Systems, Philips Semiconductors, on "Advanced TV Systems -- What are the Advantages for the Consumer?" More than 700 are expected to attend conference, highlighted by 162 papers from 17 countries at 24 technical sessions.

Educational sessions will be devoted to Display Processing and Format Conversions for HDTV (James Arbeiter and Roger Bessler, NorthShore Labs), Designing Meaningful Consumer Preference Studies (Karen Pitts, Sarnoff Center), Consumer Digital VCRs (Jack Fuhrer, Hitachi), Cable Ready TV Receivers (Bruce Franca, FCC; Walter Ciciora, consultant; Gerhard Maier, Sharp Labs Europe).

Technical sessions are scheduled on digital VCRs, consumer video recording, multimedia systems, HDTV standards conversion, interactive TV, image compression, multimedia networks, home automation, camcorders, ghost cancellation, image compression, audio technology, TV sound and radio, digital TV transmission, digital audio signal processing. Evening panel discussions will be devoted to personal digital assistants (PDAs) and "The Battle for the TV Front End."

Details: Diane Williams, 716-392-3682; fax 716-392-4397. Winners of ICCE awards are listed in Personals, this issue.

Panasonic, which created Panasonic West 3 years ago as separate profit center (TVD April 22/91 p16) reporting directly to parent Matsushita Electric Corp. of America (MECA), is taking concept to other areas of country. Sources close to company say it's forming Panasonic East and Panasonic Midwest, reporting to MECA, effective June 1. Sources indicate Panasonic East will be headed by Pres. Gerald Wilner, currently vp-gen. mgr. of Panasonic's eastern group, while Panasonic Midwest will be topped by Pres. Joe Hicks, now vp-gen. mgr., Panasonic southern group. Southern group will be split, with Atlanta office to report to Panasonic East, Dallas to Panasonic Midwest.

Sharp will open \$10 million parts and service center in Romeoville, Ill., in July and add field offices in Lawrenceville, Ga., Mahwah, N.J., Richardson, Tex., Carson, Cal. Romeoville center will occupy 250,000 sq. ft. Previously, Sharp had 3 zones in addition to hq in Mahwah. New offices will allow for local service training, Sharp officials said. Service & Parts Group restructuring will affect 125 employees at Mahwah; about half have been invited to move to Ill. Group will have 110 employees when restructuring is complete, Sharp said.

Sales of direct-view color TVs with screens 30" and over increased by 25% in March over year earlier, according to EIA Consumer Electronics Group; 25"-and-up category was up 10% to nearly 820,000. CEG reported resurgence of smaller screen projection TVs, 49" and under models rising by 36% over March 1993 and accounting for 50% of projection volume.

**SANYO-FISHER 'SPORTS REVIEW':** Most intriguing feature in Sanyo and Fisher VCR lines isn't available yet, but is due in 4-head hi-fi model early next year. Called "Sports Review," as demonstrated at Ariz. sales meeting (TVD April 18 p10), it used special chip to continue audio portion of tape for 3 sec. during fast forward or rewind.

Perhaps new low for VCR Plus model is 2-head Sanyo at \$229 -- one of 5 Sanyo and Fisher VCR Plus models. Sanyo Mktg. Vp Michael Shoemaker said company's VCR inventories are generally in line, but stocks of VCR Plus models were "a little higher" than others and "that's being addressed." One way presumably is by cutting back on models with cable box control -- widespread a year ago but now limited to high-end models. (JVC addresses problem in different manner, offering cable box control as \$30 option on some models.) Overall price range of Sanyo and Fisher VCRs is \$219-\$449.

TV/VCR combos, unveiled last fall in 13" and 19" sizes, are carried over, with new model due early next year in another screen size. Sanyo Mktg. Vp Isaac Levy forecast trend to larger screens in VCR combos.

Sanyo-Fisher returned earlier this month to its Chatsworth, Cal., hq, damaged in Jan. 17 quake. Company had been working out of trailers in building's parking lot.

**ZENITH CUTS LOSS BY 45%:** Buoyed by \$29 million increase in "core business" sales, Zenith last week reported it reduced first quarter loss to \$11.9 million, vs. \$21.8 loss same period last year (see financial table).

Overall revenues for quarter ended April 2 rose 2.3% to \$297.1 million, which Zenith said came despite absorbing "\$8 million of lower color TV selling prices from the first quarter of 1993." Rise in core business sales, company said, indicates "primarily higher color TV unit shipments." Zenith said first quarter cost reductions were "on plan," with continued implementation of "major re-engineering actions" in CE and cable/network systems.

Company said it had no short-term debt at end of quarter, compared with \$23 million year ago.

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**Proxy statement for April 26 annual meeting lists 1993 base salaries for top officers, including Chmn. Jerry Pearlman (\$450,000, same as in 1992), Pres. Albin Moschner (\$231,667 in 1993, up from \$202,500 in 1992), Exec. Vp Sales & Mktg. Gerald McCarthy (\$191,333, up from \$178,333 in 1992). Report notes that Zenith's executives didn't get incentive bonuses in 1993 because company failed to reach targeted level of pretax income.**

**Widescreen TV sets continue to boom in Japan while total TV sales are down.** Domestic market there absorbed 22,000 in Jan. and 33,000 in Feb., trade reports said, more than 6 times sales in same 1993 period. Toshiba, Mitsubishi, Hitachi and Sony reportedly are planning or considering increases in capacity for production of 16:9 tubes and sets.

