

# HIGH FIDELITY trade news

VOLUME 25, NO. 12  
DECEMBER 1981

Special Bonus Section  
**VIDEO**

## **TURNTABLES IN TRANSITION: *What Dealers Are Buying***

**Where To Now,  
Bernie Mitchell???**

**What's At The Root  
Of Those  
Retail Chapter 11's?**

**What Happened To  
Fred Locke Stereo**

**Why Warner Has  
Texas Grumbling**

**Florida Pirates  
Brought To Court**

**Countdown Vegas:  
What Dealers Want**



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MGR 135128  
SOUND CHAMBER INC  
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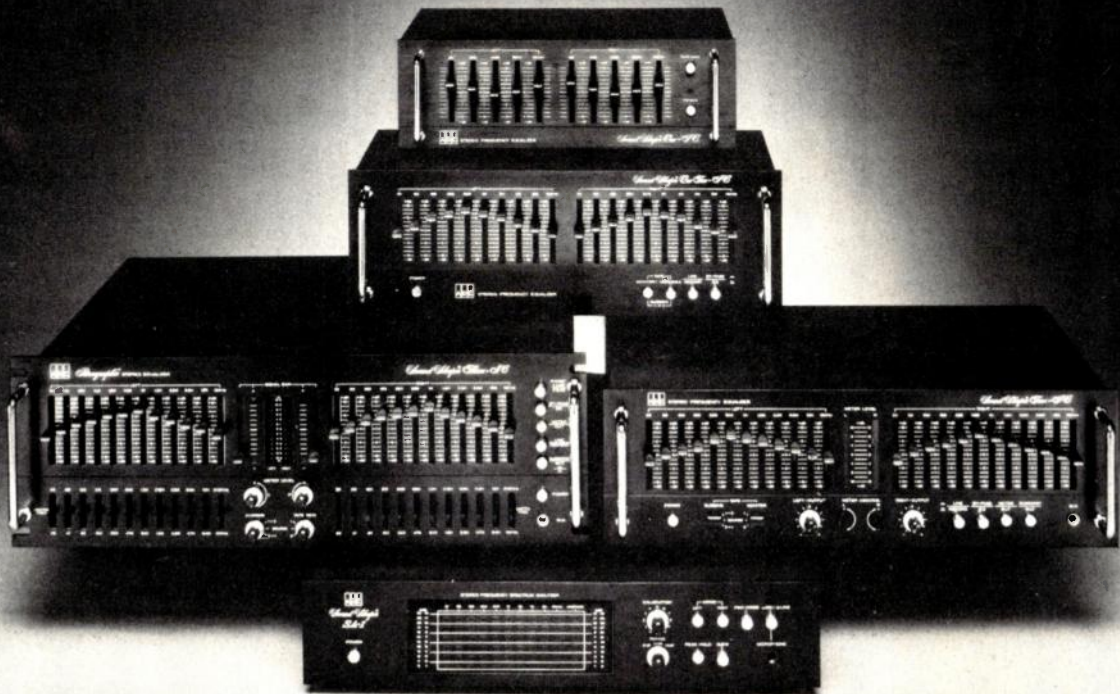
It's the kind of product line that delivers pre-sold customers to your store. And the kind of component that makes it easy for you to help them upgrade their present systems as well as sell an ADC Sound Shaper as an integral part to new system buyers. Plus, with our exciting national ad campaign, backed up by our generous co-op allowance and high mark-up margin, your share of the profits will be bigger and better than ever before.

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# STANTON

THE CHOICE OF THE PROFESSIONALS™

## AS WE GO TO PRESS

**PIONEER SHOWS "FORESIGHT":** Pioneer Video's first entries into video were projection tv and LaserDisc. Now, it plans to offer a component video system called "Foresight," says Robert Katz, the company's vp sales. It'll be delivered to dealers midyear, but special previews will be held at winter CES. Similar product was introduced in Japan in October. The system has an am/fm tuner, tv tuner, audio/video amplifier, component tv (with high resolution, 400-line screen), a rack system, and speakers.

**ADVENT IN FLUX:** Advent, which has been in Chapter 11 since March, says it won't be marketing a stereo Beta VCR as planned because of its financial difficulties. Bernie Mitchell, while at Advent, and Sony had designed the product, which Advent was originally slated to market. The Sony product, to be introduced at the winter CES, offers "true" stereo sound, not mono-enhanced sound. Meanwhile, Advent has temporarily suspended production of projection tv so it can retool and restructure for production of its new models. Production is planned to resume sometime in February or March.

**DELAYS AT JVC:** US JVC Corp. had planned a limited roll-out of its new VHD videodisc system, but it has delayed the roll-out until June, when the system will be available in 20 national markets through selected dealerships. The word from JVC is that it wanted to ensure that "technical and marketing coordination" was completed before offering the product. The VHD is somewhere between the high-technology Pioneer Video laser-optical system and RCA's more conventional stylus systems.

**HAGGOT LOOKING AHEAD:** Reese Haggot has been tapped to become the new chairman of the Car Audio Division of the EIA/CEG. The Alpine/Luxman executive vp says he wants to continue the emphasis on revitalizing inactive members and attracting new members to the committee, which he said represents 50 percent of the nation's car audio volume.

**AUDIO DIVISION HAS NEW CHAIRMAN:** Harry Elias, vp of the home entertainment division and high fidelity sales at US JVC Corp., is the new chairman of the EIA/CEG's Audio Division. Elias says he wants the industry to emphasize "the broader concept of stereo music and what it can do for the consumer" in its promotions. The industry, he says, should also promote "the fact that if you compare audio equipment to other consumer products, it offers a good value." He also favors the staging of consumer shows in major markets.

**FIGHTING THE CIRCUIT COURT:** A loose coalition of 20 to 30 companies has formed to combat the San Francisco Circuit Court of Appeals ruling that the home taping of copyrighted TV programs is against copyright laws, a trade source says. Basically, the companies will lobby for changes in the copyright laws, the source said. The EIA is in the group, called the Right To Tape Committee.

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**LETTERS**

## Video Dealers Join To Counter Warner Video

*(Editor's note: This issue, HFTN spoke with Texas dealers involved with Warner Home Video's new software marketing program. This letter was sent by the 350-member American Video Association to Warner's president Mort Fink with copies mailed on an industrywide basis. For complete story, see page 56.)*



Morton J. Fink  
Warner Video, Inc.

Warner Home Video, Inc.  
Attn: Morton J. Fink, President

Dear Mr. Fink:

We have watched with interest your introduction of a new marketing program for Warner Home Video products. Some of the 350-members of our video dealer association have contacted us as you have met with them, first in Texas, and now in other states. The gulf between video dealers and the movie studios has just been widened, and we find that we cannot support your program.

Your new program is too costly. Video dealers cannot profitably rent your titles under prevailing market conditions. Your response that rental prices will have to be increased is only evidence that you are out of touch with the market and with video dealers. The increased costs will cause an inventory reduction at the dealer level, and fewer copies of each title will be ordered. What you gain in increased revenues will be offset by reduced numbers. Yes, it will be easier to "get into" this program, but it will also be easier to "get out" of it when the red ink shows up at the retail level.

Your requirement that video dealers "surrender" all tapes to which they own title borders on coercion, and shows a lack of concern for them. The result of this requirement will be that video dealers will find some way to circumvent it, which they already have.

The \$100 deposit requirement will cause your "policing" cost to be astronomical, and will create much ill will. The real increase in video movie prices will also encourage more "bootlegging," which we deplore. You have multiplied the attractiveness of illegal duplicating by a factor equal to the amount of the cost increases.

We have encouraged our members to make it clear to their sales representatives that they do not support this unparalleled effort to plunder the video software industry, even though they may find it necessary to participate in it to some small degree to maintain future availability of Warner Home Video titles.

We believe that the law of the market will prevail and that your effort to "sell" this program will fail, without major adjustment.

Yours truly,

John Power  
Executive Director  
American Video Assn.  
Mesa, Arizona 85202

# LORAN'S™ HEAT RESISTANT CASSETTE MEANS COOL PROFITS FOR DEALERS.



Now there's a brand new premium audio cassette that is unaffected by extreme heat, cold or impact. And it delivers the finest quality sound without loss of fidelity due to wow, flutter, dropouts or distortion. The name is Loran.

Loran's high-precision cassette technology means unsurpassed quality tape and virtually indestructible shells made of LEXAN® resin. They are able to withstand temperatures of -60°F below to 250°F above zero. These audio cassettes are the hottest dealer item on either side of Death Valley.

Extensive testing has proved that Loran is ready to take on the world. And win! Not only will Loran cassettes outlast the other premium cassettes on the market... they'll also outsell them. Loran is being backed by a tremendous national advertising campaign plus a huge array of dealer support materials—guaranteeing millions of reader impressions each month, especially among audio enthusiasts. So there's lots of excitement ahead.

To find out about the red hot profits of a Loran dealership, contact Loranger Entertainment or your Loran™ Representative.

**LORAN™**  
The Great American Sound

**Loran™ Audio Cassettes have been selected by the Consumer Electronic Show Design and Engineering Exhibition as "one of the most innovative consumer electronics products of 1981."**

LORAN™ is manufactured exclusively by Loranger Entertainment.

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Photo by Ed Haas.

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## Direct Load and Lock system with photo-electric stop switches

No door in the way. Cassette locks automatically in perfect alignment with the heads. To remove cassette, just reach for it. Tape motion stops when your fingers interrupt the light beam.



## Equalized record-level system

Indicates high-frequency boost not shown by unequalized meters. Assures optimum signal-to-noise and dynamic range without danger of overload.



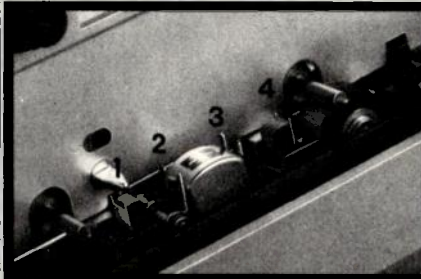
## Automatic reverse

Doubles uninterrupted record and playback time of any cassette. Also repeats play indefinitely.



## Four-point tape guidance system

Assures perfect tape-to-head contact essential for wide-range frequency response without drop-outs.



## One-touch record-ready system

Press record button, and pause is automatically activated. To record, simply press play. Makes sense, doesn't it?



# No other cassette deck looks, loads, records or plays like the new Dual 828.

At a glance you can appreciate the clean, low-profile functional design of the new Dual 828. And you can quickly demonstrate the many exclusive features shown above.

There are other features you can "see" only in action. Like the electronic tape-motion sensor that guards against faulty tapes. To simulate its action, insert a pen point into a turning hub. The tape will stop in a split second—no jam, no spill.

And there's still another exclusive feature you'll want to know about: our franchise program. Ask your United Audio rep about it. You'll learn that no other cassette deck manufacturer protects you like we do.

**Dual**

## Florida Pirates Brought To Court

Private Channel Club, the authorized distributor of Home Box Office via microwave transmission in Florida's Dade and Broward counties, recently took legal action against companies engaged in the unlawful sale of devices used to receive HBO programming.

**As a result, a Federal Court in Miami has entered an order prohibiting the sale and use of these pirate antennas, and the judge further ordered that the names and addresses of all buyers be relinquished to Private Channel Club.**

In order to convert pirate users into paying subscribers, Private Channel Club ran ads in local newspapers offering them legal membership without the installation fee and regular equipment deposit. After a certain date (included in the copy of the ad), the company would begin to prosecute unauthorized viewers.

Ellen Wedner, Private Channel Club general manager, reported that the idea met with limited success.

"Not as many people turned themselves in as we would have liked. They think that we'll never

be able to figure out who's stealing our signal, but not only have we actually driven down the streets to check to see just where the microwave antennas are located, the pirate sellers were ordered under the law by an injunction to turn over any paperwork related to purchases of the antennas." She warned that besides being illegal, a great many pirate antennas are "downright dangerous because they are installed improperly and without electrical grounding."

**In most cases Private Channel Club would prefer not to take individual pirate users to court (it's easier to just take their equipment down). However, piracy must be completely eradicated if Private Channel Club — or any other company — is to continue to broadcast the HBO television signal in the area.**

"Continued sale and use of these antennas also is a disservice to lawful HBO viewers because it jeopardizes the continued viability of the distribution service which makes HBO possible," she explained. "Piracy is a direct assault on the legitimate interests of viewers in

more than 10,000 Miami households who could lose the HBO service if Private Channel Club is forced out of business."

Would the Private Channel ruling have any affect on the home satellite receiver industry? Larry Ramsdale, division manager for American Television & Telecommunications Corporation (ATC) doesn't think so.

(Private Channel Club is a partnership of ATC and the Midwest Corporation.)

**"It's possible that in the future this ruling can be used as a precedent in cases involving satellite home receivers," he said, "in that it deals with common carrier rules laid down by the FCC. But it would depend on so many variables — the characteristics of satellite microwave signals, for example — that it's hard to predict what's going to happen."**

One thing is for sure: piracy is spreading through the video industry like a virulent plague — there are as many forms of piracy as there are technologies, but the Private Channel Club ruling marks an important step in the right direction.

## Court May Rule Home Taping To Be Illegal

A federal appeals court ruling that the home taping of television programs is an infringement of copyright laws is likely to be before the courts for years, predicts a trade association of consumer electronics manufacturers.

Jack Wayman, sr. vp of the Electronic Industries Association's Consumer Electronics Group, added, "Legislation has already

been introduced in Congress to reverse the decision of the Ninth Circuit Court of Appeals."

**The Oct. 19 decision reversed in 1979 ruling by Judge Warren Ferguson in Federal District Court in Los Angeles. The Court of Appeals of the Ninth Circuit ordered Ferguson to fashion some sort of relief for the plaintiffs, Universal City Studios and Walt Disney Productions.**

Wayman stressed that the Circuit Court decision does prohibit retailers from selling videocassette recorders or that they would be prosecuted for doing so.

Nonetheless, the Court of Appeals suggested one form of relief might be to have the manufacturers make royalty payments to the owners of the shows, and it said an injunction

against the manufacture and sale of the devices might be a possible remedy, too. Judge Ferguson had said in his 1979 decision that he did not believe such an injunction would be appropriate.

Unless the decision is reversed by the Supreme Court, it could lay the groundwork for a suit against Sony's rival Matsushita.

"The manufacturers are confident there will eventually be a common-sense solution," Wayman said.

When the case was filed in 1976, the studios complained the new recording technology would reduce their profits from movies and television shows. They felt consumers would wait until a movie made it to television, tape it, and thus skip visits to the theater.

**They also expected videotaping**

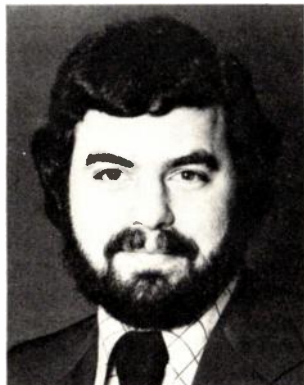
to reduce the amount of money they would get when selling programs for reruns, believing many consumers would already have the shows in their own tape

library.

However, Alan Latman, a copyright expert at the New York University Law School, has said that consumers rarely tape shows

and store them for future repeated viewing. Most videorecorder owners tape shows that they missed and then erase the tape after viewing it, he said.

## Onkyo Signs Agreement With FTC On Retail Price Requesting



Mark Friedman, ONKYO

Onkyo U.S.A. Corp. has announced that it will continue to selectively distribute its products only to dealers who make special efforts to promote its line, but under terms of a consent agreement with the Federal Trade Commission, it cannot suggest retail prices for two years.

**Onkyo signed the consent agreement following FTC charges that it fixed retail prices by requesting, requiring, or coercing dealers to adopt a particular retail price. Onkyo signed the agreement without admitting the charges.**

The company said in a prepared statement that "while Onkyo has steadfastly maintained throughout the FTC investigation of its distribution practices that it was not engaged in resale price maintenance, the tremendous time and expense involved in defending these claims was viewed as too burdensome for Onkyo to undertake."

The company added that it will continue to "refrain from overloading the market so that its dealers will be able to focus their efforts on competing with the products of Onkyo's competitors."

Onkyo's attorney, Richard Lury, explained that Onkyo's selective

distribution system means the company "will not simply distribute products to anyone who wants to purchase them." Its purpose is to find dealers "who have a genuine interest in Onkyo as a lead line," he said. The company supports those dealers who actively promote its products by not offering the products "to a dealer across the street," Lury continued.

**The consent agreement states that Onkyo cannot suggest retail prices orally or in writing for two years. After that, any written suggestion in any promotional literature, catalogue, list, or advertising would have to clearly state: "The resale prices quoted herein are suggested only. You are free to determine your own**

**resale prices."**

The two-year period was to begin November 24, Lury said. Onkyo signed the consent agreement with the FTC's San Francisco office last April, but it wasn't approved by the FTC's Bureau of Competition until last September. A 60-day period for public comment then began, ending November 24. Up until that time, the FTC could have changed its mind and sought an amendment to the agreement, but Lury said it was unlikely.

The FTC launched its investigation after some dealers complained that Onkyo "was forcing them to sell at certain prices and was being very competitive in their retail methods," Lury said.

## Promote Seasonal Buying

Consumer demand for audio products is to a certain extent a seasonal phenomenon: you aren't going to find too many people wanting to buy portable stereo in the middle of a huge snowstorm. Dealers, particularly those located in the northern states, have to adjust their orders to match these rotating consumer tastes. Sandy Ruby, president of Boston-headquartered Tech Ni Fi, wishes that manufacturers would be more aware of this requirement.

This problem can be made more serious when a manufacturer fails to take into consideration the relatively short amount of time northern retailers have to sell certain products. And if they can't give people what they want during the summer, they'll lose out to

other recreational products not in the audio category.

**"If a consumer wants to buy a portable receiver and can't find one, he'll take his money and spend it on a pair of water skis or a surfboard, not another audio product," Ruby continued. "It's no good to us if we have our portables in stock in November. Manufacturers have got to realize that we need our warm weather goods by late spring if we are going to achieve any kind of reasonable turnover."**

An example of this, was Sony's decision to discontinue the Walkman I in May. According to the retailer/executive, it couldn't have happened at a worse time for him.



# MOVE UP TO A HIGHER REFERENCE. TDK REFERENCE SERIES.

TDK has developed the Reference Series through a dedicated effort in technology. A commitment to create audio tapes which will set the tone for all others. Tapes which will pre-sell your customers at every level. Often, the results have been impressive.

SA-X is beyond most expectations in high bias. Its

technology is intended to go beyond the fast selling SA. Already it has won three international audio awards. Now high bias has a richer range. And richer rewards. All your customers are upgrading. Today's mass audience is tomorrow's high-end customer.

The MA-R cassette needs no introduction. You've seen how sought-after it is. Now it's become your audiophile customer's status symbol. High quality metal is the next step in sound marketing. TDK has made it easier for you to sell.

OD is everything you've heard about. Optimum dynamic range for those not satisfied with normal bias.

TDK has gone beyond the limits of open reel with the GX Studio Mastering tape. Ultra refined ferric oxide is welded onto the tape surface in a unique process. A special graphite and carbon backcoating reduces friction dramatically. Result: superior MOL, low distortion, wide dynamic range. And a far greater selling range.

This year TDK has increased its support in your selling effort. Advertising is highly visible in all the key media. Promotions are harder to resist. But beyond that, there's an idea which has reached a higher level of awareness in your customer's mind. The Reference Series. It took TDK to back that idea with quality product and quality marketing. Nothing compares to the Reference Series. Because there's nothing to compare it to.



**TDK**  
TDK LEADS THE WAY

## CE Retailers Show Confidence In Future of Video

Retailers of consumer electronics are optimistic about their future role in selling video products, in spite of a definite decline in the profitability of that category.

That's the basic picture that emerges from a major market study just completed by **High Fidelity Trade News**.

Their optimistic view was not only flatly stated by a whopping 76% of those responding, but supported by the fact that nearly half of all the respondents — 43% — said they were planning to add new lines of video equipment this year.

One of the big surprises of this survey was that of the 193 stores responding, exactly 100 stated they now handle projection TV. And as you might have guessed, **Sony** was by far the most frequently mentioned brand carried at 26%. **Advent** and **Kloss** followed closely at 16% each. For details see the accompanying chart.

Another significant conclusion that must be drawn from this study of a broad assortment of

large and small stores, is that nearly all are in this video business with both feet. In high percentages the stores are carrying all of the video products including cassette and disc players, projection and conventional TV's, cameras, and blank and pre-recorded tape.

Still another point that might surprise many in the trade is the fairly high number of stores already in the video disc business. They total nearly 40 per cent of the respondents. And while Pioneer was the most frequently disc line carried — it was named by 36% of the stores — The RCA disc player is already on display in 30% of these respondent's stores.

Considering RCA's avowed emphasis on distribution of their disc player to the mass market, it can be assumed that these stores tend to be among the larger retail stores responding to the questionnaire.

The video disc player is getting a lot of thought and attention from retailers, this survey makes clear. While nearly twice as many stores

presently carry VCR's compared with disc players, retailers when asked, "Are you planning to add any new lines of video equipment this year?" named the Pioneer and RCA disc players as the number one and two products they were planning to add.

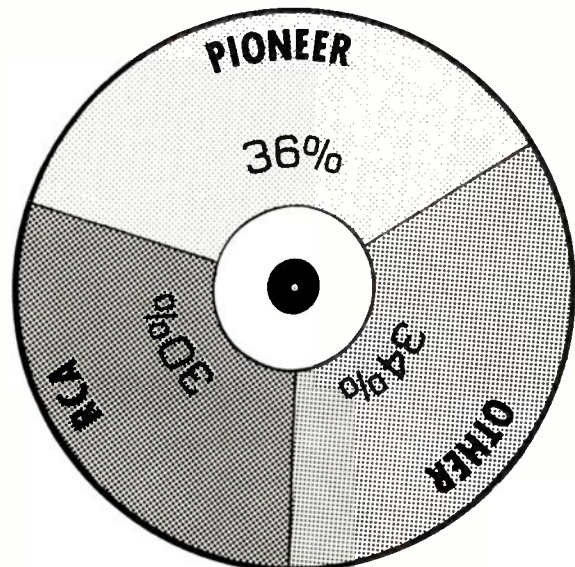
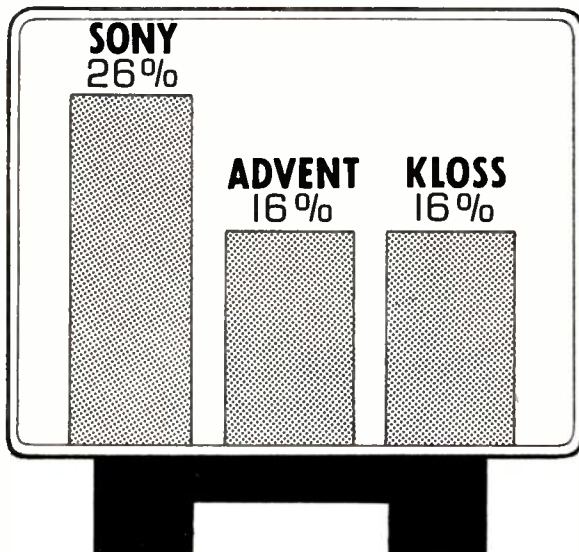
The survey produced some statistical confirmation of a few well known facts:

- . . . Profit margins on video hardware are down compared with last year.
- . . . Sales of video hardware are up.
- . . . Sales of blank video tape are up even more.
- . . . Video cameras have become a basic part of the retail package. 63% of the retailers now stock them.

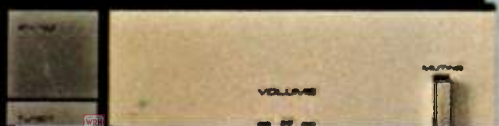
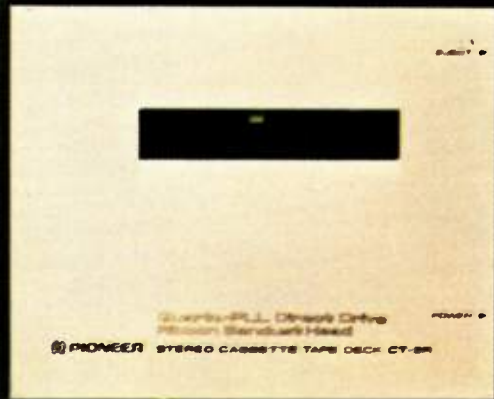
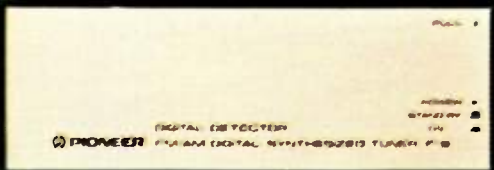
While the subject of blank tape was not deeply explored in this study — it will be in the near future — 20 different brands were reported as carried by the retailers who responded. Of those TDK, Sony, and Maxell headed the list as most frequently carried by this audience.

Out of the 100 stores carrying projection tv, 26 percent mentioned the Sony name, and Advent and Kloss claimed 16 percent each.

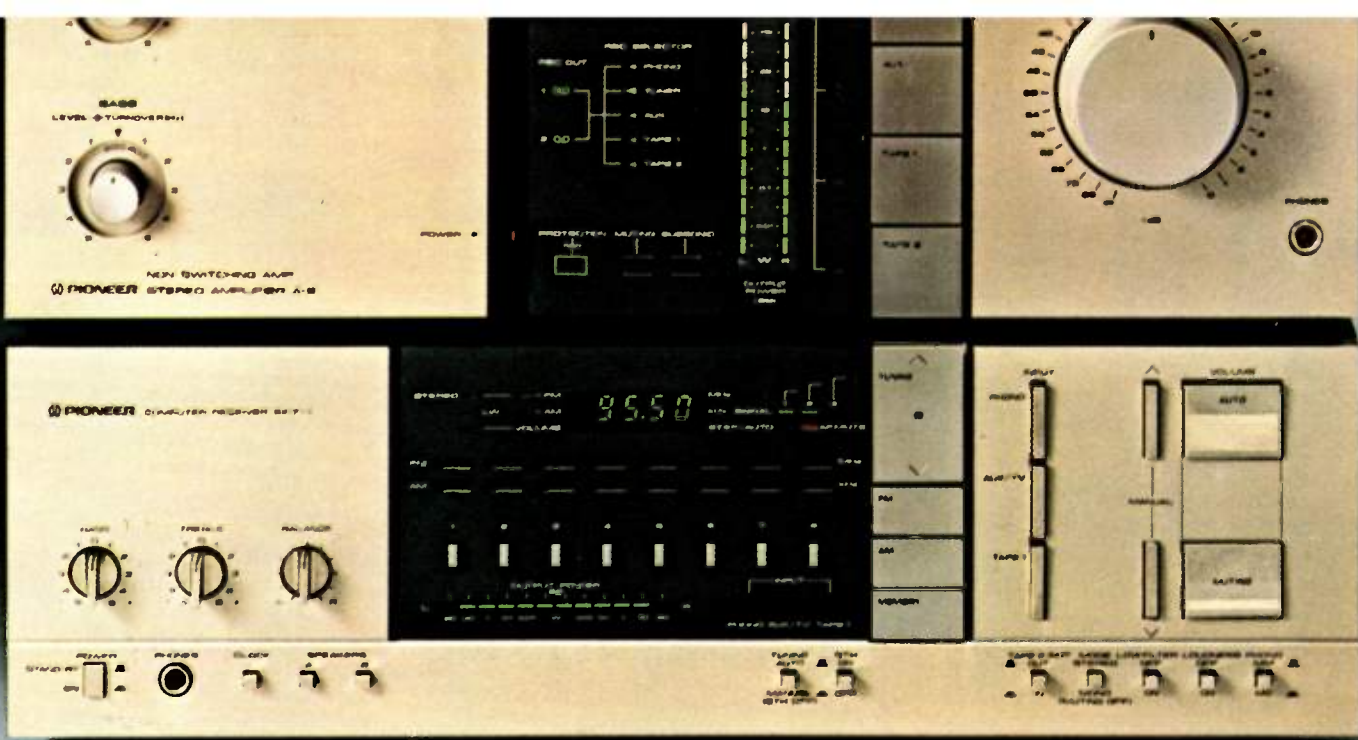
40 percent of the stores polled now offer the videodisc, with 36 percent of those stores carrying Pioneer and 30 percent RCA.



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# PIONEER ANNOUNCES COMPONENTS WITH HIGH FIDELITY



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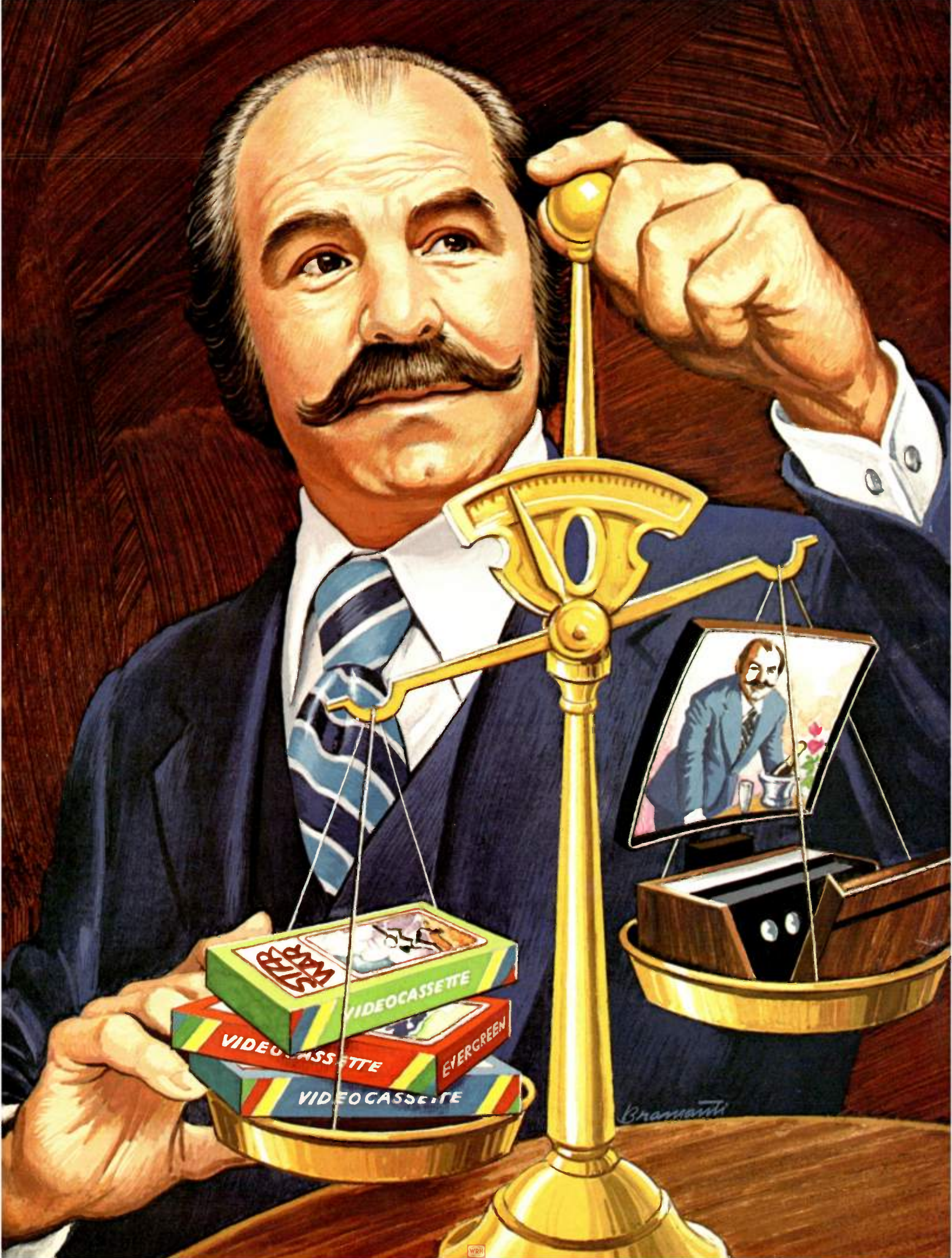
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Bramanti

# Where To Now, Bernie Mitchell???

By H. Paris Burstyn

**BOSTON, MA . . .** Like the famous men who had to fall to rise again, Bernie Mitchell, former president of Advent Corp., must now pick himself up, dust himself off and start all over again after tackling the nearly impossible challenge of turning Advent Corp. into a profitable company.

Mitchell established his reputation during his tenure as

president of Pioneer when it grew from a \$2 million to \$245 million company. But at Advent, with a product line that cost more to build than it sold for in the stores, Mitchell faced an uphill battle for profitability. Although Advent hasn't garnered any profits and was forced to file for protection under Chapter 11 bankruptcy provisions, Mitchell believes his

work at Advent was successful just because he kept the corporation alive in the face of overwhelming difficulties.

As he prepared to leave Advent to start his own video software company, called Evergreen Corp., Mitchell explained Advent's problems in depth and why he has chosen to move on rather than continue on.

**Q:** *I would think that since you wrote \$9 million worth of orders, for 4,000 projection tv's, that a bank might be willing, or some venture capitalist, might be willing to supply the capital to get them into production. What was Advent's difficulty?*

**Mitchell:** I obviously thought someone would provide the capital, too. That's why I came here in the first place, it's why I developed that product (the VBT-1000) and it's what I thought was going to fix Advent. But the stark reality is our financial plan fell apart and we didn't raise the capital. [The Wall Street investment firm of John Muir was chosen to handle Advent's debentures and public offerings, but the company ran into its own financial trouble and collapsed. That compounded Advent's financial problems.] That's why we filed [Chapter 11] in mid-March.

Since then, we've operated as debtor in possession. We spent the first several months looking for an investor to put in the money it would take to solve our problems with our creditors and give us the working capital to get back into gear. We had three or

four people out of about 60 who were interested. The best offer and the first offer came from our current investor group of Nolan Bushnell, Alan Trustman and Peter Sprague.

**Q:** *Advent's failures always seem tied to money shortages.*

**Mitchell:** No, most of Advent's wounds are self-inflicted. And most of them have come about from a variety of problems in addition to capital. I think the management team that first took it over, the succession of presidents of [Pierre] Lamond, and then [Peter] Sprague and then [William] Anderson made a lot of product decisions that were flawed. By the time I got here, most of our product line was unprofitable. For example, one receiver was selling at \$269; going to dealers at \$160 and costing \$200 to build. I raised it [the retail price] to \$300 and raised the dealer cost, but we still never got that product to the point where we sold one for more than it cost to build. That's a tough way to run a business.

**Q:** *Why did you decide to leave?*

**Mitchell:** I think the potential for

greatness I saw here before I came is certainly here, but with the new investment team of Bushnell, Trustman and Sprague, it's going to be crowded at the top. We don't think Advent needs that many people in a senior management capacity. I think Bushnell and Trustman want to take a crack at it and are entitled to. They're putting up their money, Advent will become their company and I think they ought to run it.

**Q:** *You wouldn't want to call that being forced out?*

**Mitchell:** No, indeed. They've been very gracious and want me to stay. They're fine people. Bushnell was on my board all along and we had a very good working relationship. Trustman is an inexperienced manager, but a fine business man and a fine guy. The relationships between the parties are terrific. It's just that that's too many people to run a company this small.

**Q:** *How much longer are you going to be here?*

**Mitchell:** I will be gone by the time this article hits print. But I'll



**"Peter (Sprague) is probably the architect of most of this company's problems . . . Peter needs a scapegoat. . . "**

still be on the board and I will probably spend a fair amount of time here.

**Q:** *A recent article said there had been \$3.2 million in financing arranged to get one of the new products off the line. But Advent ran into hassles within a couple of months of that first financing so the money didn't last as long as it was supposed to and you ended up going back to the board. Peter Sprague was quoted as saying he'd just given you all that money and here you were coming back for more —*

**Mitchell:** You have to understand that Peter is probably the architect of most of this company's problems. Because of his personality and his current situation, Peter needs a scapegoat, somebody to take some of the heat off the current situation. That's really the explanation of that Peter Sprague comment. The reality is our financial strategic plan showed right from the very beginning that we were in vast and desperate need for capital and that we were still hemorrhaging. The losses were continuing every month and would continue until we got new products into the line that were not losers.

Those products that were losers were all inherited products. It would be very hard to blame that on anybody other than the people that were here when the VB-125 and its fellow products were developed. That was long before I got here. If Sprague, or anybody else, thinks you can start five or six or seven new products and ramp them up from zero per month production to hundreds or even thousands per month without

capital then they know something I don't. It takes a lot of money to ramp up a production capacity.