Aiwa has doubled capacity of Malaysia facility, which is producing VCR decks and mini components. Annual production for year ending March 1995 is expected to be valued at about \$770 million.

Two Sanyo battery plants in Tijuana have received International Standards Organization (ISO) 9002 certification, company said. ISO, administered by British Standards Institute (BSI), sets international quality standards.



**NINTENDO DISCLOSES ??????:** Nintendo raised as many questions as it answered last week in disclosing plans to market self-contained 32-bit "virtual reality" (VR) game machine next spring in Japan at less than \$200.

Company issued no formal news release. However, Nintendo Inc. Chmn. Hiroshi Yamauchi disclosed existence of machine in interview with Nikkei, in calling device "strategic product" that "will find a new field of entertainment." It wasn't clear whether device is designed as portable (as is handheld Game Boy) or table-top device. It will be cartridge-based unit that includes its own viewing screen, most likely LCD, of unspecified size. Yamauchi said, however, that it doesn't include goggles or any other kind of head-mounted device (HMD) which have been standard for VR.

Nintendo of America executives seemed surprised that Yamauchi disclosed existence of VR machine, and offered little detail to clear up confusion. Responding to questions at Alex. Brown & Sons investment conference in N.Y. last week, Mktg. Vp Peter Main said technology "was not intended to be unveiled until later this year," and press account, "while essentially accurate, is premature."

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In presentation at Brown seminar, Main joined chorus of doubters on how quickly and effectively "information superhighway" will be deployed, noting high cost and lack of feel for what consumers want. He said estimates that average set-top terminal would cost \$250 per home worked out to \$23 billion just to put boxes into 90 million TV households, \$36 billion for full implementation.

Main said he expects "the recent fling of consolidation among game companies... will intensify" as stakes increase and ever-larger investment is required to create and market hit games. He also spotlighted pattern in advanced game systems, in which hardware vendors adopt "component" strategy by starting with cartridge-based machine at low price point, giving consumer option of upgrading later with CD-ROM drive, other future memory devices, etc.

Main scoffed at most attempts to use live action clips in games, saying technology is "inherently self-limiting" because "even a limited amount" of action eats up massive amounts of memory. Also, he pointed out, "a game with film can only recreate stuff that's already on film," while computer-generated graphics can provide infinite variations of action.

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**U.S. factory sales of consumer electronics** rose 6.7% to \$1.88 billion in first quarter of 1994, according to preliminary data compiled by EIA Mktg. Service Dept. Consumer electronics is smallest component of overall electronics business as reported by EIA. Total U.S. electronics business jumped 11.3% to \$77.5 billion, with components as top sales generator with \$19.9 billion (up 18.3%), followed by computers and peripherals, \$16.4 billion (+20.3%). Other categories: Miscellaneous related products, \$12.7 billion (+0.5%); telecommunications, \$11.1 billion (+24.4%); defense communications, \$7.1 billion (-7.2%); industrial electronics, \$6.5 billion (+2.8%); electromedical equipment, \$2 billion (+2.5%).

**Two TV/VCR combos for professional applications** have been introduced by Sharp. The sets have "help" button for on-screen operating guidance as well auto repeat button and tamper-proof capability for unattended operation. Sold through Sharp professional product dealers, 13" is available at suggested \$595, with 20" due in July at \$695.

**PHILIPS LOW-END CD-I PLAYER:** Confirming our earlier report (TVD Jan 17 p13), Philips last week announced plan to introduce new low-end CD-I player in N. America this year. Though company didn't disclose price, sources confirmed our statement that machine is designed to retail for \$299 -- \$100 less than current low-end model.

New player is top-loading (existing players use front-loading), measures 11.75x7.5x2.6", will also accept Digital Video cartridge that retails for \$249. (News release says cartridge purchasers "will receive a stylish emblem to mount on their units, identifying their players as the latest in consumer interactive multimedia technology.")

Player comes with wired remote. Company also is announcing availability of splitter that fits into controller port on front of new CD-I player for 2-player games. Those who have wanted to play against one another on existing CD-I players have had to connect extra controller to port on often inaccessible rear of machine. New player doesn't have additional port on back. It wasn't known at our deadline whether splitter would work in front port on old machines. Price for splitter wasn't disclosed.

Meanwhile, Philips and Orion announced they have signed deal for Philips to distribute on 5" discs White Book-encoded versions of films from Orion library. Companies didn't disclose how many films are covered by agreement, or whether it includes Orion's future releases. They said only that Philips will release 10 films in 2nd half of this year. Orion becomes 3rd major studio to cut deal with Philips, joining Paramount and MGM/UA.

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**Philips Interactive Media** named Rubin Postaer & Assoc., Santa Monica, Cal., as new ad agency following review for business previously held by Backer Spielvogel Bates, N.Y.

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**Financials:** Universal Electronics lost \$1.22 million in first quarter (vs. \$487,000 profit year earlier) despite 30.3% sales increase (see financial table). Company blamed loss on "gross margin pressure" from "product mix and our aggressive pricing strategies" to maintain market share... Home Theater Products said net income rose 164% to \$1.02 million as revenues increased 156% to \$11.22 million in 3rd quarter ended March 31. Company moved from Brea, Cal., to larger space in Anaheim in Jan. It began trading on NASDAQ earlier this month, sells variety of products, including Accoustivision Home Entertainment Centers, and has licensed Paramount Pictures name for CE products... WMS Industries, arcade game leader that recently obtained license from Nintendo to use Project Reality, reported 39.2% gain in net income to \$14.2 million as revenues rose 20.7% to \$106.4 million in 3rd quarter ended March 31. Company credited gains in part to higher revenues from games licensed for home market, presumably Acclaim's rollout of NBA Jam and continuing sales of Mortal Kombat... Blockbuster Entertainment announced record results for first quarter, with net income up 62% on 61% revenue increase. Same-store revenue was up 11.3%. As of March 31, company had 3,666 video stores, 904 of them franchises.