We identified a need all along for \$10 million worth of capital. I believe, and I think events have shown, that \$10 million worth of capital was the right number. We raised \$3.2 million and this new investor group is putting in what they describe as \$7.7 million (I think when all the snow clears they'll put in just about \$8 million). It's remarkable that that comes to \$11 million instead of \$10 million. That's a million over my original plan. The explanation for that million is because of all the other problems we are now six months behind schedule. We experienced six months more of hemorrhaging than was in my budget and that accounts for the million dollars.

**Q:** *How do you feel about being characterized as the marketing superstar who made high tech hi fi what it is today?*

**Mitchell:** I'd be foolish to not like that. But, one problem I've had all my life, and one that I still don't fully know how to deal with, is that I do a great many things reasonably well and a few things exceptionally well. But the few things I do exceptionally well are so visible that nobody sees the other things I'm also doing well. I've never really spent more than 25% of my time on marketing functions, it's just that they're the most visible.

**Q:** *Do you feel that your two years here, which haven't been dull and I'm sure have been very challenging, will have any impact on that image and do you care?*

**Mitchell:** Well, I'd be foolish not to care; of course I care. I think it

will have two effects: On the downside you can't claim yourself the world champion if you just got beat up. But on the other hand, this company was dead when I got here. I came here because I felt that it was worth saving and that it would take an enormous amount of good fortune and good luck to save it. The company still exists and it looks like it is going to continue, so from that standpoint, I think it was a major success.

**Q:** *You contributed a number of major product designs as well.*

**Mitchell:** I think the company's future, even after I leave, at least in the short term, will be pretty wholly dependent on the products that were designed while I was here. And I think the presence of 4,000 orders in our hands for 10 months now is pretty good testament to the fact that the marketplace said yes to the Advent/Bernie Mitchell design and that marketing skill you're talking about. [It] demonstrates that the VBT-100 is a unique product that was both properly priced and fit the needs of the market better than any other. And when the VBT-100 gets built, and it will be built, it will become the best selling projection TV in the history of the business.

**Q:** *You've mentioned that Advent might look at specialty software like ballets and travelogues. Isn't that what Evergreen Corp., the company you're about to start, is now going to produce.*

**Mitchell:** Well, in 1979 before I joined Advent, when I knew I was leaving Pioneer, I wrote a business plan for a company called Evergreen. That's what I wanted to do then. When I [first] ran into Peter [Sprague] I was running around Wall Street looking for funding for Evergreen. The conversations that led me to Advent were things that came up unexpectedly and surprisingly.

I'd been a competitor of Advent's for 10 years and developed a profound respect for the company and the brand name. I knew that it was going to die and I didn't want it to. So, I put Evergreen on the back burner and came to Advent. I discussed Evergreen with Sprague to see if he was interested in funding it. And Sprague said, "Let's get Advent to work and then let's do

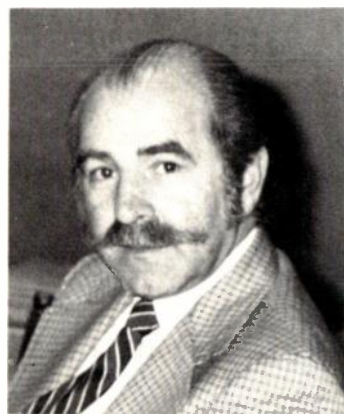
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**"Many of the recent retailer bankruptcies could have been avoided if this industry were organized; it is crying out for some leadership."**

Evergreen. I like the idea and I think it will be successful." So, I came here in February of '80 with the expectation that we would fix Advent, get it funded, get it into a positive cash position and then take another look at Evergreen as a part of Advent Corp.

**Q:** Please tell me a little more about Evergreen. Where will the financing come from? What are your plans to go around the world to find software and other products to market? And who'll be distributing the products.

**Mitchell:** As far as funding is concerned, I'm doing exactly the same thing now I was doing exactly two years ago — running around Wall Street, talking to investment bankers and venture capital firms, and trying to arouse enough of their interest to get the proper investment in the company to make it work. I think we can, but I'm by no means sanguine about that. Assuming we raise it, Evergreen will go all over the world, talking to artistic companies (for example, La Scala, the National Theater in Munich, the Berlin Opera, the Paris Opera, and [New York] City Opera) and try to sign up their product on an exclusive basis for use on videodisk and videotape. Then we'll master and replicate them and sell them through a sales organization that will at first be domestic and later international. The product will be primarily opera and ballet, some summer music festival concerts, some travel, some museum tours, in general an up-scale, musically-oriented video disk and video cassette library.

**Q:** Would you get involved in producing the tapes with an

*Evergreen production Company?*

**Mitchell:** That's not inconceivable, but probably not early on. Our first library will be cut from existing cloth. I think, in the long term, Evergreen could commission operas or ballets and have the works written and performed with an eye toward an audience that's not a theatrical audience of a couple of thousand people a night, but a world wide mass audience.

It'll be Evergreen's mandate not only to service the market, but to do our best to create it. We'll make that point to the performing arts companies. We'll run ads every month all over the world and the ads won't be about pornography and they won't be about movies. They will be about the single most important thing in the world to the artistic companies — developing the size of their audience for the artistic repertoire.

**Q:** When can we expect to see Evergreen as a company or is it too early to say?

**Mitchell:** It's too early to say because it's not funded yet.

**Q:** Well, after nearly two years of frustrating experiences, but with the ability to look forward to a new and really exciting adventure, what do you see for the future of home entertainment and where will consumers shop for that equipment?

**Mitchell:** Ah Ha! That's the question that's asked everyday by hundreds of people to hundreds of others. And I don't think there is a top down answer. I talked to 20 or 30 dealers this week about the status of their business right now and most of them bemoaned the fact that their business fortunes

are not at all good right now. Most of them have said, "Bernie, my God, this business is so bouyant and growing so fast, but we can't figure out where the consumer is, what the consumer's doing or why the consumer's doing it." It's abundantly clear that the consumer intends to buy projection television sets, video disks, video tapes, software for same and lots and lots of other clever devices that help make their home entertainment experience more desirable. But it's less than abundantly clear, where they intend to buy those products.

**Q:** Do you have any closing thoughts or final points that you'd like to air or comment on?

**Mitchell:** At a recent pre-recorded tape conference in New York one of the leaders of the industry stood up and decried the fact that the industry was growing fast, it was peopled by folks who were not very analytical and not giving it in depth thought, and that it desperately needed an industry-wide organization and leadership. I think he was correct. There is no organization addressing the problems that you and I are talking about right now. Many of the recent retailer bankruptcies could have been avoided if this industry were organized; it is crying out for some leadership; it's crying out for some organization.

**Q:** Any ideas on where that might come from?

**Mitchell:** You can't plan leadership. It floats up. Perhaps the chap who gave the speech at the software convention might be it. Although I think he has no interest in that. Perhaps it would be Kenie Kai, the president of Pioneer Video; he's one of the brightest talents in the business.

**Q:** What about you?

**Mitchell:** I don't have a base for operation right now. If somebody gets it started, when I catch up and get back in the game I'll be interested in being there, but it's not something that could fall to me because I don't have a forum. A nice profitable \$100 million company, however, would make a good forum and I would be delighted to take a crack at it.

**Q:** That seems like a good note to end on.



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**JBL First with the pros.**

# What's At The Root Of Those Retail Chapter 11's

By Joe Palenchar

The headlines have become all-too-familiar lately. Playback Inc., a Chicago-based chain with \$40 million in sales, voluntarily liquidates its stores. Fred Locke Stereo, a 19-store chain in New England, files a Chapter 11 petition in Federal Court. Eardrum Inc., with three stores and one franchisee in the Boston area, and Brookline Corp., with 14 HiFi Buys stores in the Philadelphia and Massachusetts markets, go the Chapter 11 route.

Manufacturers and retailers surveyed by **High Fidelity Trade News** fear this trend will continue, perhaps for as long as a year according to the gloomiest assessment.

At the root of the problem of major chain Chapter 11's, they say, are a number of factors: higher interest rates on dealer loans at a time when the hi-fi market has slumped; finance companies that have stopped making consumer credit available; underfinanced dealers that rely too heavily on stock turns to pay off loans on inventory; changes in federal law that have made it easier to file for bankruptcy; dealer emphasis on high-demand, but low-profit, video equipment, and rampant price cutting to entice consumers whose disposable income has shrunk.

Some of these factors are beyond retailers' control; others are not.

The bankruptcies have

jeopardized smaller manufacturers' stability, and they are taking a toll on larger manufacturers who lose an outlet for their product and receive only a portion of the money owed to them by dealers. "I have not come across a period of 12 to 18 months in which there have been so many large bankruptcies or voluntary liquidations," commented Frank DiGirolamo, president of Epicure Products Inc. "Small companies were always going under, but now it's not only the small, typically undercapitalized retailer going out of business. The large retailer is going bankrupt, too. That is peculiar. Even in 1975, during the last really bad recession, my recollection is there was only one major bankruptcy, perhaps two."

## Somber October?

Onkyo's national sales manager, Mark Friedman, spotted the same trend. "For the past 2½ to three years, there have been a slew of major accounts going bankrupt," he said. But on an even more somber note, he points out that it is unusual for dealers to file for bankruptcy or liquidate just before October. "Most dealers can hang in there in October. Forty to 50 percent of the business is done between October and January. That therefore indicates how serious and deep-rooted the problems must be."

Both he and DiGirolamo believe the trend will continue for awhile, at least through early next year or perhaps late into 1982.

Harry Nebenzahl, national credit manager at Hitachi Sales Corp. of America, concurs. "I don't think it has reached its peak yet. I think it will continued into 1982. I just don't see any way out."

"It started in late 1980," he continued. "In January 1981, Hitachi had more bankruptcies than in all 1980, and we're a very conservative company. Our credit has always been restrictive, though we take our normal marginal risks." *Continued on page 22*

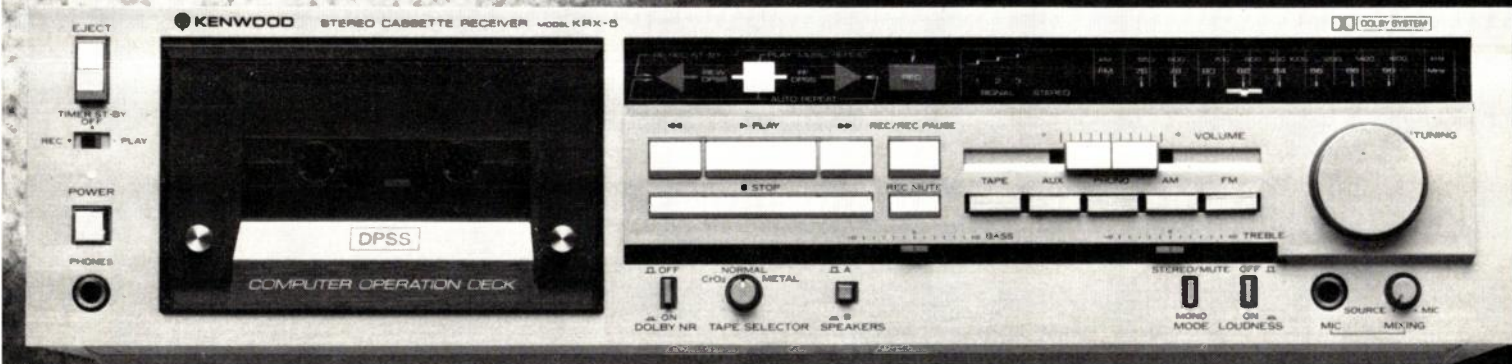
### Radio, TV, and Hi-Fi Specialty Store Failures

Year	Number Of Failures*	Total Debt at Time of Failure
1970	96	\$5,722,000
1971	93	\$5,511,000
1972	108	\$7,692,000
1973	90	\$13,359,000
1974	128	\$12,759,000
1975	128	\$13,468,000
1976	97	\$8,733,000
1977	102	\$12,372,000
1978	95	\$14,496,000
1979	92	\$19,415,000
1980	138	\$28,637,000
1981	61	\$12,552,000
(first four months)		

\*Failures comprise all variations of bankruptcy petitions, including those brought by creditors, and non-court actions such as store closures involving lost creditors.

Source: Business Economics Division/Dunn & Bradstreet

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## Chapter 11's

*Continued from page 20*

"I think that in the first three to four months of 1982, we'll see some change," he added.

Said Roland Splawn, Panasonic's national credit manager and head of the credit committee working with Fred Locke Stereo, "I hope we have seen the worst of it, but I'm not sure that we have. The inflation and the interest rates over which the public and the merchant have no control are still taking their toll."

**"When the prime jumped to 18 and 21 percent, it was as though you lined up all businesses in the United States against a wall and took a machine gun and went down the line. Some were killed instantly. Some were wounded and recovered. Some stayed in intensive care."**

Epicure's DiGirolamo agrees that interest rates are a major factor in the most recent wave of bankruptcies. "The dealers' cost

of money is much higher; now, they can't afford to borrow as much."

He also points out that finance companies are no longer extending credit to consumers' retail purchases. "That type of financing has literally evaporated," he said. "Because the cost at which they borrow money is so high, finance companies can't charge the rate at which they could make a profit because of states' usury laws."

### Flat — Fi

The drop in credit available to consumers, combined with inflation and losses in disposable income, have flattened the hi-fi market, hitting the dealers on one side. With the high cost of borrowing hitting from the other side, DiGirolamo says, "The dealer's liquidity is being squeezed."

Dealers can't do much about these conditions except ride the storm and wait for calmer economic times. Nonetheless,

dealers themselves have to share some of the blame.

The flattened hi fi market is making dealers switch off into less profitable video products, Onkyo's Friedman said. "Video seems to be more exciting for the consumer," he explained. "It (video) is very competitive right now. (A video product) has a high cost and a high turn rate, but the profit is low. Video is hurting cash-flow and profitability. **If a dealer buys at \$800 and sells at \$900, he's losing money.**"

Dealers who are undercapitalized are most vulnerable to bankruptcy, he added. "When the market was growing 20 percent a year, it didn't matter if you were undercapitalized. Dealers who will survive (the bankruptcy wave) will have a much better handle on money management than ever before."

Hitachi's Nebenzahl couldn't

*Continued on page 24*

## What Ever Happened To Fred Locke Stereo?

A committee of seven manufacturers has commissioned an independent financial evaluation of the Fred Locke Stereo chain, which has filed a Chapter 11 petition in U.S. District Court in Hartford, Conn., said Roland Splawn, Panasonic's national credit manager and the committee's chairman.

The manufacturers, who represent 70 percent of the chain's debt, have also established a program in which the chain will pay for inventory when it is sold, added Scott Hazen, the committee's attorney.

**Because of the two efforts, Hazen said, "We'll know if this company has life." That determination will pave the way for a settlement agreement with the company's creditors, he explained.**

The New England chain of 19 stores owes several million dollars in unsecured credit, Hazen said. Fred Locke owes an additional \$½ million in secured credit to Onkyo, Panasonic, and a bank, each of

which has liens on inventory.

**What precipitated Fred Locke's Chapter 11 petition was a court-ordered injunction obtained by Onkyo to close six Fred Locke stores to "freeze" their inventory while Onkyo waged a legal battle to get the couple hundred thousand dollars it was owed, Hazen said.**

The stores were closed for one day before Locke obtained a court order lifting the injunction. Hazen said Onkyo apparently won't press its case while the Chapter 11 proceedings are underway.

Fred Locke, Hazen added, was "a totally undercapitalized company," getting credit from vendors for inventory but not having sufficient stock turn to pay them back.

The independent audit will analyze the ailing company's finances "from an objective accountant's viewpoint," Hazen said.

Hazen described the new inventory program will "supply inventory that will provide all

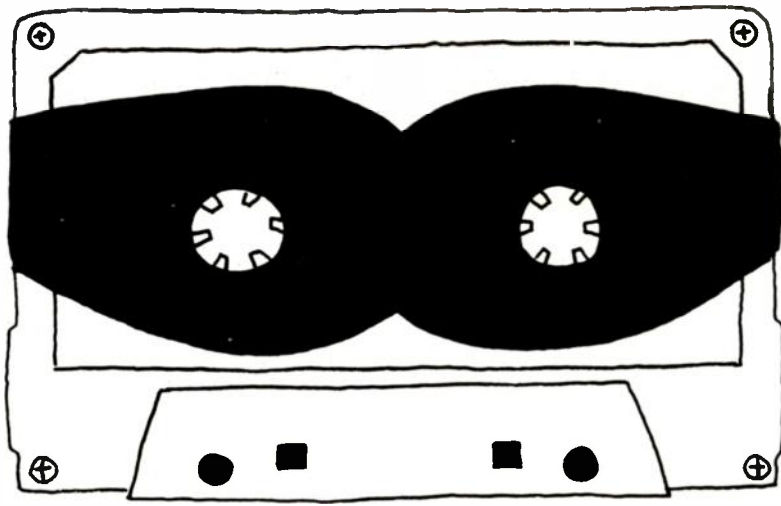
inventory needs without the debtor needing capital to support it."

"Product is sold on a secured basis to the debtor. Product goes to the debtor in a warehouse, but it is controlled by a third party representative of the creditors." The plan is somewhat similar to a so-called floor plan in which a third party buys inventory, marks it up, and supplies it to a debtor "so the debtor gets inventory on third party credit," Hazen explained.

**Under the creditors — committee plan, a third party, CMI Collateral Management Inc. of California, will control inventory for the creditors and will get a percentage of the sales, Hazen said. All proceeds would go to a special trust account. "Everyone makes money if it works," Hazen said.**

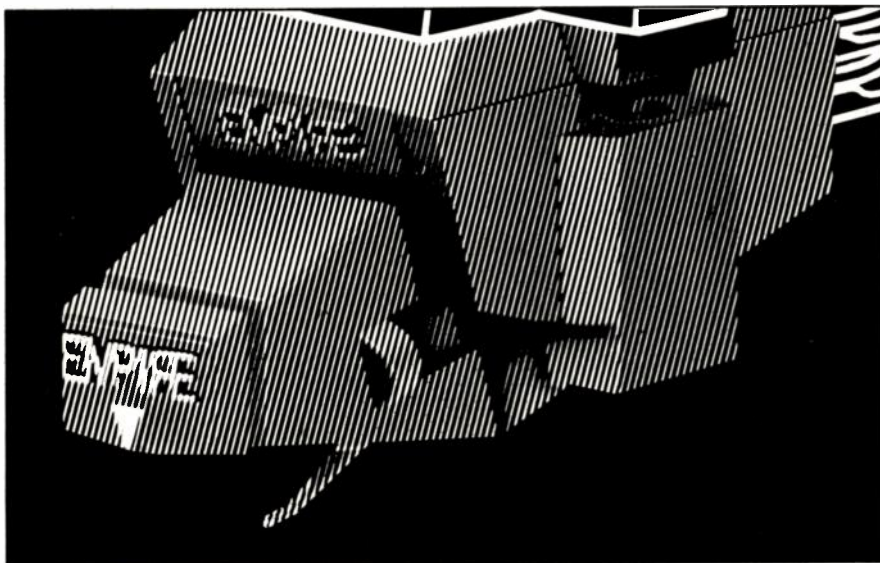
"Theoretically, the inventory is always under the control of the creditors," he added.

**The committee's member companies are: Panasonic, Akai, U.S. Pioneer, Sherwood, Clarion of America, Jensen, and Pioneer.**



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THERE'S A NEW SOUND WAITING IN YOUR SYSTEM.

## FINANCIAL

### Chapter 11's

Continued from page 22

agree more. "Many hi-fi dealers are underfinanced. They rely heavily on turn, and the consumer business is not that high." Some dealers know when to stop buying, but less knowledgeable ones will buy more to stay ahead of price increases, he said.

**Art Mackman, president of Mac Glin Inc. of Milwaukee, Wisc., which owns two stores, says dealers aren't the only ones to blame for carrying high inventories. "There's a push by lesser manufacturers to carry inventory," he said. "The better manufacturers understand what the situation is and sell less often and not force large commitments so you can afford to pay for it."**

Another dealer fault, Mackman notes, is rampant price cutting to lure patrons into the store. "Stores sell everything for nothing and expect to survive," he

explained. "We are our own worst enemies. We have made the public think they could get hi-fi equipment at any price with advertising campaigns and loss leaders. They have no respect for retail prices nowadays."

Panasonic's Splawn adds another reason. "With the new bankruptcy laws in effect in 1979, bankruptcy is so easy. If anyone has an inclination to do so, they can file a bankruptcy petition. It has gotten to be a real bad situation as far as suppliers are concerned."

"My personal opinion is that there is a moral issue here, possibly even more than a financial issue," Splawn continued. "Wholesale suppliers are going to have to evaluate the moral stature of the people they're dealing with."

Hitachi's Nebenzahl shares Splawn's opinion. Dealers can pay 25 cents on the dollar and later reopen in stronger financial condition, he said.

**Besides offering consumers fewer outlets to patronize, dealer bankruptcies may put some smaller manufacturers out of business, "depending on how prudent they are," Splawn said.**

Epicure's DiGiralomo takes an even stronger stand, however. "There's going to be fewer retailers and fewer manufacturers," he stated bluntly. "The strong, large manufacturers will survive," he said.

Onkyo's Friedman said, "Some smaller companies may go out of business, but the giants won't go, though they will lose money and that ultimately may affect new product development, for example."

In areas with a high concentration of retailers, remaining retailers would probably pick up the business previously done by their bankrupt counterparts, but in less concentrated areas, it's likely that overall sales would drop somewhat, Splawn said.

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# An '80s Version of the '60s Hi-Fi Shop



**PIONEER LASERDISC DISPLAY** is an example of the store's many merchandising techniques.



**TAKING A TIP FROM THE LOCAL library**, Video Trek has categorized video software displays.

Just 20 minutes from the Chicago Loop, on a busy street in an affluent area of South Holland, IL, James Piekarczyk has set up what he thinks is the '80s version the typical '60s hi-fi shop: a department store devoted exclusively to video. The year-old, 21,000-square-foot store, dubbed Video Trek, "portrays an image to help consumers become aware of a new technology that will become part of their lives," Piekarczyk said. The store handles everything from cameras to satellite receiving stations, and it even has a library of prerecorded video cassettes and discs. And he offers a wide range of services, including a production department that tapes events for community activities for airing on cable television.

**In all, the store has 17 different departments. Piekarczyk thinks its a harbinger of the video area:**

- In the videocassette hardware department, up to 15 different videocassette recorders are hooked through a switch box to television sets, enabling customers to play any given unit at a time. There's a videodisc department, also.

- The camera department carries major brands and accessories from lighting equipment to filters and tripods.

- In the television-game department, three television sets are hooked up to television-game hardware so customers can test any of the games from the store's

selection of more than 2,000 game cartridges.

#### **Giant screens**

Piekarczyk also features a giant-television-screen department with four big screens on display; a video furniture department; and a satellite department. Right now, the satellite department consists of an exhibit of pictures of dish antennas built and installed by Video Trek and an audio-visual display on one of the giant television screens. But Piekarczyk plans to soon put a dish antenna on display inside his store, supplementing the one he now has on his roof.

**Perhaps one of the most innovative aspects of the store is Piekarczyk's movie libraries, modeled after the public libraries most consumers are familiar with. Piekarczyk has set aside an area of approximately 800 square feet for stacks of cassettes and discs segregated by category: drama, science fiction, education, and the classics, for example.**

Twenty-two cabinets, each 6½-foot-tall by 3½-foot-wide, are filled with tapes and cassettes that face out toward the customer because, he says, he's "selling the image." The software is behind glass doors — plexiglass fades, and it bends so it's not offering much protection, Piekarczyk says — and the doors are locked.

Customers can walk the library's aisles or have an employee look something up for them in a file-

cabinet index of titles, cross-referenced for both cassettes and discs. The cabinet is behind the sales counter.

Customers may buy titles from the library or pay a \$50 membership fee to rent them. A movie board displays the names of soon-to-be acquired films so patrons can reserve them in advance for rental.

To generate interest in his store, Piekarczyk offers an assortment of inducements. A video game club, for instance, sponsors contests. But two other offerings are particularly innovative.

**Piekarczyk runs a video school. Students are taught how to use their video equipment, and they are given homework, take tests, and receive certificates upon graduation. "It's like you're back in school," he said.**

Video Trek's production department will film events, some sponsored by the local school district, to be aired on cable television. Businessmen, too, can utilize the service by creating talking advertisements to be put on videocassettes and played for prospective clients.

All these departments and services are run with the help of four full-time and three part-time employees. And as the video boom takes hold, Piekarczyk said more all-video stores like his will be cropping up throughout the country.

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# Revealing The Tips Of The Stylus Trade

By **Ralph Hodges**  
HFTN Technical Editor

While not quite all they're cracked up to be, modern stylus tips are probably getting closer to what they *ought* to be.

There is probably no technology within the audio industry so jealously guarded as the tricks of the trade in stylus-tip manufacture. Not all that many cartridge makers acquire their tips from in-house facilities, and thus there is an anxiety-provoking need to depend on outside suppliers for both production and discretion. But even when the tip source is under the corporate umbrella, as in the case of Pickering/Stanton, it is still kept very much in the dark.

According to Stanton VP George Alexandrovich it is *literally* in the dark. The faint glow of ultraviolet "black" light is the only illumination along the production line, the wavelengths of visible light being too long to resolve details of the minuscule diamond chips as they are cut and polished. Those few people privileged to visit the plant feel they're associating with troglodytes.

## Tips in transition

Secrecy has played its part in keeping tip fabrication an arcane business, and so has physical tininess. Even today there is no reliable way of "seeing" what really happens at the point where the stylus attempts to play the groove. There is not even a reliable way of seeing the stylus itself. An engineer can draw you a picture of how his tip is shaped, and specify the key dimensions. But how could you verify this information? The microscopes once so popular for detecting stylus wear are all but useless. In the days of smoothly rounded conical (more properly "spherical") styli you had a chance of seeing a reflection from a facet that wear had carved into the diamond. Mod-

ern exotic styli come with facets, so the light reflections are built in, and examining them to determine which should be there, which shouldn't, and what the general shape of the tip is anyway, is no fun even for an experienced expert.

Of course, other cartridge manufacturers devise rather sophisticated techniques for discovering what their competitors are up to (as well as to perform their own design measurements), and they profit as best they can from what they learn, but usually without sharing it with the outside world. And indeed,



Shure's VIS Type IV with hyperelliptical tip

Stanton Magnetic's 980LZS with Stereohedron tip



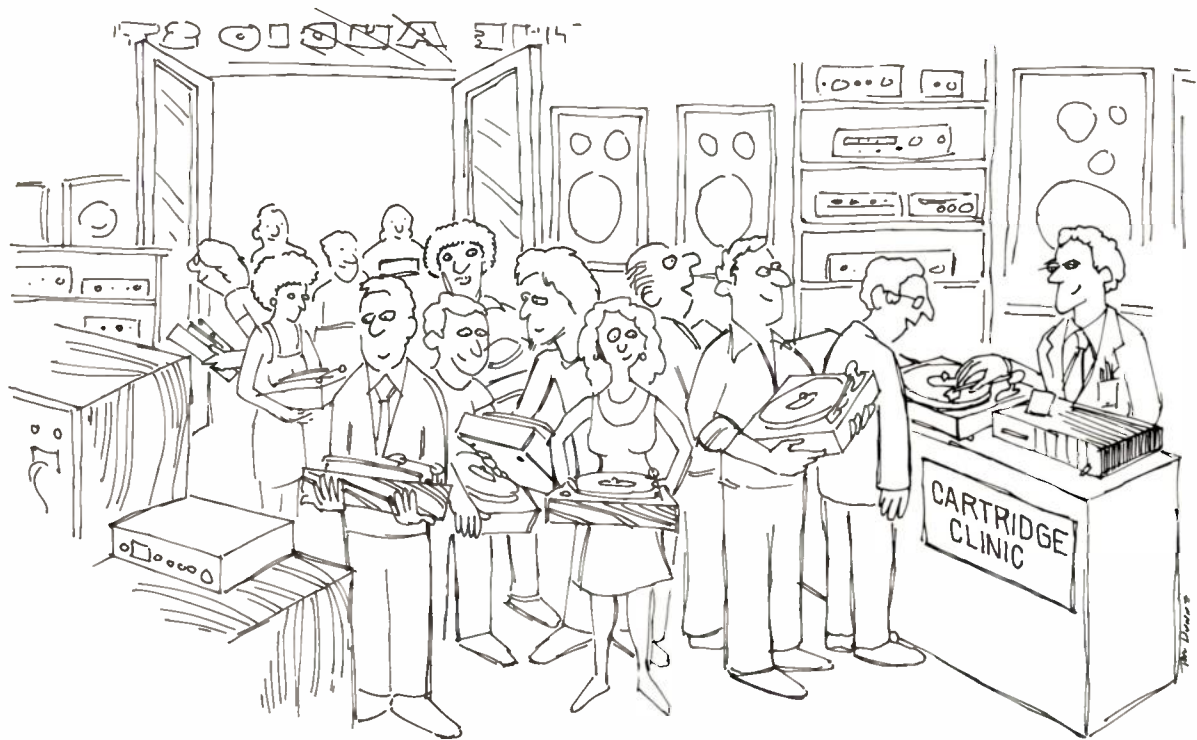
even for them it's hard to be more positive about a finding than "It would appear . . ." or "The evidence suggests . . ." The recording process happens on too small a scale to be intimately examined.

Take the example of the elliptical (more properly "biradial") stylus tip that followed fairly hard on the heels of the first stereo LP's, and which was offered as a solution to the so-called pinch effect. Even in mono days it was recognized that a record groove, scribed by a cutting stylus of approximately chisel

shape, narrowed when the chisel moved sideways to carve a modulation, just as the slot notched out by a woodworker's chisel narrows if the tool is used sideways instead of flat face forward. This meant that the universal spherical stylus, a ball with no dimensional discrimination anywhere around its circumference, was going to get squeezed or "pinched" upward in the groove on turns, and then dropped down again on straightaways. In other words, a spurious up-and-down motion was imposed on the playback stylus.

But no one cared, because a mono cartridge was designed to respond only to sideways modulation, and vertical movement was considered irrelevant. But a stereo cartridge had to respond to both lateral and vertical modulation, and so the pinch effect had to be confronted as a potential distortion-producing mechanism. The proposed answer was the biradial stylus, put forward as a closer approximation to the shape of the cutting stylus, and therefore more capable of following in its exact tracks, laterally and vertically. (Naturally, precise identicality with the cutting-stylus shape was unthinkable; the playback stylus would then itself become a cutting stylus.)

How did the world receive this novel new tip shape? With monumental argumentativeness. For everyone who heard an improvement, there was at least one naysayer who perceived more distortion, more noise, and more general objectionability. For these negative reactions there were plausible explanations — enough, in fact, to fill a small book. But what the responsible sectors of the cartridge industry could not supply was substantiations. The biradial tip was the off-spring of theoretical considerations. Then, and even now, it could not be stated with assurance what a biradial tip did with an "average" record. With a particular test record, maybe, but the "average" record goes all over the map,



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and cannot be controlled enough for a controlled laboratory examination.

## CD-4 and the Shibata tip

Controversial or not, the biradial tip became the standard for high-quality disc reproduction, if only because it was hard to buy a premium phono cartridge without one. But the industry attempted no further innovation in tip shape until ten years later, when quadraphonic sound blustered in, and JVC decided that the two additional channels should take the form of ultrasonic signals cut into the record-groove walls. This exercise (the CD-4 system) appeared to call for a radically new stylus-tip shape, but for more reasons than was generally realized at the time.

The obvious reason was the necessity to resolve groove-wall detail

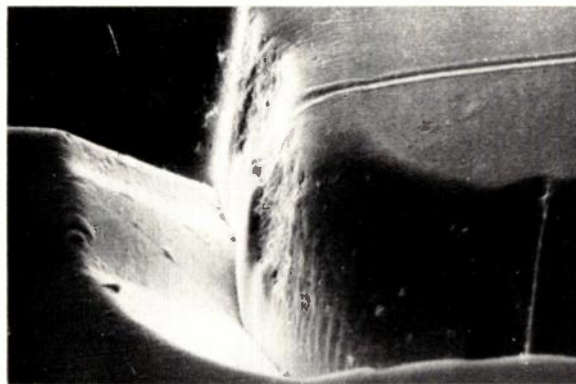
at frequencies in excess of 40kHz. A stylus tip — any stylus tip — is an exceedingly blunt instrument when it comes to the wavelengths that 40 kHz amounts to on a 33 $\frac{1}{3}$ -rpm record with inner-groove diameters of less than six inches. The tracing surfaces of the tip can't fit into the squiggles of the groove any more than your finger can. In fact, the edges of the most ambitious biradial styli, ground to a radius of about 0.2 mil, begin getting into groove-wall tracing trouble at frequencies not far above 10 kHz, as anyone with an oscilloscope and a test record can verify. But the waveform distortions visible on the scope have much less audible significance than you might expect, because they represent distortion products well beyond the range of human hearing. This was — and is — a saving grace for styli in gen-

eral.

The saving grace for the CD-4 system and the Shibata stylus that became associated with it was that it didn't have to worry about waveform distortions at all. It was a frequency/phase-modulation system, and as long as the stylus could sense the rate and degree of change in the ultrasonic carrier frequency, all was presumably well. While casual onlookers assumed that the Shibata stylus had the objective of tracing all the minute detail of the ultrasonic carrier, the fact was that it was merely being agitated by groove-wall surface differences, responding much as your car's tires would when encountering quick alternations of smooth-paved, brick, and cobblestone roadways. The tires don't trace the specific surface irregularities; they just get shuddered by them, at dif-



"A"



"B"



"C"

## WHOA, THERE!

It's been said before, but it's worth saying again: there are things on records that no stylus and no cartridge can be expected to trace, or even track. This is not just because they represent extreme difficulties. Rather, they are theoretical and practical impossibilities. Styli just can't move that way without becoming detached from their cartridges.

The photos below, courtesy of Stanton Magnetics' George Alexandrovich and his indefatigable scanning electron microscope, show groove sections from the notorious cannon shots of Telarc's *1812 Overture*. Figure 1 is the terrifying approach, seen from an an-

gle close to that of the stylus' viewpoint. When measured, the abrupt excursion to the right takes off at so close to the 45-degree angle that is the maximum a cutter head can execute that it amounts to a textbook example of the outer limits of the record-cutting art. When a cutter head slams up against its absolute limits so hard, there is every reason to believe that the recording signal was asking for even more. In other words, it is probable that this signal, as it appears on the record, comes to you already distorted by the limiting action of the cutter.

Maybe, just maybe, there is a phono cartridge on earth that can

track this enormity. The usual case is otherwise. In Figure 2, looking back up the groove, you can see a faint trench leading off to the right, scored on the top of the Yosemite-like monolith. This is the path taken by the tip of a tip when the stylus departed for happier climes. All things considered, the stylus did well, negotiating most of the length of the modulation. But enough was enough.

Returning to Figure 1, and looking down Horrendous Valley past Big Jag, we see even more difficult terrain in the offing. Figures 3 and 4 provide detail views. Figure 4 shows a measured modulation an-

ferent rates and degrees that you can easily sense.

Thus the Shibata stylus didn't really attempt to trace the ultrasonic groove modulations in detail. It couldn't have if it wanted to. An extreme biradial tip has an edge or "scanning" radius of about 0.2 mil. A responsible manufacturer entrusts it only to his most sophisticated cartridges. A scanning radius of 0.1 mil approaches razor-sharpness, and you can guess the consequences of playing a record with a razor blade. So there are not too many degrees of sharpness left to play around with in tip design, and the Shibata tip, which originally had a rather conservative scanning radius of about 0.3 mil, was not really intended to play around with them. It had other things up its sleeve.

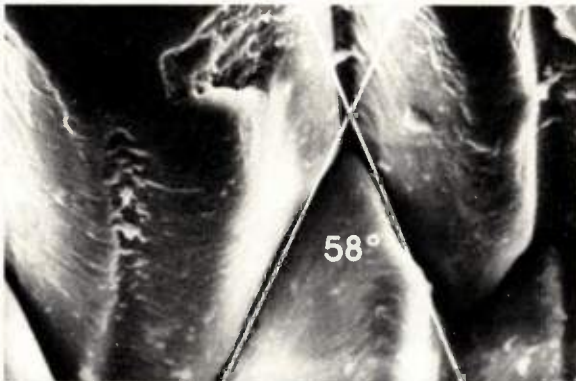
## The line-contact stylus

JVC's CD-4 system was intended to be a wide-ranging revolution in record-playing technology, and had to address itself to a vast population of record players that wouldn't even be suited for use with a conservative biradial stylus. These were arms that were massy, sometimes crude, and subject to tracking-force variations that could swing (under record-warp excitation) from many times their adjusted value to nothing or less. When the forces swung in the high direction, a sharp stylus would gouge and obliterate groove detail. *When they became excessively light, the stylus could chatter or lose groove contact entirely.* In either case, a disastrous loss of carrier would result.