**Rabbit wireless video system** by Gemini is advertised at \$29.99, including both transmitter and receiver, by Heartland America mail order house. Additional receivers are \$19.95.

**Sharp LCD products** will be advertised this spring in 30-sec. TV ad which has 5-sec. tag for dealer name.



**AUDIO UP 13.3% IN 1993:** Home theater boom managed to offset 10.6% decline in component home CD player units, pacing respectable 13.3% rise over 1992 in 1993 factory unit shipments, according to unreleased EIA audio statistics published last week in our affiliated publication Audio Week.

Overall factory unit shipments climbed to 13,378,880 in 12 months of 1993 compared with 1992 unit volume of 11,810,862, EIA said. Home theater-oriented component speakers accounted for largest percentage gain in year. Speaker category officially classified year ago as "other" rose 305.6% to 1,092,925 in 1993 from 269,507 in 1992. While 245,000 of 1993 speaker shipments still were of nondescript "other" variety, 1993 report contained first breakdown showing 230,238 center-channel speakers and 617,217 satellite models. Testifying further to home theater boom, subwoofers were thriving business in 1993, rising 62% to 97,659 from 60,405 in 1992.

Hi-fi receivers, traditionally bellwether of home theater demand, enjoyed upbeat year, climbing 14.9%. EIA said that of total 1993 receivers shipped, 60% had some kind of built-in AV surround capability. As home theater became more and more mainstream in 1993, however, growth came at expense of typically high-end outboard surround processors, which fell 28.7% to 56,758 from 79,604.

Component home CD technology, onetime invigorator of hi-fi industry sales, failed to ride home theater coattails in 1993, with overall component shipments falling 10.6% to 2,909,698 from 3,254,805 in 1992. Good news in component CD category was 15.8% rise in shipments of multiplay changers, largely on strength of 20% gain in carousel models to 1,647,108 from 1,373,660. Even beleaguered magazine changer category, which also includes "other" changer configurations, rebounded from year earlier's 19.5% drop, rising 4.4% to 513,700 from 492,274.

However, single-play home CD component players declined striking 46.1% to 748,890 from 1,388,871 in 1992. Shipments in 1993 declined 62% from nearly 2 million single-play units in 1991. Here's breakdown of unreleased EIA factory unit shipments for 1993 and comparisons with 1992:

Product	1993	1992	% Chg.
Receivers.....	2,227,456	1,939,081	+14.9
Tuners.....	32,621	42,194	-22.7
Preamplifiers.....	24,240	22,745	+ 6.5
Power amplifiers.....	123,926	77,010	+60.9
Integrated amps.....	108,154	109,398	+ 1.1
Surround processors..	56,758	79,604	-28.7
Equalizers.....	183,970	164,749	+11.7
Turntables.....	310,160	310,752	- 0.1
Total home CD decks..	2,909,698	3,254,805	-10.6
Single-play.....	748,890	1,388,871	-46.1
Total multiplay..	2,160,808	1,865,934	+15.8
Carousel.....	1,647,108	1,373,660	+19.9
Magazine/other	513,700	492,274	+ 4.4
Total cassette decks.	1,551,602	1,445,306	+ 7.4
Single-well.....	262,764	303,364	-13.4
Dual-well.....	1,286,266	1,129,522	+13.9
DAT.....	2,572	12,420	-79.3
Total speakers.....	5,850,275	4,365,458	+34.0
Shelf.....	3,049,590	2,796,919	+ 9.0
Wall-mount.....	270,441	276,395	- 2.2
Floor.....	1,338,460	962,232	+39.1

Product	1993	1992	% Chg.
Subwoofers.....	97,659	60,405	+62.0
Other.....	1,092,925	269,507	+305.6

\* \* \* \* \*

Feb. factory audio dollar shipments rose 7.1% to \$510.66 million from \$476.88 million, EIA Mktg. Services Dept. reported. In year's first 2 months, they climbed 10.3% to \$1.03 billion from \$931.49 million in same 1992 period. Aftermarket autosound spurred gains in Feb. and first 2 months of year, rising 18.1% and 20%, respectively. Here's EIA breakdown of audio factory dollar shipments for Feb. and first 2 months of year in 4 broadbased categories ordinarily released publicly by Assn.'s Mktg. Services Dept.:

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

Product	Feb. 1994	Feb. 1993	% Chg.
Portable audio*.....	\$164,830	\$158,841	+ 6.5
Components.....	115,567	114,796	+ 0.7
Systems.....	101,063	97,877	- 3.3
Autosound (aftermarket)	192,200	109,365	+18.1
TOTAL.....	\$516,660	\$476,879	+ 7.1

Product	Feb. 1994	Feb. 1993	% Chg.
Portable audio*.....	\$337,531	\$307,094	+ 9.9
Components.....	223,719	226,733	- 1.3
Systems.....	219,738	192,544	+14.1
Autosound (aftermarket)	246,152	205,120	+20.0
TOTAL.....	\$1,027,141	\$931,490	+10.3

\* Includes home radio.