A general increase in stylus force

was about the only remedy that could be proposed for this discouraging situation. Yet there was that ever-present threat of record wear that accompanies the use of a sharp stylus with forces much in excess of a gram. So the line-contact concept began to emerge, not so much to permit an increase in contact-surface sharpness as to render more or less existing degrees of sharpness usable at higher tracking forces and for finer groove modulations.

(The line-contact concept involves the substitution of a knife-edge bearing surface for what closely approximates a needle point. Just as, when both are honed to equal sharpness and pressed to the skin with equal force, a knife blade is prone to do less damage than a needle point, so should a line-contact stylus inflict less pun-



"D"



"E"

gle of 58 degrees in one of the undulations. Now it so happens that this is impossible. No cutter head could cut this, and no cartridge could trace it. There is some debate as to why it exists at all, but Alexandrovich believes that the responsible mechanism is material spring-back. The lacquer substance in which the groove was originally cut is resilient, and after receiving a sharp blow from the cutter it has a tendency to flow back into the wound, not quite closing it in this case, but oozing back enough to create much sharper angles than the cutting stylus ever inscribed. Figure 5 shows material spring-

back more vividly. The modulation peaks have actually curled over in the negative direction, making it seem as though the platter rotated backwards for brief instants when the record was cut.

**No cartridge can or ever will be able to play the details in these grooves as they appear. If it made a serious attempt, its stylus would get yanked out. But as Alexandrovich points out, appropriate stylus shape can contribute to the tip's getting through them in one fashion or another. If the slopes of the shoulder facets are somewhere in the neighborhood of 55 degrees, the stylus of a good cartridge can**

**sometimes manage to sidle through the labyrinths of Figure 3 and 4. Note that it is not tracing the groove. It is merely managing to dodge its way through it somehow.**

It is possible, even probable, that two good cartridges could provide vastly different results playing the cannon shots, one sounding reasonably clean and the other grotesquely distorted. However, you can be certain that neither is accurate. Accuracy is impossible here. You'll merely be hearing what the two cartridges do when they cannot perform their intended task of tracing the groove detail.

ishment on record material than the much "pointier" biradial type.)

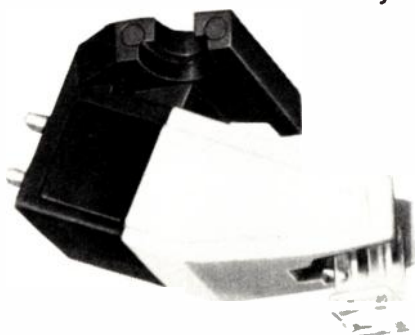
The Shibata tip, a forerunner of the line-contact stylus if not exactly the first example, represented a complex bit of manufacturing well planned and executed. The rest of the cartridge-manufacturing world has to make sudden great strides to catch up, and generally did very well. The single most expensive part of virtually any cartridge sold remains the tip — not because of the cost of the diamond material, but because of the difficulty of performing sculpture on a fragment of unique hardness that can barely be detected by the unaided eye, and which can't be properly seen with the finest conventional optics. Well-finishing a simple shape is an achievement; executing the multiple facets and complex curvatures of some of the new tips was a triumph. But it seems still the case that the best tip imaginable could not trace all the detail on the best record imaginable without ignoring or erasing some of it.

## After CD-4

Interestingly, it could be argued that the advanced styli developed for CD-4 were not really needed to play it. Biradial styli preceding them were often capable of recovering the ultrasonic carrier from the record at a signal strength adequate to operate a CD-4 demodulator properly. But the overriding concern about the durability of the recorded carrier through multiple plays made the new tip seem a good idea.

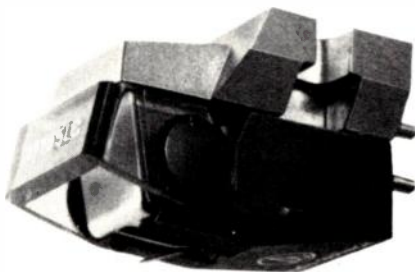
CD-4 passed away, of course, but line-contact tips and their variants did not. Does that mean the complex tips are also a good idea for more conventional records? Quite an argument is possible on that score. If record wear is your sole criterion, then the diminished tracking pressure of a line-contact stylus is immediately attractive. (Do not, incidentally, confuse tracking force with tracking pressure. The tracking force for a modern record player is typically a gram or two. The *pressure*, for an elliptical stylus pressed down on a stationary record surface by that force, has been estimated at about a ton and a half per square inch. No one I know has cared to guess what the pressures might be when the stylus begins actually playing the groove.)

If playing the record with maximum fidelity is paramount, then we encounter a few vagaries. To achieve its large contact area with the groove wall, the line-contact stylus has to fit the groove's cross section very closely. Looking down the groove at the tip as it sits in it, we can see that it is a triangular wedge that snuggles right into the groove and almost completely fills it. But now imagine this wedge tilted a little bit — the result of some undetectably small error in alignment by the cartridge installer. Now the fit is not so good. On one side the top of the groove wall is in contact with the stylus



Osawa's "Thousand" Series cartridge with elliptical stylus tip

Audio Technica's AT155LC (Linear Contact) cartridge



while the bottom is not. It's vice versa on the other side. There are two conspicuous problems here. First, stereo separation is degraded, although that would occur to a certain — but not so marked — extent with any type of stylus. Second, one side of the stylus is tracing the top of its groove wall. This is not a good place to trace, because it's just here that the cutting stylus will have left behind certain raggednesses ("horns," or the remnants of them) that get molded right into the finished record. In short, it's noisy up there.

Now, with X-ray vision, let's look through the record material for a

side view of the stylus. We can see its long contact edge extending an appreciable vertical distance up and down the groove wall. We can also see the ridges and canyons of the groove modulations, all parallel to one another. The question is, are they also parallel to the tip's contact edge? Not just sort of parallel, but really locked in there? And if they are, will the case be so for the next record you put on the platter?

More conventional tips, with their roundish contact "footprints," are somewhat forgiving of small misalignments. For example, you have to be really off on vertical azimuth before they'll start playing the top of the groove wall. *True line-contact tips call for precision alignment by both cartridge manufacturer and installer.* And even then, records differ in their cutting angles, and an alignment that is good for one record will be not so good for another. Given a significant misalignment of a line-contact edge with the modulation plane of the groove, a line-contact stylus will be less accurate in tracing than virtually any other type — at least in theory.

## Small comforts

Cartridge manufacturers realized all the above, of course, and they reacted appropriately. According to Shure engineer Frank Karlov, who gets to examine a lot of tips, the so-called line-contact tip is really not the radical device popularly believed. Edge radii are rarely more extreme than 0.2 mil, a dimension also available in biradial tips. Wise manufacturers have also adjusted edge contact curvatures so that styli do not often snag the tops of grooves (or the bottoms, as some early line-contact tips were bitterly accused of doing). This results in a shorter line of contact, but also in a more practical consumer product. All in all, it's appropriate to look upon the existing line-contact tip as a refinement of the biradial configuration. It assumes a little more care in installation and alignment, and the use of a superior tone arm (note that a poor arm that is not warp-stable with the cartridge cannot benefit *at all* from a line-contact stylus). But if it were capable of all the fine-detail tracing and signal extraction that are sometimes claimed for it, then it would be a monster that few technicians and no consumer could live with.

# TURNTABLES IN TRANSITION: What Dealers Are Buying

By Alexandra Wickser

Are you getting the most out of your turntable inventory?

It's as good a time to ask that question, because like any other hifi audio product, turntables have had their share of upheavals: advances in the basic technologies, the Japanese sweep of the marketplace and the emergence of the one-brand system have all had an effect on consumer perceptions and demands.

Are people buying more semi-automatics than manuals, more manuals than changers? What are the most popular price points these days? What features will be



in demand in the years to come?

Following is a round-up of individual statements by dealers

around the country on the current trends as they see them and the forces behind these trends.

## AUDIO CRAFT CLEVELAND

Audio Craft's Wayne Puntel called the lower mass tonearm the biggest advancement in turntable technology over the past few years, but also mentioned the disappearance of the rumble and constant speed problems.

"The combination of a lower mass tonearm plus a low mass cartridge offers a greater value than ever before," stated the Cleveland-based retailer. "It does a much better job in tracking warped records, and all records are warped to a certain degree."

**He agreed that the Japanese have swallowed up almost all of the turntable market during the past few years, but pointed out that so far not one Japanese manufacturer has addressed one of the biggest remaining problems that still exists: that of acoustic feedback (which occurs as a result of vibrations created by strong bass frequencies).**

"The only manufacturers who have successfully tackled acoustic

feedback are B & O, Studer Revox and Philips. You can buy a European turntable for around \$240 that is immune to the disruptive vibrations. Sony is the only Japanese manufacturer who offers the same feature for closer to \$1500. I don't think their model is as good."

Puntel said he has been "harping away" at JVC, Yamaha and other Japanese companies to address this problem but so far, no action has been taken.

Puntel noted the increasing popularity of turntables over changers, but disagreed that such a trend was entirely the result of a changing consumer perception of music and the rising price of software.

"In order for the Japanese to take over the turntable market in the United States, they had to convince the public that the changer was an inferior format," he explained, "because at that point in time the initial cost of retooling the factories to accommodate changer technology was too great. The public has since been 'brainwashed'. It's not

bad for records to be stacked on top of one another; you don't grind in dust because of the groove guard. Also, it's not true that the weight varies when you pile records on a well-designed device."

**He did see one good thing resulting from the growing preference for turntables: it encourages people to take better care of their records. However, that's no excuse for the industry to dictate tastes to the consumer.**

"The only company still making record changers is Dual. We carry them and plenty of people still want them," he added.

Does he see the European manufacturers regaining any of their former prominence?

"Not in the next few years. Besides, with the advent of the one-brand systems, the Japanese have a chance of getting an even greater percent of both the turntable and speaker market. The retailers are beginning to be brainwashed, too," he answered.

*Continued on following page*

Continued from page 33

**AUDIO GUILD  
NEW JERSEY**

Richard Aquilina, general manager for New Jersey's Audio Guild, said that any retailer has to carry the top three lines of turntables, which according to a recent **Stereo Review** survey are Technics, Pioneer and Sony (in that order).

"They are all being advertised over the dealer's head, and as a result people ask for them," he added.

"Whether or not you carry any other lines depends on their profitability and distribution; if you can't make money on a line, why carry it?", he asked.

In his view, the one-brand system is having a big effect on

the turntable market, and will continue to do so in the years to come.

**"The consumer is encouraged to buy a prepackaged system, but at the same time the dealer loses his ability to make more money on the deal," he explained.**

"This is upsetting, especially since the big manufacturers are effectively marketing their one-brand systems, and many of them are beautiful and offer a good quality. The irony of this trend is that hi fi audio began by emphasizing the component system versus the console. Now we are turning our backs on a philosophy that established our industry," concluded Aquilina.

**AUDIO WAREHOUSE  
OHIO**

Russ Rossier, vp of Creative Marketing, buying agents for the 7-store Audio Warehouse chain in Ohio, said that the most significant change he has noticed in the turntable market is the replacement of many European lines over Japanese products.

"The only manufacturer that has retained its prominence is Dual," he said. "They were the first to introduce the straight tonearm, which is lower in mass and is capable of tracking records better with the proper cartridge."

According to Rossier, the Japanese know a good thing when they see it and have followed suit.

"During the past year, all the Japanese firms except Technics began making turntables with straight arms. They understood its inherent acoustical benefits, but also saw the straight arm as a potential marketing ploy, and success in this business does come down to marketing."

Rossier reported that tangential tracking was becoming popular, and that Technics is a leader in this regard. He predicted the eventual dominance of the digital audio disc (DAD), that was introduced in prototype by Sony and Philips N.A., and which he believes will eventually make current turntable technology obsolete.

**CUSTOM HI-FI  
HOUSTON**

In Elias Zinn's opinion, the turntable market has changed completely over the past few years.

To begin with, Technics is now the biggest seller, said the president of the Houston-based Custom Hi Fi chain, compared to ten years ago, when some of the most popular lines were Dual, United Audio and Garrard.

"During the past five years the effect the Japanese have had on the market has been considerable," he said. "The clearest example of this is the fact that before they entered the

Continued on page 37



*(Reaction by Murray I. Rosenberg, General Manager of United Audio, in response to HFTN's dealer comments.)*

Since we do business with most of these dealers and speak with them quite often, I found their comments especially interesting. It seems clear that the conditions of the turntable market do not lend themselves to simple conclusions.

Certainly we have felt the increasing competition of the Japanese manufacturers, and have competed against them in the way we consider most appropriate. That is, by continuing to produce the type of product that built Dual's reputation for precision and quality in the first place.

The original straight-line design of the Dual tonearm was maintained when virtually all the Japanese brands come in with curved tonearms. Now, of course, most of them have been going straight, so to speak.

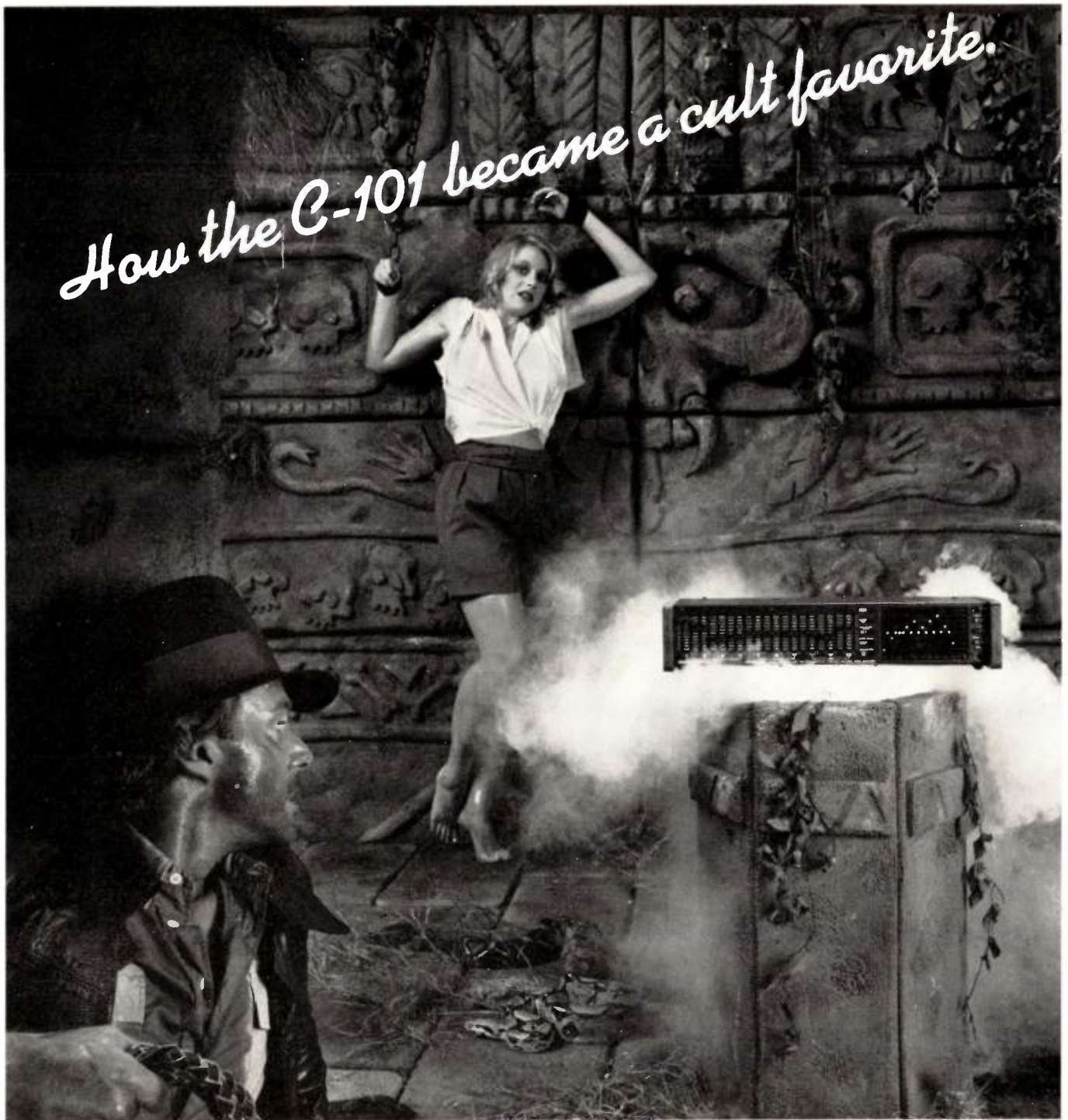
Two years ago, we introduced the Ultra Low Mass tonearm system, having determined that this refine-

ment of the Dual tonearm would further improve tracking ability, especially on the all-too prevalent warped record. Again, the competition has followed this lead by beginning to lower the mass of their tonearms.

Several dealers comment about the growth of interest in the straight-line-tracking tonearm, largely because of its assumed elimination of horizontal tracking error. Ironically, the SLT actually depends on the existence of horizontal tracking error for the information the mechanism needs to move the tonearm across the record. We believe that the pivoted tonearm, especially as designed by Dual with its gimbal suspension and dynamic balance, will continue to prove the most reliable way to achieve accurate tracking.

**There's also a point made by Richard Aquilina that I would like to underline. He warns about audio specialists "turning our backs on a philosophy that established our industry" when they promote one-brand systems.**

I believe that more than a philosophy is at stake here. When audio specialists give credibility to one-brand systems they also give credibility to department stores and appliance dealers who also carry them. That direction can only lead to erosion of profits and the ultimate end of audio as a specialty product. I'm pleased to observe that more and more dealers share this point of view.



*How the C-101 became a cult favorite.*

Once there was only a steamy, impenetrable jungle of me-too receivers, turntables, equalizers and useless tweak-oid black boxes.

Then a few intrepid explorers, armed only with their CES directories and P.O. pads penetrated the Stygian depths of the Pitt Congress to discover a shining image studded with one hundred and one LED's... The Audio Control C-101 Octave Equalizer with Realtime Spectrum Analyzer Pink Noise Generator and Measurement Microphone.

They went forth in deathtrap taxi's and great silver birds to spread the word, raving about the looks, performance, reliability and margin found in the C-101.

Word spread.

Stoned rock freaks and golden-ear audiophiles alike

rallied around the incredible window of sound provided by the C-101.

Greedy competitors fashioned graven imitations which lacked the C-101's combination of equalizer, realtime analyzer, microphone and pink noise source.

Now, the C-101 is truly a cult favorite.

Owned by tens of thousands. Lusted after by hundreds of thousands more. And still a great profit center for bright dealers throughout the jungle.

If you don't carry Audio Control, call us and we'll whip you out some high-margin, well-merchandised add-ons that will altar your profit picture.

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The Pro/4x's unique tweeter design features a piezoelectric bimorph disc mounted to an acrylic impregnated cone. Incredibly, the piezoelectric's bimorph disc moves the cone at frequencies from 2,500 Hz to over 40,000 Hz! This allows the listener to hear the full timbre of each musical instrument. Once your customers have heard the new Koss Pro/4x, they'll never reach for any other stereophone.

Of course, you'll have more to sell with the new

Koss Pro/4x than just an incredible piezoelectric tweeter. There's a samarium cobalt magnet moving coil transducer that reproduces a deep rich bass and clean, clear midrange. And there's even a new floating earplate and Pneumalite™ earcushion design that conforms automatically to the optimum position for both superb comfort and maximum seal around the ear for bass performance to below audibility.



New Koss Hybrid Element

Our national advertising campaign will have your customers asking for the new first in stereophones...the Koss Pro/4x. So be first with the first. Contact your Koss Representative, and learn all about how Koss has extended the state-of-the-art in stereophones.

 **KOSS**® Stereophones / Loudspeakers / Digital Delay Systems  
**hearing is believing**®

## BUYING TRENDS

Continued from page 34

market changers represented 95 percent of the business, now it's closer to 2 percent. What's in demand today is the single play, belt or direct-drive turntable.

**According to Zinn, because Japanese electronic giants have been designing and manufacturing turntables, they have managed to squeeze out the specialist, who usually can't match their numbers, price points and distribution.**

"As a result, we primarily carry Scott, U.S. Pioneer and Technics."

"In a way, it's a shame," he added. "The older companies were easier to deal with. Furthermore, modern technology may be benefiting the consumer in that it makes lower prices possible, but it has put the retailer in the position of having to sell more in order to make a good profit. You see discounting for under \$100, but five years ago nothing was available for under \$150."

Nor does he foresee any change in the present situation, though he has noticed a comeback for the linear drive design. Not surprisingly, the Japanese have the edge in developing this technology.

"They're expensive, but selling well," he noted, "despite the higher price tag for \$250-\$300."

### **MYER-EMCO WASHINGTON D.C.**

"Five years ago, there were an awful lot of changers in our store, mostly by Garrard, BSR and Dual," said Ed Myer, president of Myer-Emco in Washington, D.C., "now all we have left is Dual. The demand for changers keeps dropping."

What people do seem to want in the Capitol district is turntables, and Myer-Emco stocks more lines from Japan than ever before, including Yamaha, Denon, Mitsubishi and Dual.

This has affected dealer-vendor relations, according to Myer, since the majority of suppliers are large electronic manufacturers.

**"The Japanese needed to get more business at the expense of the American and European**

**changer manufacturers," he continued. "Also, the recognition of the need for the one-brand system as a way of broadening our market has contributed to this trend."**

This may be bringing more people into hi fi audio stores, he explained, noting the changer has an obvious feature that the turntable doesn't, namely- you can play more than one record on it. He feels that one day its popularity may be resurrected.

In the meantime, people are flocking to turntables in droves because they perceive it as taking better care of their records.

"Modern changers certainly wouldn't damage the discs in any way if used properly," he stated, "but the public believes otherwise."

Meyer has also observed that people are playing music differently than they used to. "You listen to entire records, both sides, and then put it carefully back in its case. It no longer provides just background music."

### **UNITED AUDIO CENTER CHICAGO**

Shelley Miller, president of United Audio Center in Chicago, was bullish on the turntable business as a whole, citing a simultaneous drop in prices and the development of more advanced turntable technology.

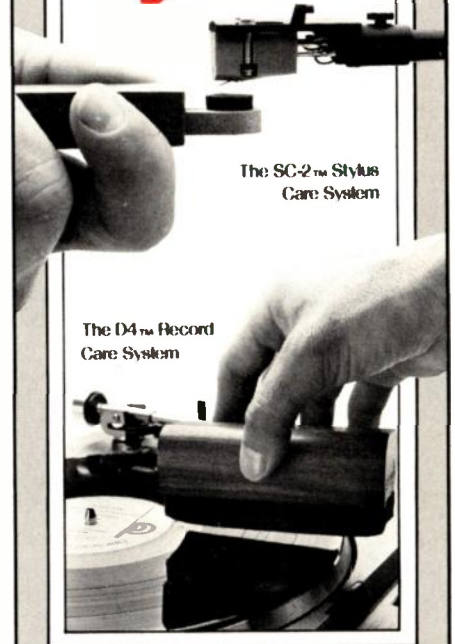
"Everyone, not just the Japanese, is turning out a more efficient product, though the Japanese do control approximately 75 percent of the market right now," he said.

**Another factor contributing to a healthy turntable business is the rise in software costs: "People want better hardware for more expensive software."**

Miller did at one time include Garrard and BSR in his inventory, but has almost completely dropped the changer mode, and instead stocks Denon, Onkyo, Sanyo, Mitsubishi, Sony, Yamaha and Dual (a line up which clearly illustrates Japan's dominance of the industry).

He also reported that his best-selling models are belt-driven semi-automatics at price points of about \$150.

# Protect Your Stereo System



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Care System

The D4™ Record  
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A DIVISION OF JENSEN an ESMARK Company

## Epicure Remains Strong As It Pursues Dealers

As Epicure's new president Frank DiGirolamo takes the helm, you'll find that although the president's name has changed this Newburyport-MA speaker company remains one of the strongest of American manufacturers of speaker products.

"We are remaining with our 4-point program," the New Englander told HFTN. "That is, we will maintain our limited distribution, we will offer value/price oriented product, strong dealer margins and keep our factory direct sales force . . . except where special marketing conditions make it more effective to secure reps."

There have been some key changes at Epicure in the past year, in addition to DiGirolamo's promotion from financial vp to president. Generally, though, the changes were orderly promotions from within designed to strengthen the organization. These included:

- Addition in the marketing organization to include eastern regional sales manager John Bogle.
- Addition to the product manager position, pulling company veteran Frank Hildebrand up for the post.



Frank S. DiGirolamo  
Epicure president

- Addition of several new important territories, with Epicure currently seeking distribution in areas currently without coverage, such as Kansas, Missouri, Texas, Oklahoma, and Arizona.

### No havoc

Despite the havoc which struck a fistful of other domestic speaker makers of late, how come Epi has remained relatively strong, HFTN asked the president.

**"We picked the smart guys, as our dealers. We will become continually more aggressive in the**

**marketplace, but we will continue to be very careful with the dealers we add to our distribution. We have not been involved with many of the major bankruptcies.**

In addition, we offer those smart guys and good dealers, in return for their excellence, our own picture of predictability. We have a strong name, a broad line with coverage in the best-selling price points . . . and we have stuck consistently with the same marketing strategy over the past several years. Our group of personnel has also been stable. All this should lead us to some of the best dealers in the country that we are after, the ones who will remain within their territories as factor for years to come."

**The future for Epicure's growth? Around January CES, Epicure will further its commitment to the car stereo market in the form of 3-way speakers. Epicure doesn't plan to exhibit in the main show area, and will show the product at a suite, the location of which was not available as we went to press. (Read CES Trade News Daily at the show for its location.)**

Penril, the parent company of Epicure, is currently planning to diversify further beyond home entertainment to other non-audio related areas. Current c.e.o. Harry Brustlin is currently working to develop these new areas profit possibilities.

## AKG Pursues High End Cartridge Purchases

AKG Acoustics, Inc., is committed to pursuing the high end of the cartridge market and is supporting its new line with limited distribution, in-store sales aids and frequent national advertising in both consumer and buff books.

Pat Donaghy, marketing coordinator for the Stamford, Connecticut-based company, asserted that there is an

unmistakable trend towards high-end purchasing, but also insisted that this would not affect the esoteric portion of the cartridge market.

**"The esoteric accounts for no more than 5 percent of the market at any time because of the cost involved," he explained, "but we're after the growing numbers of high end customers with a product we can stand behind, one which will not be obsolete in a few years."**

According to Donaghy, the consumer now perceives the cartridge as one of the best and least expensive ways of upgrading his sound system. Also, the ear is getting more sophisticated with the acceptance of stereo and records being cut and mastered better than ever before.

"When you hear music the way it is supposed to be, you want it, and won't be satisfied with less," he added.

As well, the soaring cost of audio software has contributed to an increasing awareness of the quality of the hardware, which includes the phonocartidge.

Donaghy focused on an important part of AKG's sales package to dealers: a 4-color flip chart which explains in detail the advantages of the new cartridge line, beginning with the benefits of the Analog 6 stylus to the direct mounting of the stylus to the cantilever, insuring the lowest effective mass.

"Anyone working from a common sense point of view can easily understand our flip chart,"

*Continued on page 50*

# IF YOU'RE NOT SELLING THE SCOTCH<sup>®</sup> RECORD CARE SYSTEM, YOU'RE SELLING THE SECOND BEST.

## HERE'S WHY:

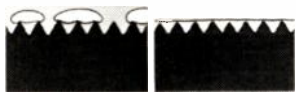
We've got the *only* system that cleans, anti-stats and reduces stylus friction—all in one easy step. All in one good-looking, highly engineered component.

The Scotch Record Care System combines Sound Life™ record care fluid with a unique dispensing applicator. To use, simply push down the supply container and Sound Life fluid is fed automatically to the pad. That's all there is to it. It's quick, easy and simple. No guesswork about how much fluid you need or how to apply it correctly. Just place the applicator on your turntable spindle, revolve it and the record is cleaned.

### Deep-cleans grooves.

Scotch Sound Life fluid has super wetting action. It safely penetrates grooves to remove micro-dust and fingerprints. It actually leaves the record cleaner than when it was brand new!

*Artist's representation.*



*Water-based record-cleaning solutions bead up on the grooves (left). Sound Life with super-wetting action deep-cleans grooves (right).*

### Wipes out static.

Once the record is clean, it's generally the electrostatic charge that gets it dirty again. An anti-static gun is just a temporary fix. But the same

*This side was cleaned with a leading record cleaner. Foam beads are attracted to remaining static charge.*



*This side was cleaned with Scotch Sound Life™ fluid. It's clean and static-free!*

application of Sound Life that cleans the record also reduces the static charge to near zero. And it won't return no matter how often the record is played!

### Reduces stylus drag.

Stylus friction is reduced up to 15% with our system. That means less wear, improved record life and better stereo performance.

### Our product advantages are your selling advantages.

Once your customers see and hear the difference Scotch Record Care System can

make, they're going to want it. And we're going to make it very easy for you to sell it with: Full-color consumer advertising to build awareness and demand.

A powerful in-store demonstration kit that lets customers see for themselves how much better our product works.

A point-of-sale display plus other promotion pieces to help increase your sales.

Dramatic packaging that communicates the superior quality of this new product.

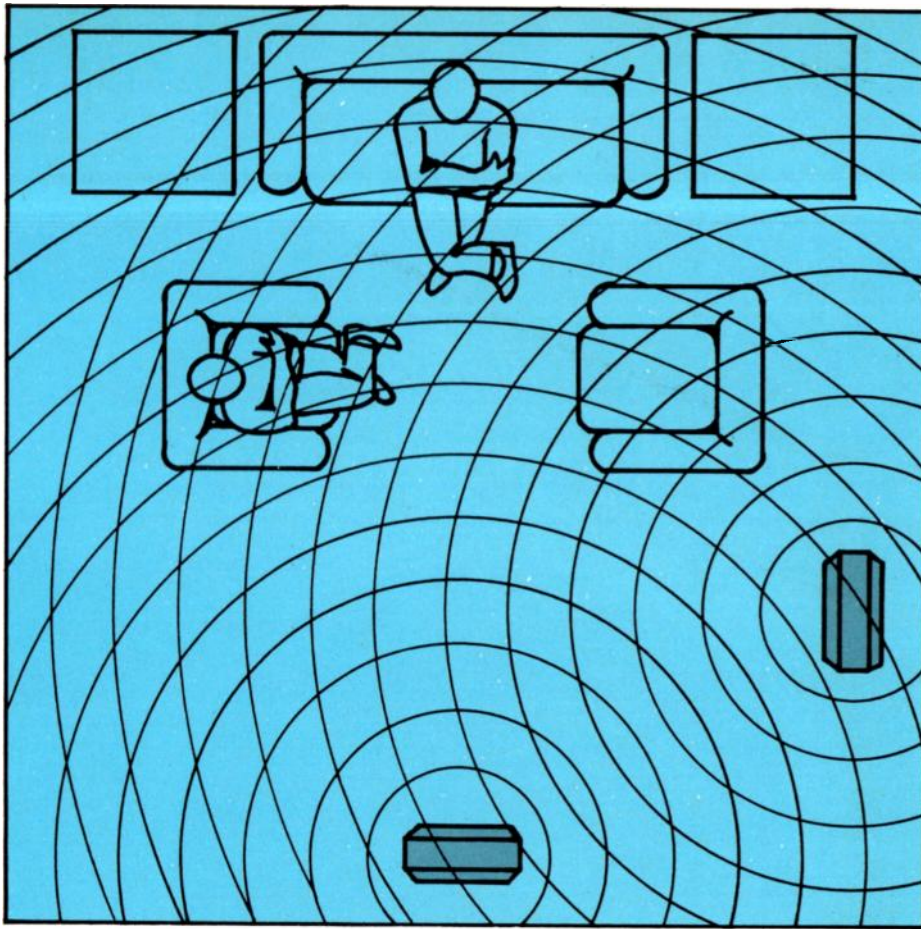
A competitive price which includes an excellent profit for you.

For more information call your local Scotch Record Care System representative or write Home Entertainment Products Department, 3M Center, Bldg. 223-4S, St. Paul, MN 55144.



**SCOTCH<sup>®</sup> RECORD CARE SYSTEM. THE TRUTH COMES OUT.**

**3M**

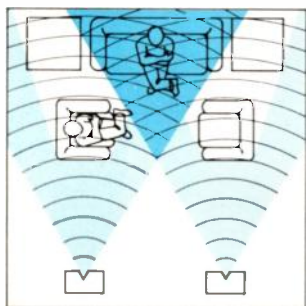


BES Sound: Our diaphragm speakers deliver 360° sound on both the horizontal and vertical planes forming a giant sphere of stereo that fills the room.

# GIVE THEM A DIFFERENCE IN SOUND THEY CAN SEE.

First, look at the small illustration. That's the kind of sound you get from the conventional cone speaker. Stereo in just one section of the room, pieces of it in the others.

Now look at the big illustration. That's the kind of sound you get from us, BES, because of one critical fact: Our speaker has no cone. We've done away with it because the cone can only project sound in one direction.



Conventional Sound: Cone speakers project sound in only one direction and on only the horizontal plane, delivering stereo in just one section of the room.

The heart of our system is a diaphragm. It vibrates much like a guitar string, projecting sound in every direction simultaneously. And it does it with greater clarity and lower distortion than the conventional cone speaker.

What BES has created is 360° sound on both the horizontal and vertical planes. True omni-directional sound. Sound as close to live sound as you can get.

Look at the big illustration again. Where you see

the sound from one speaker intersect the sound from the other, you're getting true stereo imaging. Optimum sound dispersion. And that's virtually everywhere in the room.

We don't know of any other speaker that delivers this kind of sound, and we're going to tell people about it. With consumer magazine ads, newspaper ads, news releases, brochures and point-of-sale.

If you want an innovative product, a high profit product, one you can talk about, one with a dealer system that's second to none, call us collect. Write us. Get in touch with us.

We'll be glad to introduce you to true stereo your customers can see as well as hear.



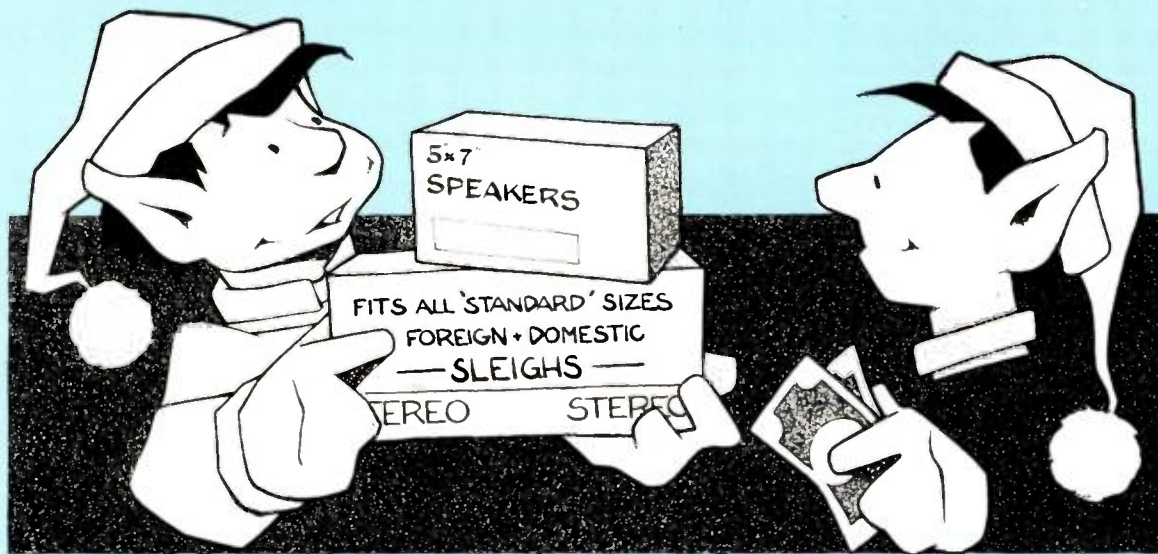
## BES SPEAKERS

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Costa Mesa, CA 92626 Tel: (714) 549-3833 Telex: 67-8373.