New way to view TV is promised by ESP Electronics, L.A., which plans to deliver large-screen TVs which are placed in middle of room and viewed from any angle. Pres. Gregory Levy says ESP expects to produce 27" and 32" sets using "360 Degree Optical Technology" which "creates a 2-dimensional real image that can be viewed from any point in a 360-degree area surrounding the image. This image is perfectly symmetrical or squared with every viewer's line of sight regardless of their positions surrounding the image. This optical effect is simultaneous, continuous and consistent for any number of viewers surrounding the image." Levy adds: "The appearance of a 360 Degree TV System differs substantially from the current standard. The shape of our TV is cylindrical. All peripheral components connect to a control brain which functions in a wireless mode at some distance from the TV itself." Levy says he's not "at liberty to discuss" further details now.

SI Diamond Technology, developer of flat panel display using diamond thin film (TVD Feb 14 p15) has received \$975,000 grant from govt.'s Advanced Research Projects Agency (ARPA) for 2-year program to evaluate and optimize its thin diamond films. Partners in project are Sarnoff Center, Sandia National Labs and Lawrence Livermore National Lab, according to Houston-based company.

DirecTV notes that as result of corporate restructuring it's now independent subsidiary of GM Hughes Electronics and no longer subsidiary of Hughes Communications.



**'ELECTRONIC VIDEO RENTAL':** EMC<sup>3</sup>, L.A. startup company seeking to provide compressed video and other services over satellite, cable and telephone, said it has letters of intent from 10 consumer electronics manufacturers to incorporate its "electronic video rental" system into consumer equipment, including VCRs and erasable optical discs.

Chmn. William Graven identified Daiwoo, Funai, GoldStar, Hitachi, Samsung and Sharp as having signed agreements, with 3 "name-brand" Japanese companies finalizing language. Reached in Europe, he told us other European and Asian manufacturers are likely to be added soon.

EMC<sup>3</sup> said it can download video movie in 5-minute burst for taping on specially modified VCR which records at high speed, plays back at normal speed for 100 minutes of viewing. It was estimated EMC<sup>3</sup> circuitry would add about \$250 to cost of VCR at first.

Company says it plans to offer services over all distribution channels, is seeking agreements with Baby Bells, cable companies and direct broadcast satellite (DBS) operators, said Jerilyn Kessel, vp-programming and mktg. She said cable "loves us" because ability to offer real-time movies that consumers have ability to start, stop, rewind, etc., will give industry "leg up" on DBS. Telcos also seemed interested, she said. Plans call for service to begin in June 1995. Customer can buy or rent movies, she said, because system's anticopy capability (from minority shareholder Macrovision) can erase movie after 2nd play. Rental is expected to be around \$3.25, she said.

Company's definition of EMC<sup>3</sup>: "The electronic delivery of digital information in less than real time and/or space to an electronic storage device wherein the end-user has complete on-site control of the use of that data." Graven said EMC<sup>3</sup> shouldn't be thought of as only movies because compression can be used for any digital information. "We're looking to create a de facto standard for time-compressed digital information," he said.

High rate of compression -- about 20:1 -- has been successful in trials, and video tests have shown no degradation, Kessel said. Quality was so good, she said, that even program producers in L.A. were satisfied.

Six-year-old company first surfaced publicly at 1990 Winter Consumer Electronics Show, when it announced plans for "Entertainment Made Convenient" video-on-demand system (TVD Jan 15/90 p16). Plans apparently have grown exponentially since then -- company then was called merely EMC<sup>2</sup>.

Matsushita is aiming at 10% of world color TV market by year ending March 1997, according to Nikkei Sangyo. Company says it had 7.3% share in fiscal year ended last month. Matsushita estimates annual world color TV production will increase from current 85-86 million to 105 million in target year, and expects to increase production by 70% to 10.5 million by that time. Matsushita has 2 color TV factories in Japan, one each in U.S., U.K., Malaysia. Its total production outside Japan was 2.5 million in fiscal year just ended, with expr ~ to 4.5 million planned. Another overseas production site is expected, with one million set capacity, while Japanese output will be increased to 5 million from current 3.7 million, according to article.

**'ELECTRONIC SHELF SPACE':** Key aim of Blockbuster's much-publicized plan to download digital music to in-store kiosks (TVD March 28 p13) is to extend average retailer's limited-capacity "physical shelf space to near-infinite electronic shelf space," Vp-Technology Robert Carberry said in keynote speech at New Media Expo in L.A.

Plan for digital music delivery system was predicated on knowledge that "typical" music store might inventory only 4-10,000 titles from more than 40,000 that comprise catalog of audio CDs, Carberry said. "But effectively with these kinds of systems, you can migrate into electronic shelf space," enabling retailer not only to inventory product deeper in CD catalog, but also to move into other related digital media such as CD-ROMs and CD-based videogames, he said.

With CDs overtaking analog media in number of units produced annually, Carberry said, "going through the inventory, almost every deliverable item is now... in the digital form, which allows its exploitation over a digital network." Retailer's ability to carry deeper inventory electronically will mean never again having to turn away sale, he said.

Carberry reiterated Blockbuster plans to test in-store videogame downloads this summer and music delivery later. But system "complexity" represents one of major potential "potholes" threatening deployment of digital superhighway, he said: "The worst words in our industry are 'computer literate.' That implies something is so hard to learn that it differentiates people. Has anybody ever heard the term, 'AM radio literate?' No, because everybody knows how to use an AM radio." Carberry drew audience laughter when he described legal obstacles to information superhighway as being "nontrivial as well."