**PULL-OUT  
SECTION**  
Photo-Copy...and give to  
Your Sales Staff

# AUDIO SALESMAN

## Don't Overlook Holiday Autofi Sales



Salespeople naturally associate the summer months with autosound sales, but more car stereos are sold during the holiday season than at any other time. Much of this is due to gift-giving, naturally. Selling autofi as a gift for someone else is not exactly the same as direct-to-user sales, for obvious reasons. Qualifications are more difficult, and are destined to be incomplete when you sell to a third party. You can't really ask too many feature-related questions, and sometimes the purchaser isn't even sure about the type of vehicle it's going into.

Nevertheless, don't let a more difficult qualification dissuade you from taking

advantage of this tremendous selling season. Car stereo gift buyers are usually relatives or close friends who just know that they'd like to give a car system to someone as a gift. They may be completely ignorant regarding prices, equipment availability, or compatibility. Make their choices easier by assembling a list of recommended gift systems for them to choose from.

**Systems are far easier to choose from than matching components, and third party buyers are not really qualified to do much feature**

**shopping. Systems should be simple and follow these guide rules:**

1. Select two basic package formats—mini chassis packages for import cars, and standard chassis packages for domestic.
2. Stay away from very large chassis units, even for domestic packages. Many American-built cars, especially recent ones, do not accept very large units. Your gift purchaser may say, "He drives a medium-sized Ford"—and that may be the extent of your qualification! **Be safe and go with the most likely fit — the small unit.**

3. Large magnet, 6X9" speakers should be avoided. They fit a lot of cars, but are

*Continued on page 45*

**HIGH FIDELITY  
trade news**

Our point of view: You can't know too much about a good thing. Number 45 in a series of factual discussions.



audio-talk from audio-technica®

# PICK A CARD... ANY CARD!

Some of the most important mail we receive is the return of Purchase Registration cards packed with most of our products. Each represents a sale, and we love to see that. And the comments are fascinating. Many of them say things about our products we'd blush to say ourselves!

But we are equally interested in the handful of marketing questions we ask. What other equipment is used? How is the product to be used? What does this item replace? And what led up to the sale?

## Salesperson is the Key

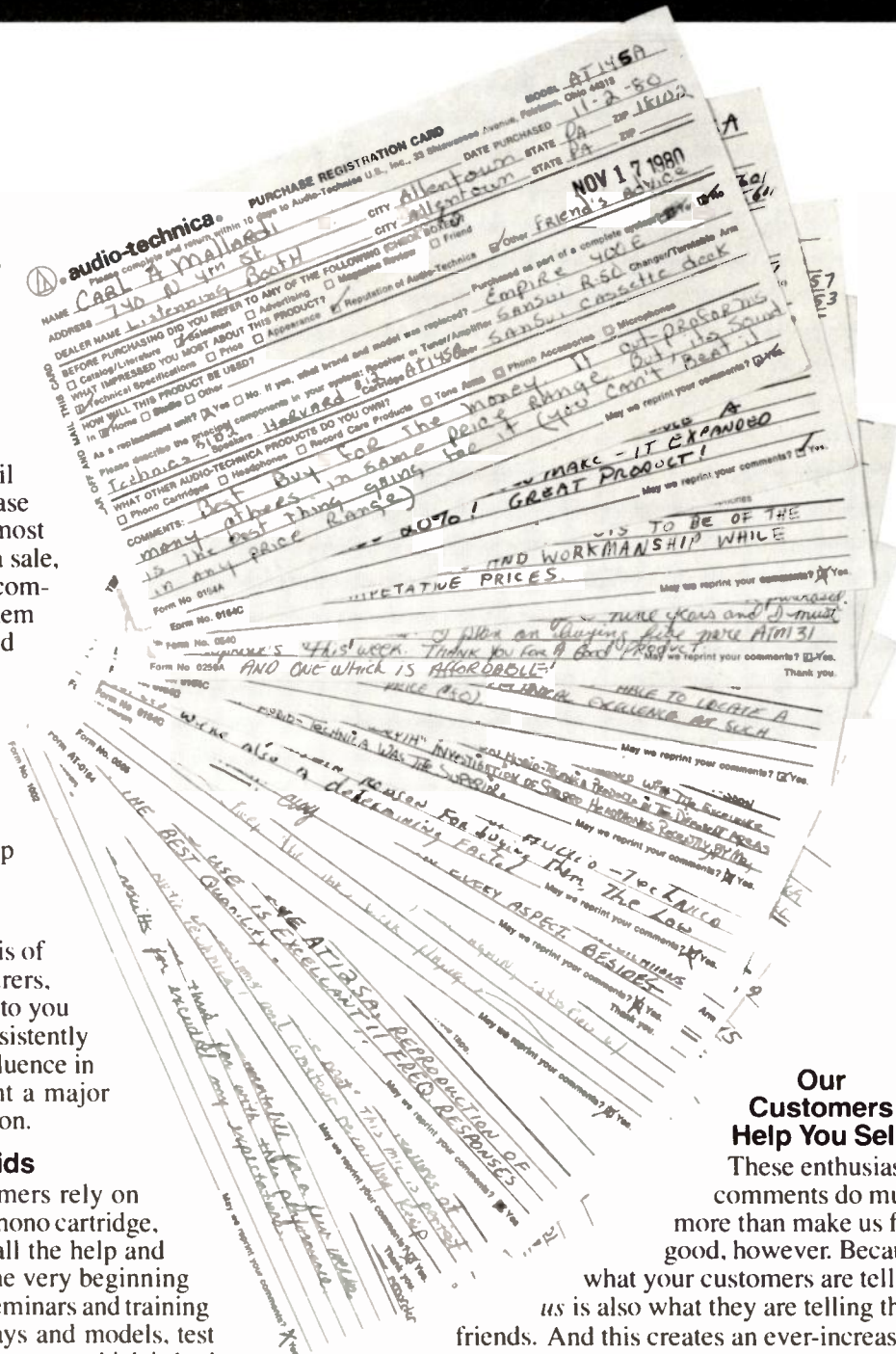
While the marketing information is of primary value to us as manufacturers, some of these data may be useful to you as well. For instance, the cards consistently show the salesperson is a *vital* influence in cartridge selection. *You* represent a major influence in final customer selection.

## A-T Leads in Sales Aids

Obviously, when so many customers rely on your good advice when buying a phono cartridge, it is essential for us to give you all the help and information you can use. From the very beginning we've responded with in-person seminars and training sessions, point-of-purchase displays and models, test analyzers and microscopes, and literature which is logical and useful in explaining features and differences. Plus trade ads which give you selling knowledge of everything from how records are made to the details of stylus design.

## We Exceed Their Expectations

The comments give us helpful data, too. It's direct feedback from your customers to us. Most gratifying is that Audio-Technica products consistently *exceed the expectations* of so many buyers. We've delivered *more than we promised*. Which is exactly our goal. It means you can rely on our specifications and recommend A-T products with confidence.



## Our Customers Help You Sell.

These enthusiastic comments do much more than make us feel good, however. Because

what your customers are telling us is also what they are telling their friends. And this creates an ever-increasing "pool" of prospects from which we both can profit.

To quote a recent card: "The salesman 'sold' me on buying one (an AT140LC). Now I'm 'selling' it to my friends." What could possibly be better for you – or for us – than that?

The Audio-Technica difference. You can see it, hear it, sell it, and profit from it!

Jon R. Kelly, President

AUDIO-TECHNICA U.S., INC., 1221 Commerce Drive, Stow, Ohio 44224 (216) 686-2600



## “Techspeak:” Language That Hinders Sales



One reason why the audio salesperson has had difficulty in generating a trustworthy image, is his preoccupation with technical nonsense. By *nonsense*, we mean terms that have no meaning to his customers. If a term has no meaning, then it is nonsense. For some reason, we insist upon people speaking *our* language, instead of us learning theirs. It's rather like visiting France, and expecting everybody to automatically speaking English for us. Not a good way to create good will, is it?

Using non-explained, technical phrases may impress a few customers, but will antagonize others. "Why is he talking that

way?" they may wonder, "I'll never understand how to use this machine he's explaining." "Techspeak" is confusing and condescending to the customer, especially since there is nothing that can be expressed technically, that cannot be easily explained in normal, everyday terms.

**LOW MASS TURNTABLE ARMS**, for example, means something to *you*, but nothing to the average shopper. What he understands is better tracking without skipping, and lower record wear.

**0.007% THD** is a series of numbers and letters to buyers. Hardly worth spending hundreds of dollars for. He'd rather purchase

clear, undistorted sound.

**SOLENOID OPERATED, TWO MOTOR TRANSPORTS** sound like what the Russians use in Afghanistan. Wouldn't you rather offer somebody a range of easy to use, reliable taping abilities?

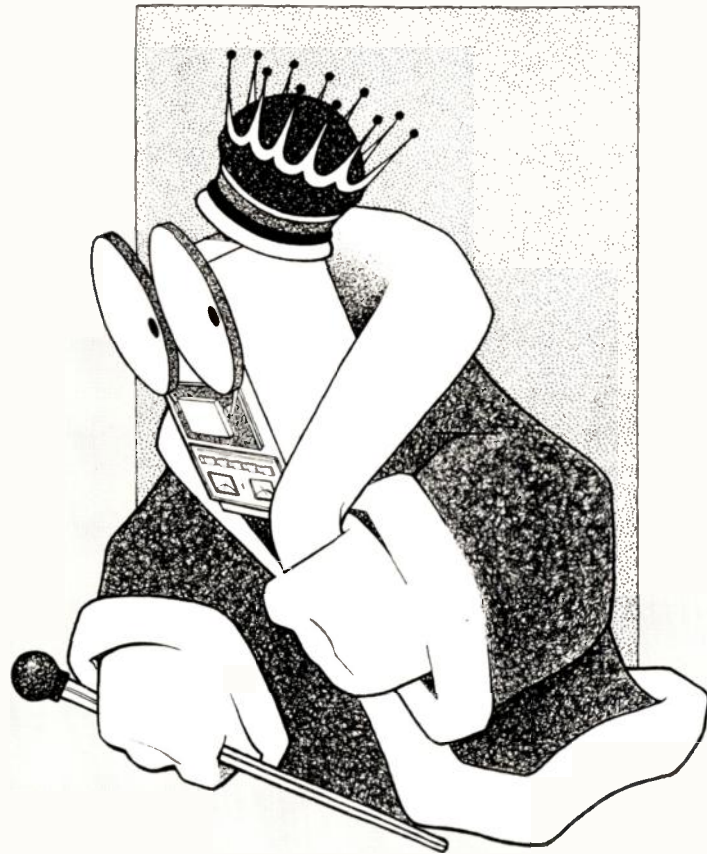
Since we associate with other hifi salespeople and industry representatives, as well as read magazines and digests centering on our field, we easily slip into specspeak with our customers. When we do, we become less clear, and hinder our selling. The main part of your job is to explain equipment and its use in a way that will ensure your customer's understanding of it. Practice your explanations by bringing literature home and "selling it" to non-audiophile friends or members of your family. Tell them about the features that the equipment has, and what it does. If they do not fully understand you the first time that you pitch it, then you have a problem. Find out which terms and concepts are confusing to the listener, and simplify them. It's rather like practicing your French on a Frenchman—because you're translating your normal tongue into another language. Greater degrees of comprehension on your customer's part increases your selling effectiveness, and that's what it's all about.

HIGH FIDELITY  
trade news

## Deposed King Returning To Throne

At the time, Open Reel, the original tape recording format, was admired as King of Recorders. The eight-track system, never a complete high fidelity medium, came and went. Then the cassette appeared, a convenient, but sonically restricted tape type. Within the past ten years technology and research was poured into the compact cassette. Background hiss and dynamic range was enhanced by employing sophisticated noise reduction circuits. Special music search, auto biasing, and auto reverse functions were developed, along with better grades of tapes. Coupled with a very wide variety of portable players and automobile decks, this led to a near universal tape recording medium.

During the cassette evolution, the King of Recorders was made a second-rate ruler. Not as convenient to use as the cassette or even the eight track, new buyers shyed away from the complicated-looking machines. Large motor and transport systems meant large, bulky chassis, keeping open reels unattractive to the novice audiophile. Research and development on reels nearly dried up as money and energy was shifted over to the consumer-accepted cassette format. Except for a few successes in reel merchandising (like the Pioneer CT-707 rack mounting deck) open reels suffered from a lack of new blood: fewer manufacturers were building them, no really new tape types, chassis sizes, circuitries, or transports appeared.



Cassette decks became, almost by default, a superhot sales category for us, and remains so today.

Cassettes are great, and very acceptable to the average consumer. But one may wonder — has the audiophile been a victim of a subtle conspiracy against the KING? As cassettes began to improve, manufacturers and salespeople were quick to realize that they had an easier sale on their hands. Cassettes are simpler than open reels, and their specifications don't look bad. Whether they really approach open reel performance, though, is still open to some debate. You see, along with the Big Cassette Push came

the familiar spec sheets published without  $\pm 3\text{db}$  tolerances. Responses on almost all cassette decks are determined at the  $-20\text{db}$  level — a level that hardly moves the meter's needles. At home, the recordist achieves less high frequency response, as he saturates the tape by recording at higher levels. Signal-to-noise ratio, far worse than good open reels, seemed acceptable, especially when you only looked at the "above 5khz" specs. Worse of all, dynamic range, possibly the most important measurement of high fidelity, was virtually forgotten, and almost never published.

**So our open reels sat on**

# AUDIO SALESMAN

the back wall, attracting the occasional client who would point at it and say, "That's really the best sounding tape deck, isn't it?" Many of us, going for the easy sale, often assured him that the reel format was dying, too expensive, and too difficult for him to use. He'd never hear the difference, we assured him, nor would he mind the much shorter recording times. We were selling him on convenience and saving him money, but by telling the consumer what he wanted to hear, were we really doing him a favor?

The open reel, with its wider tape and higher speeds afforded better dynamic range and frequency responses. More tape can store more energy, so background noise was low, even without signal processing. Greater magnetic retention meant less chance of distortion due to overloading. Depending upon reel size and thickness, the open reel user has options of recording anywhere from one hour to — gasp — six

hours per reel! Entire symphonies, operas, ballets, live jazz and pop concerts, and other programs could be handled with ease on the open reel. Some of us were ignorant of these facts about the reel format — others knew, but chose to ignore them. A handful were careful to explain and demonstrate the format properly.

The open-reel format may have been given a new lease on life recently. With the development of 'EE' high bias equivalent open reel tape by TDK and Maxell, and compatible machines developed by Teac, Akai, and others, a wide array of open-reel machines are becoming again available. Smaller chassis sizes and price tags, easier to use controls, and features like bi-directional play and record are making the King of Recorders more attractive to the shopper.

**It's true that the open reel is still not for all of your customers — even for most of them. The cassette deck will undoubtedly remain the most popular tape type. But**

the second or third time buyer-upgrading from previous components deserves an introduction to the open reel. Witness the sea of consumers stepping up from older cassette decks to metal-ready machines. An open reel can achieve exactly what they want, and much more. Show the reel to your older customer who deserves a changer — he can play several albums worth of material on a reel without the hassle of stacking — and keep his discs in top form. The digital or direct-to-disc buyer has always been disappointed when he tried to record such records on cassette. A reel will record this material without sacrificing exciting dynamic range.

Get in the habit of demonstrating with open reels to expose more shoppers, to the original King of Formats. Its sound and versatility will be a new, and welcome alternative to your more discerning buyer who is looking for something better.

## "HOLIDAY AUTOFI . . ."

*Continued from page 41*

no longer the standard. Neither are 4X10s, for that matter. Avoid, also, tiny 3½ or 4" specialty sizes. They are best used as the 2nd set speakers, which is not within the scope of your holiday gift packages.

4. 5¼", 6½", and 5X7" car speakers are the most universal sizes available. They can be fit *somewhere* in most cars, and are the most likely to be immediately acceptable. They're usually

less expensive than the largest speakers, which helps keep the overall package prices down.

5. Best selling packages for complete systems (speakers and radio) will be in the \$100 to \$250 range. The impulse shopper will be attracted to the lower priced system, while the person

looking for a car stereo as a gift will show interest in the fuller-featured versions.

6. Try a high-end package, including graphic equalizer, full-featured in-dash unit, and second set of small speakers. You'll find that some purchasers will opt for 'the best', if you make the choosing simple enough.

When you sell an autosound gift package, remember to point out that you carry cassette decks and blank tape — a perfect compliment to a fine autosound gift.



## It's The Customer's Preference, Not Yours, That Counts

By Charlie Swift

He was the only salesman in the store, and he was showing a VCR to an elderly couple. The two just couldn't understand why the color had to be adjusted so often, and the salesman was desperately trying to come up with a logical reason. Not wishing to interrupt his difficult sale, I wandered around the store, playing with the other equipment to kill time.

When the couple left, he approached me, asking if I needed any help. "Well," I replied, "I notice that you have a reel-to-reel machine on sale over there for what seems to be a very reasonable price. Is the more expensive unit next to it really that much better?"

"Oh, sure," he said, "Night and day, really. Not that the cheaper one is *bad* . . . it's . . . you know, *all right*. But the other one is better all around." All of this time, by the way, we were standing at the front of the store, while the 7"-reel decks were on a shelf near the back. You could just about see them from where I was. I couldn't really tell if he could see them, since he was leaning against the counter. But, he had probably seen them plenty of times before, and I didn't want to bore him any. Neither one of us said



anything for a moment until he spoke,

"You want a reel, huh? Well, some people like them. Personally, I go with cassette." "You do?" I asked. "Uh-huh," he nodded, "In fact, I've got two of 'em at home." "Two cassette decks?" I asked, "Then you must really like them. Well, don't you lose a lot of recording time on a cassette, compared with a reel?"

"Yeah, you get more time on a reel," he admitted,

"But reel decks are a real pain to use. Cassettes are easy to use, and you get more features. For the money spent on that reel over there, you could get this top-of-the line Sony." He leaned back and flipped open a manufacturer's brochure on a Sony cassette deck. "I've got one of them," he smiled, "and I love it." "That's good," I admitted, "You should always be pleased with the stuff you buy." I then said goodbye and left, happy with the knowledge that even if the salesman wasn't interested to make *me* happy, at least *he* was.