Sun TV & Appliances reported 28.9% increase in net income as revenues rose 39.4% in 4th quarter ended Feb. 28 (see financial table). For full year, company's revenues jumped 44.5%, with net income up 46.3%. For quarter and full year, comparable store sales rose 13%. Pres. Robert Oyster said gross profits were hampered somewhat by promotional cost of moving into new markets of Buffalo and Rochester and introduction of prerecorded video and audio software into sales mix for all stores during year. Company plans to open 830,000 sq. ft. distribution, office and service center in home city of Columbus, O., this year. It ended year with 38 stores in Ohio, Pa., N.Y., W. Va.

In reversal of long-standing policy, Nintendo is now selling direct to rental channels. Spokeswoman said company has decided to deal direct with video channel because it can't ignore size of cartridge rental business, estimated at more than \$1 billion per year. At our deadline, Nintendo has signed deal with West Coast Video, and was on verge of signing with Blockbuster. Company also is signing video distributors. Ingram received notification last week that it is now authorized Nintendo distributor, Pres. John Taylor confirmed.

Aiwa officially began operations last week at expanded new Malaysia production base that now represents company's largest manufacturing plant outside Japan. Company began expansion program there in July 1993 in bid to offset rising costs of stronger yen. Aiwa Electronics Malaysia (AEM) subsidiary will produce mainly minicomponent audio systems and VCRs. With latest expansion, annual production at AEM is expected to double to \$775 million in fiscal year ending March 1995.



**200,000 VIEWCAMS IN '94--SHARP:** One year after U.S. introduction of industry's first camcorder with built-in LCD monitor, Sharp said ViewCam has met expectations, but conceded sales have been limited by price.

While 8mm camcorders with 3" and 4" LCD vaulted Sharp to No. 2 market share position in Japan, its entry level \$999 price has placed it outside mainstream in U.S. Largest segment of conventional 8mm sales in U.S. is in \$599-\$899 range. ViewCam, however, increased Sharp's 8mm U.S. market share to 8.3% by Jan. from less than 1% year ago, company officials said at national sales meeting last week in Orlando.

"From our prospective, we've had tremendous impact and we've taken the position of leader in the over-\$900 retail category," said Sharp Senior Vp Perry Clay. "But the under-\$900 category is roughly 80% of the business. We want to be able to always offer value added, but we have to make sure the value added is competitive."

Sharp said it shipped 130,000 ViewCams in 1993 and expects to reach 200,000 this year with 4-model assortment ranging \$999-\$2,199 for recently introduced Hi8 model. While some retailers said inventories of existing 3-model line may have pushed shipping dates for replacement models to fall, Sharp said inventories were in line. Warehouse will be cleared of original high-end model this month, company officials said. One year ago, Clay said company expected to import 100,000-150,000 of lowest priced ViewCam alone (TVD May 17 p14).

While Clay said low-end ViewCam will hold at \$999, several dealers said they hoped for price drop. Some retailers said in cases where they broke to \$899 advertised retail in select markets, sales increased. "It's done okay at \$999, but when we lowered it, it has done much better," said major southern retailer.

Sharp said it plans to stick with 8x zoom for this year. Next step, however, might be 16x digital zoom, said Robert Scaglione, Sharp video mktg./product planning mgr. "With 16x you could keep many of the same mechanisms, but double the image digitally," he said. Company has no plans to move beyond 3" and 4" LCDs, although some company officials have told retailers 5" is possible (TVD March 21 p15).

To promote ViewCam, Sharp is launching \$15-\$16 million ad campaign (of total \$40 million national ad budget) in June with 30-sec. Company also will renew product demonstrator corps that will hit 12-15 markets May-Sept.

In full-size, Sharp showed 3 Slimcams with 12x zoom billed as industry's lightest (3.3 lb.) and smallest (3" wide, 8-3/16" high, 12-3/4" long). Line is topped by \$999 model with color viewfinder. Overall, Sharp projected full-size would account for 22% of U.S. camcorder business this year (down from 25%) with 8mm at 49.6% and VHS-C, 37.4%.

In TV, 34W" and 30W" 16:9 widescreen sets shown at Winter CES are now scheduled for delivery in July and Jan., respectively. Introduction of 30W" was delayed from July due to unavailability of Thomson tubes, company officials said. Although Sharp officials said prices haven't been set, at Winter CES retails were quoted at \$3,499 for 30W" and \$4,000 for 34W". Both sets will be non-PIP with 500 lines of horizontal resolution, 7.5w per channel surround sound, with front and rear A/V jacks, S-Video inputs, universal remote. Beyond 34W, Sharp probably will move to 40W" although

there are no immediate plans, said Jon Lezon, Sharp TV product mktg. mgr.

In core TV, Sharp focuses on 25" (7 models, \$279-\$369) and 27" (8 units, \$549-\$599). "Information center" feature, introduced year ago as means to leave on-screen messages, display calendar with special dates, was continued in 8 models including two 20" sets. Two high-end 27" TVs have color PIP, dark tint tube and universal remote. In 25," which became industry's most competitive category in 1993 when price dropped to industry-low \$279, Lezon said there will be \$259-\$269 street price leader. TV/VCR line includes 13" and 20" replacement models with new 25" version expected by Dec., no price set.

VCR line features 26-micron video head system in 11 models, exception being 2-head. Sharp will continue high-end 19-micron VCR at \$549, but plans to focus on 26 for future, said Gary Vicari, Sharp VCR product mktg. New VCRs have new high speed rewind system turning around T-120 tape in 3 min. vs. industry standard 4-4.5 min. Four models, starting at \$399, complete rewind in 2.4 min. Number of 4-head VCR Plus models with cable box control increased to 5 from 2 years ago, starting at \$329. Shuttle control is in 9 units, including 2 that have it built into universal remote.

## Consumer Electronics Personals

Michael Aguilar, Panasonic vp-sales & mktg., becomes senior vp-sales & mktg., Matsushita Consumer Electronics Co. (MCEC), new umbrella group formed April 1 to oversee consumer sales and service operations in U.S.; Mike Nakamura, Panasonic vp-mdsg., becomes MCEC senior vp-mdsg.; Richard Lovisolo, vp-gen. mgr. for Panasonic-Technics audio products, named pres., Matsushita Service Co., replacing Anthony Lopes, who becomes vp in charge of internal computer services at Matsushita Electric Corp. of America; Gerald Willner, vp-gen. mgr., Panasonic Eastern Group, reportedly to become pres., newly formed Panasonic East Co.; Joseph Hicks, vp-gen. mgr., Panasonic Southern Group, reportedly to become pres., Panasonic Midwest Co.

Gaston Bastiaens leaves Apple as gen. mgr., Personal Interactive Electronics (PIE) Div., post he has held since joining company in Sept. 1992 from Philips, where he had supervised worldwide CD-I project... Juan Collada, ex-national sales mgr., Sharp LCD Products Group, promoted to gen. mgr., succeeding Sherman Langer, who left early this year to join Projectavision as full-time consultant... Robert Zito leaves May 2 as vp-communications for Sony Corp. and affiliated Sony Software, returning to N.Y. Stock Exchange as senior vp-communications; he served as NYSE managing dir.-advertising & communications before joining Sony in 1990.

Alex Campbell, ex-Noma International, joins Bose as vp-mktg., new post... David Archambault, ex-Warner Custom Music and onetime Commodore dir. of business mktg., named vp, WEA Corp. new Multimedia Div.; Frank LoVerme appointed dir., CD-ROM sales, WEA Mfg., Burbank.

Universal Electronics, 11-store retailer in Col. and Utah, said 43% comparable store sales increase in March helped drive total revenue in month to \$11.01 million, 110% more than in same month year earlier.



**JVC TVs--'HELP' IS ON THE WAY:** Help menus are available at push of remote control button on JVC high-end TVs (TVD April 18 p11) in case you need fuller explanations of on-screen options or lose instruction book. JVC's color TV line is highlighted by new Premiere Series at top of each major size category from 20" to 55" widescreen projection. All have Super Command universal remote featuring scrolling menus and 4-way cursor control which operates like computer mouse.

Also featured in premiere line: (1) Hyper Scan which zips through channel labels at 5 per sec. (2) Compu Link which sets up TV, VCR and audio components for automatic turn-on when videotape is inserted. (3) Dual picture split screen and 6-picture PIP. (4) Memory for 3 favorite channels for day and evening viewing, preferred volume for day and night. (5) Child Timer to turn off set at predetermined time using 3-digit code. (6) Bulletin board for special events. (7) Selection of channel previews by category -- network, movies, sports, news, music, etc.

High-end 35" set at \$1,750 has 6-mode digital sound processing, invar tube, dynamic contrast and black level expansion, cordless headset, 6-picture PIP with full-motion split screen; 31" with 2-way PIP, freeze frame and cordless phones has "flattened" dark invar mask tube at \$1,600; 27" with similar features is \$1,000, while model without cordless headphones is \$850, and 20" set with many of same features is \$450.

JVC's other color sets start with two 13" with black level expansion and new cursor-type remote control, home sitter and station ID at \$300, stepping to two 20" with front firing speakers at \$330; MTS stereo model at \$400; 27" at \$650, with PIP and freeze frame \$750; 31" at \$1,000, invar tube version \$1,100.

Camcorder line by JVC, all VHS-C, features unique "Auto Pause" system which automatically puts unit in pause mode when camcorder is pointed straight down for more than one sec. -- eliminating boring pictures of ground and walking feet. Flagship of line is all-new S-VHS-C stereo model with new digital image stabilization system claimed to eliminate picture degradation, color LCD viewfinder, 10x optical zoom, 20x digital, high resolution 570,000 pixel CCD, assemble editing, long list of professional special effects and scene transitions, wireless remote -- and even built-in alarm clock -- at \$1,799.

High-end S-VHS-C holdover with 22x digital zoom is \$1,999. At basic end of line is model with character generator, 2-speed 12x zoom, 2-battery charger at \$700. Step-up with full-function multibrand remote is \$999. Auto Pause model with 3-position zoom control, random assemble editing is \$1,099. Holdover with 20x digital zoom, 8-mode program selector, video light, is \$1,299.

From leader 2-head at \$270, each new VCR has built-in message center with 9 convenient on-screen messages ("I'll be home by....," "Meet Me At....," etc.) or compose your own; Instant Review button (which turns unit on) rewinds, finds beginning of last program taped and starts playback, gold-plated front inputs, multibrand remote. Step-up 4-head has same features and noiseless special effects at \$300. VCR Plus version is \$330 (cable box control \$30 extra). Hi-fi stereo model is \$430; with VCR Plus \$470; model with cable box controller, random assemble editing and audio dub \$550; pro-style editing VCR with jog/shuttle,

audio level indicator and control is \$600. Two S-VHS Hi Fi models are held over at \$899 and \$999.

**SONY, CANON VIEW MARKET:** Camcorder sales will increase very slightly this year -- probably to 3.2 million from 3.1 million last year, despite first quarter increase of nearly 14%, according to Sony Senior Mktg. Vp Yuki Nozoe. Maintaining that 8mm would keep 50% market share (see separate report), he conceded VHS-C could also increase in share this year.

However, Nozoe said any gain by VHS-C, possibly to high of 30%, would be at expense of full-size VHS rather than 8mm. He saw full-size VHS declining to 20% share this year. Sales of full-size models, he said, are being sustained by \$499-\$599 price points, condition which won't continue.

As for camcorder combinations with LCD monitors, he said Sony survey showed models such as Handycam Snap appeal to different consumers than conventional models -- more females, more single people, who like design simplicity and convenience of immediate viewing. Camcorder inventories were high in Dec., he conceded, but now have been mostly dissipated in time for arrival of new merchandise.

Nozoe forecast VCR sales at 12.5 million this year, about same as 1993, with hi-fi stereo accounting for 30% of total. Sony has widescreen 16:9 sets in Japan, but currently has no plans for U.S. introduction because of difference between the 2 markets and dearth of widescreen software here, he said. He said Sony was evaluating Video CD but has made no decision to market system.

\* \* \* \*

Canon's new camcorder series is complete break with past, adopting more conventional palmtop design. First model in new ES series, Hi8 ES1000 (see separate report) has new 140,000 pixel color LCD viewfinder. It uses single Canon-designed LSI made in U.S. by Motorola for auto exposure, auto white balance, autofocus, combined with 10-bit analog to digital (A/D) converter, with all signal processing in digital domain. Single chip, according to Canon, increases dynamic range while reducing number of parts by 38%.

New camcorder features compact power adaptor with "battery refresh station," somewhat similar to Sony's Handycam station and said to prevent memory effect of nickel cadmium batteries. All ES models will have new wide angle 12x zoom lens.

Video Div. Dir.-Gen. Mgr. Ted Ando forecast camcorder sales this year would be even to 5% up from 1993. Asked about ViewCam-type monitor combos, he said Canon "won't follow the trend at this point -- if we decide to do something, it will be something different, something original."

As for future of camcorder, he said "digital is the key word," noting that ES already is largely digital. Commenting on digital VCR specs just approved by 50 companies (TVD April 18 p9), he said first true digital camcorder using new format could be on market in 1996, designed for recording standard TV signals, before HDTV is adopted here. He said Canon is continually looking at various ways to combine its camera knowhow with digital electronics.



## 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>Ackerley Communications</b>			
1994-qtr. to March 31	53,500,000	1,600,000	.10
1993-qtr. to March 31	48,200,000	(2,200,000)	--
<b>Apple Computer</b>			
1994-26 wk. to April 1	4,545,554,000	57,422,000	.49
1993-26 wk. to March 26	3,974,186,000	272,241,000	2.25
1994-13 wk. to April 1	2,076,700,000	17,404,000	.15
1993-13 wk. to March 26	1,973,894,000	110,900,000	.92
<b>AT&amp;T</b>			
1994-qtr. to March 31	16,560,000,000	1,094,000,000	.80
1993-qtr. to March 31	15,719,000,000	(6,832,000,000)	--a
<b>Belo (A.H.) Corp.</b>			
1994-qtr. to March 31	132,047,000	10,038,000	.49
1993-qtr. to March 31	122,840,000	13,870,000	.70b
<b>BHC Communications</b>			
1994-qtr. to March 31	95,968,000	13,668,000	.54
1993-qtr. to March 31	89,581,000	75,918,000	2.92b
<b>Blockbuster Entertainment</b>			
1994-qtr. to March 31	696,531,000	72,593,000	.29
1993-qtr. to March 31	433,398,000	44,686,000	.22c
<b>BMC Industries</b>			
1994-qtr. to March 31	52,406,000	1,863,000	.28
1993-qtr. to March 31	46,021,000	13,548,000	2.28b
<b>Carolco Pictures</b>			
1993-year to Dec. 31	108,308,000	(63,958,000)	--
1992-year to Dec. 31	466,420,000	(88,017,000)	--b
<b>Chris-Craft Industries</b>			
1994-qtr. to March 31	101,775,000	11,176,000	.39d
1993-qtr. to March 31	96,285,000	49,501,000	1.76
<b>Clear Channel Communications</b>			
1994-qtr. to March 31	38,871,413	2,046,949	.12
1993-qtr. to March 31	24,021,113	119,256	.01
<b>Cohu</b>			
1994-qtr. to March 31	17,518,000	1,631,000	.39
1993-qtr. to March 31	17,273,000	1,319,000	.32d
<b>Comsat</b>			
1994-qtr. to March 31	169,500,000	18,300,000	.45
1993-qtr. to March 31	166,300,000	19,600,000	.48d
<b>CTS</b>			
1994-qtr. to April 3	64,357,000	2,490,000	.48
1993-qtr. to April 4	60,439,000	(2,847,000)	--a
<b>General Electric</b>			
1994-qtr. to March 31	14,812,000,000	1,068,000,000	1.25
1993-qtr. to March 31	12,856,000,000	298,000,000	.35a
<b>Gray Communications Systems</b>			
1994-qtr. to March 31	6,145,000	354,000	.12
1993-qtr. to March 31	5,646,000	1,021,000	.33b
<b>GTE Corp.</b>			
1994-qtr. to March 31	4,746,000,000	504,000,000	.52
1993-qtr. to March 31	4,826,000,000	460,000,000	.48
<b>Home Shopping Network</b>			
1994-qtr. to March 31	274,215,000	6,651,000	.07
1993-qtr. to March 31	239,421,000	(23,823,000)	--a
<b>Home Theater Products International</b>			
1994-9 mo. to March 31	26,712,700	2,025,887	.29
1993-9 mo. to March 31	10,122,063	201,744	.08
1994-3 mo. to March 31	11,215,454	1,017,230	.14
1993-3 mo. to March 31	4,375,699	66,612	.03
<b>Jones Intercable</b>			
1994-9 mo. to Feb. 28	98,125,000	(18,149,000)	--
1993-9 mo. to Feb. 28	89,531,000	(29,113,000)	--
1994-qtr. to Feb. 28	33,273,000	(6,521,000)	--
1993-qtr. to Feb. 28	32,387,000	(9,845,000)	--
<b>Jones Spacelink</b>			
1994-9 mo. to Feb. 28	123,450,000	(6,131,000)	--
1993-9 mo. to Feb. 28	112,687,000	(7,795,000)	--
1994-qtr. to Feb. 28	41,465,000	(2,387,000)	--
1993-qtr. to Feb. 28	40,045,000	(2,103,000)	--
<b>Lee Enterprises</b>			
1994-6 mo. to March 31	197,010,000	22,881,000	.98
1993-6 mo. to March 31	181,256,000	18,004,000	.77
1994-qtr. to March 31	94,923,000	9,564,000	.41
1993-qtr. to March 31	84,909,000	6,501,000	.28

Company & Period	Revenues	Net Earnings	Per Share
<b>Multimedia</b>			
1994-qtr. to March 31	146,419,000	17,334,000	.45
1993-qtr. to March 31	139,521,000	29,530,000	.77b
<b>Musicland Stores</b>			
1994-qtr. to March 31	269,435,000	(2,108,000)	--
1993-qtr. to March 31	223,725,000	(1,790,000)	--
<b>New York Times</b>			
1994-qtr. to March 31	589,512,000	17,735,000	.17
1993-qtr. to March 31	454,482,000	10,888,000	.14
<b>Spelling Entertainment Group</b>			
1994-qtr. to March 31	80,413,000	6,854,000	.11
1993-qtr. to March 31	50,818,000	(4,576,000)	--
<b>Sun Television &amp; Appliances</b>			
1994-year to Feb. 28	575,893,000	16,965,000	.96
1993-year to Feb. 28	398,642,000	11,598,000	.78d
1994-qtr. to Feb. 28	203,965,000	7,088,000	.40
1993-qtr. to Feb. 28	146,287,000	5,500,000	.34d
<b>Texas Instruments</b>			
1994-qtr. to March 31	2,449,000,000	134,000,000	1.41a
1993-qtr. to March 31	1,884,000,000	81,000,000	.85
<b>Times Mirror Co.</b>			
1994-qtr. to March 27	856,674,000	22,726,000	.18
1993-qtr. to March 28	868,403,000	29,784,000	.23
<b>Time Warner</b>			
1994-qtr. to March 31	1,558,000,000	(51,000,000)	--
1993-qtr. to March 31	1,519,000,000	(15,000,000)	--
<b>Tribune</b>			
1994-13 wk. to March 27	482,822,000	40,069,000	.53
1993-13 wk. to March 28	434,548,000	29,651,000	.38
<b>TRW</b>			
1994-qtr. to March 31	2,159,400,000	64,100,000	.97
1993-qtr. to March 31	2,028,800,000	26,400,000	.41a
<b>United Television</b>			
1994-qtr. to March 31	32,107,000	6,375,000	.63
1993-qtr. to March 31	28,098,000	13,167,000	1.28b
<b>United Video Satellite</b>			
1994-qtr. to March 31	42,992,000	3,048,000	.17
1993-qtr. to March 31	22,038,000	874,000	.05e
<b>Universal Electronics Inc.</b>			
1994-qtr. to March 31	20,382,000	(1,220,000)	--
1993-qtr. to March 31	15,647,000	223,000	.05
<b>Westinghouse Electric</b>			
1994-qtr. to March 31	1,743,000,000	36,000,000	.07
1993-qtr. to March 31	2,020,000,000	3,000,000	--a
<b>Zenith Electronics</b>			
1994-qtr. to April 2	297,100,000	(11,900,000)	--
1993-qtr. to April 3	290,500,000	(21,800,000)	--

Notes: aAfter special charge. bIncludes special credit. cRestated. dAdjusted. ePro forma.

**Blockbuster Entertainment** will stage World Game Championship videogame competition this summer incorporating both Sega Genesis and Super Nintendo platforms. Event will be open to all players ages 20 and under who sign up May 16-June 14, begins with local competitions at Blockbuster stores in U.S., Canada, U.K., Chile, Australia. Program culminates in World Finals at Ft. Lauderdale Aug. 19-21.

**Absolute Entertainment** signed agreements for distribution of its software in overseas markets. Sony Electronic Publishing Ltd. signed for European distribution rights for pair of Absolute's new titles for Super Nintendo Entertainment System (SNES) -- "Super BattleTank 2" and "Turn and Burn: No Fly Zone." Meanwhile, M. Tsuda Co. acquired rights to distribute same 2 titles in Japan.

**StarSight Telecast** has begun testing its interactive electronic program guide in "selected households" via cable boxes in Viacom's Castro Valley, Cal. test bed. Starsight Senior Vp-Cable Mktg. Bob Russman called initial reaction "very positive."