For himself, this salesman made all the correct decisions. He qualified his own needs perfectly. But for those customers whose priorities are different — say sound over ease of use — this approach to selling gets you no where.

HIGH FIDELITY  
trade news

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## After The Presentation, A Summation Will Help Close a Sale

Presentation is the part of the sale that most of us are best at. We choose the piece that seems right for our customer and then we demonstrate it effectively, carefully explaining the features and their uses all along. After the presentation is over, we somehow hope that the customer will pause for a second and snap, "I'll take it!" Thereby handing us a sale on a silver platter.

Sales, unfortunately, are rarely made that way. The salesperson who depends on a presentation for a close will have few closes indeed. It's our job, after a proper presentation, to ask for the sale. This "closing" can be done one of many ways. In selling a variety of sophisticated audio and visual hardware, one very effective method of asking for the sale is called the *Summation Close*.

**Summation Closes are closes that recount a customer's needs and relate the features on the product to those needs. This selling method reminds the shopper of what he really wants, and proves to him that the item in question will fulfill these wants.**

All sales require proper qualification, and the effectiveness of the summation close is particularly dependent upon a complete job of qualification. The information gained during the initial qualification will be recounted and used during the closing portion of the sale.

For example, a customer wants to upgrade part of his

stereo system. By asking him about his present equipment, you find that his separate tuner is no longer working, and his amplifier is old, and only 30 watts per channel. He'd like to own at least 50 watts per side now, and have it occupy less room, and would like to add another set for his den. His musical tastes include big band and old jazz. He has a collection of original 78's that he enjoys playing. He has been taping his shellac discs onto a cassette deck, and would like to copy some of his friend's tapes as well.

Naturally, you pick out a modern receiver in his price range, and, using a big band disc, demo the piece for him, detailing the features that it has. He is unfamiliar with some of the latest hi fi developments like nonswitching amplifiers and synthesized tuning, but he is quick to grasp concepts and appears interested in the piece. You end your short presentation of the receiver. Now it's time to use the *Summation Close*. *Remembering his stated needs*, you sum up its most important features.

"This is a 55-watt per channel receiver," you say, "It has more than the 50 watts minimum that you're looking for, and will provide plenty of power to deliver good, clear, sound to your speakers. This speaker selector allow you to run

your current speakers, plus your second pair in the den, either together or independently. Since you want to play your old 78 rpm records, this high filter will become very useful. It'll cancel much of the scratchiness and background noise provided by these discs. You can connect your tape deck to this tape monitor, so that you can record any play your disc collection, reducing the handling of your valuable records.

**"This second tape monitor will enable you to copy your friend's tapes as well. It has a built in bypass circuit for dubbing tapes. You can now listen to the record player or radio, while duplicating tapes for people. I guess that you'll agree that this receiver will save you a lot of space over your old amp and tuner combo, and outperform them as well. It does everything that you want it to do, plus a little more — and within your spending range. Would you like to have one of these models? If so, I'll check to see if it's in stock."**

The central idea is to have the customer agree that the product that you're showing him is what he has been looking for. If you misqualify your customer, expect trouble. He'll disagree with you on a point, because the piece will fail to meet one or more of his needs. A complete job of qualification and a simple presentation will allow you to use the summation close with ease, and effectively close more sales.

HIGH FIDELITY  
trade news

# One of the most popular groups in the recording industry.



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## You'll be seeing more of us soon.

Because, in addition to our quality line of record care products, we're improving and expanding. This year we introduced a vastly superior anti-static preservative, and we'll soon be announcing several new products.

## The stage is set for profits.

We have all the top performers: Sound Guard Record Preservative, Cleaner, Work Pad, Stylus Care Kit, and Total Record Care System. All you have to do is stock them, spotlight them, and start ringing up sales.



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In Florida: (305) 782-1041

Facilities: Cincinnati, Ohio; Tokyo, Japan; Brussels, Belgium.

Continued from page 38

he said, "it's never a question of faith. Communication is the most important element between the manufacturer, dealer and consumer, you have got to get your message clearly across in order to survive and prosper in such a competitive marketplace."

Consumer awareness is reinforced with a follow-up letter sent out a year from the date of purchase based on the warranty card sent in to AKG, which asks the consumer to return the stylus to his dealer for a free check up. Donaghy pointed out that this service offers the additional benefit to the dealer of getting that customer back into the store.

**AKG packages its cartridges differently than the rest of the competition. Money that would normally go into making the more**



AKG's cartridge display case

**traditional "wooden box padded with velvet" is put back into R & D.**

AKG has taken care to include important accessories with different cartridges in its new line:

response graphs, calibration and adjustment gauges, styli brushes, screwdriver and a plastic anti-resonant compound if needed. (Suggested list prices for the three new models are \$250.00 for the P25MD, \$165.00 for the P15MD and \$115.00 for the P10ED.)

AKG has patents pending in all five major areas of phonocartidge construction, and already holds an official patent on suspension methods. But Donaghy reiterated that even the best of products need the backing of aggressive, sound marketing.

"Cartridges have a history of being a "throw in" item in most turntable sales, but now people want to understand more about what it does and why. You have to combat the intimidation factor with a sales presentation which is informative and at the same time does not appear to be condescending," he stated.

## Kenwood Speaks Up For Japanese Speakers



Henry Akiya  
Kenwood VP

Despite some trade and consumer controversy that Japanese audio manufacturers don't manufacture speaker systems that satisfy American listening tastes, Kenwood Electronics insists that they do — and points to its own burgeoning sales results as proof.

Said Henry Akiya, Kenwood VP, "That negative attitude may have been appropriate five or 10 years ago, but it's all wrong today. Japanese audio manufacturers can make speaker systems just as

good as those made by American specialist speaker companies."

He noted that Kenwood, uses laser/computer technology, and other innovative techniques in its design, manufacture and testing. Further, he says the company is just as thorough, its marketing as any other speaker maker.

For instance, Akiya explained, Kenwood does not merely use a random, full-line approach, with speakers developed just to accommodate specific price points.

"We offer three series for open selling, to accommodate a variety of consumer and dealer needs. Additionally, we produce speakers specifically for our packaged one-brand audio ensembles. Our dealers like this approach — and are showing their support of it by selling more and more of our speakers."

The Kenwood speaker lineup consists of the Purist A, LS, and LSK Series. The Purist A Series, marketed under special agreements, are meant for the high-end dealer, the LS Series is

for the consumer who wants a combination of performance, and value for his outlay. The LSK Series is designed to give Kenwood dealers a chance to offer sound/performance value to customers buying store-selected audio component systems at budget prices.

Kenwood merchandises through a three-point program that addresses itself to: 1, product explanations; 2, how to listen to loudspeaker systems in evaluating them; and 3, qualifying the prospect so as to make him a customer.

This program is administered by Kenwood reps, most of whom have specialist trainers. As Akiya explained it, the product phase is concerned with making salespeople strongly aware of what goes into a Kenwood speaker system, in terms of the laser-holography and computer technologies employed in its design, the cone, voice coil, frame and cabinet materials used and why they are used, as well as the testing parameters involved, etc.

The third program phase is concerned with translating the results of the first two phases into an actual sale via qualification of the prospect who has come into the store.

## TEAC Fills The Niches To Stay Ahead

TEAC Corporation of America will remain a specialty high fidelity manufacturer, concentrating primarily on tape recorders, according to Barry Goldman, vice president of sales and marketing.

"To put it simply," he stated, "the world needs another VTR like a hole in the head."

But what are the keys to survival as a specialist in today's market, when faced with audio and video giants whose resources and capabilities would dwarf most companies like TEAC?

"One thing we have always set out to do is fill the niches that the bigger companies have to ignore because retooling would mean a major investment in time, money and energy," said the TEAC executive. "There are many little markets out there — in the

medical field, for example — worth, on the average, 1000 units. For a Sony to go after it doesn't make much sense, but for us, 1000 units, which is worth about \$4 to 5 million a year, represents a big chunk of business."

**The second part of TEAC's survival strategy was a restructuring of its dealer agreement. "A few years ago we cut back on our dealer network, making it tighter and more easily supervised as we started to run a tighter ship at home," he noted.**

This "tighter ship at home" was described by Goldman as an "austerity program," which involved a careful look at the company's operations. The net result of that was the elimination of a lot of frills.

"While this meant overriding our

egos a bit, we found we could still function as effectively as before in what really counts: making and marketing quality products," he added.

As well, this recent self-examination brought about a more careful use of advertising dollars. "Our ad budget hasn't changed," he explained, "but we are now trying to be more efficient in our expenditures. We used to automatically go after the buff books to advertise, but we now regard the creation of advertising campaigns as more complicated."

However, even the most painstaking watch over finances is worth nothing without a good name, and Goldman acknowledged TEAC's advantage in this regard, and also mentioned that so far his company's products have managed to stay immune from the current economic slump.

"The only thing that hasn't suffered during this recession, or whatever you want to call it, has been cassettes, we don't make receivers," he added.

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Driver Complement	Woofer	Two 8"	8"	15"	12"	10"	8"
	Midrange	8"	8"	4"	4 1/4"	4 1/4"	—
	Tweeter	2 1/2"	3"	Horn	3"	3"	3"
Power handling	Music peak watts	140	130	180	150	90	60
	Maximum watts (RMS)*	70	65	90	75	45	30
	Minimum watts (RMS)	20	15	15	15	15	10
Fuse protection		yes	yes	yes	yes	yes	yes
Tweeter control		yes	yes	yes*	yes	yes	no
Speaker Connections: Push-button, quick connect/disconnect input terminals			yes	yes	yes	yes	yes

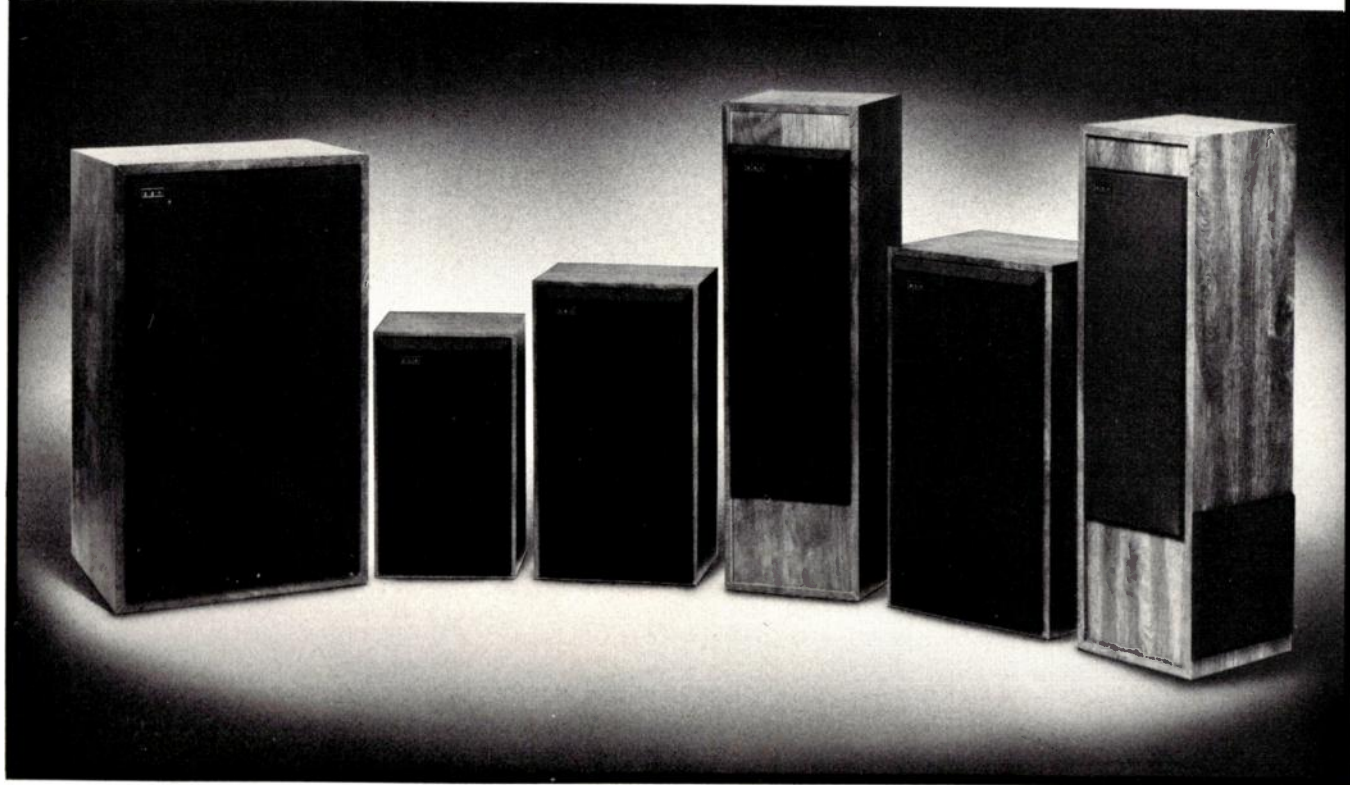
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## Countdown Vegas: What Dealers Want

What are video dealers expecting to see next month in Las Vegas besides the shows and roulette wheels? *High Fidelity Trade News* contacted retailers nationwide and discovered a universal call for lower prices on top of demands for innovative features, a greater selection of accessories, improvements in the video furniture lines and more videocassette and disc software. Several retailers also had requests for certain intangibles, which included improved communications between reps and dealers, better delivery and a crackdown on piracy.

Walt Williams, president of Video Home Center, Inc., in Oklahoma City, regularly attends both the Winter and Summer CES's, and this time around is hoping to see smaller, lighter VCR's, one which includes a remote control feature and a videocassette player minus recording capability priced at about \$295 retail (though he conceded that the last request was "wishful thinking" on his part).

"I think there's room for more accessories on the market," he went on to say. "I don't know what they'd be but I'd like to see more."

Williams is also going to keep an eye out for the VHD disc, but doubted it would appear, and wanted to see more improvements in big screen television.

George Landen, president of Milpitas, California-based Creative Home Video concurred on all these points, but emphasized improving the peripheral viewing of widescreen television sets.

"How far can you go to either side of the screen and still see the picture?" he asked. "Unfortunately, most models still offer a very limited field of vision."

**Landen wants to see prices go down on VCR's, cameras and accessories, but like Williams, acknowledged that that was an unrealistic expectation.**

He is planning on looking at as many accessories as possible,



**ONE DEALER WANTS TO SEE** more software for the Laserdisc format

because "if we stock a variety, it gives the store a full service atmosphere."

### Hands Full?

When asked about new titles of prerecorded software, he responded, "in a sense, I've got my hands full. One problem with having 2005 cassettes in the store is where do you put the new releases?"

Stanley Price of Video Mart in Beaumont, Texas, is looking forward to seeing "everything they've got at CES". According to Price, one of his goals is to look for the trendsetters, because "the base of our success is the new gadgets and features people read about and want, such as the new lightweight VCR's, special effects and the record-lock mode.

Price described his store as one which caters to "the discriminating, sophisticated buyer in our area," which is possibly one reason why features do so well for him.

"In my business," he stated, "people are buying either low or high end, the bottom dollar or loaded with features.

As well, he is interested in projection TV's, the next

generation of portable VCR's and in the latest development in low light cameras. "Hitachi's Saticom and the Novacon tube by Panasonic have replaced the Vidicom tubes and seem to be the trend," he added.

The owner of the Boston area's Prime Video, Barry Glovsky, focused on the need for retailers to spend more "quality" time with reps, in order to fully understand what a new video product does and more important, how to sell it.

**"I was disappointed at the last show," he explained. "So much is new in video, I needed to know more about the products I was shown. In fact, some reps I spoke with were almost as uninformed as I was."**

Glovsky also called for an "accurate representation of products that will soon be available. I'm not as interested in something I can't get a hold of for the next six months."

James Piekarczyk, president of Video Trek in South Holland, Ill. plans on scouting for video furniture which carries a "reasonable price."

"I'd like to see something that holds everything instead of the module approach — a complete

## VIDEO UPDATE

video center for the camera, software, VCR, cleaning equipment cables, etc."

The retailer executive suggested a footlocker or trunk for video equipment, one which would fit into the trunk of a car and have coasters on it for mobility.

"We've had these built for some of our customers; I think there's a real need for them on the market right now."

He echoed Williams' request for a low cost VCR minus programmability, and said that because many of his customers are disenchanted with the extended play format of Pioneer's laserdisc (which he carries), he was hoping there would be some improvements in this area.

But Piekarczyk spoke mostly of video piracy. Though he was doubtful anything could be done

about this scourge to the video industry at the CES, he was hoping to at least see evidence of more concern on the part of other retailers and the studios.



**WILL DEALERS SEEK OUT** Advent's VBT100 large screen system?

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### Hatchet, knife, grenade

"Besides the new products, I'd like to see a hatchet, knife, and handgrenade at the show for retailers who bootleg tapes!", he exclaimed. "At this point I feel very disenchanted by the lack of enforcement. One Chicago area dealer was caught bootlegging and he's still in business. It seems as if the industry doesn't care about protecting the honest video retailer."

He also called for more uniformity in pricing of hard and software. "It's not fair to a retailer when a mass merchandiser gets a new product before anyone else and sells it for 5 percent above cost."

Tasso Spanos, owner of Opus 1 in Pittsburgh, said he rarely attended the Winter Show, but would watch for a good video projection system for under \$3000 and for the emergence of a concrete accessory program — "one which would end all the confusion."

# CES Trade News

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■ Published by St. Regis Publications ■

# Why Warner Has Texas Grumbling

By Joe Palenchar

Warner Home Video's new home-video rental program has Texas retailers grumbling. But Warner says that despite the high number of dealers who have rejected its offer there, the program is doing outstandingly well. And it's going nationwide at a fast clip.

"You need enough people to offer it, and then you must let people know where you can get it," said WHV's Leon Knize, senior vp/marketing. But, he adds, "We'd love to have everybody take it."

Under the program, launched mid-October in seven Texas markets, Warner no longer sells video cassettes to retailers. Instead, it rents the software to retailers who in turn are permitted to rent but not sell them to consumers. Warner said the program recognizes the growing trend toward rentals, provides higher volume and profits to participating stores, and protects the company from unauthorized rentals. Retailers or the wholesalers from whom they buy sign agreements not to rent cassettes, though the "First-sale" doctrine permits it, Knize explained.

Some Texas software outlets don't see eye-to-eye with Warner, however. Though the company maintains its entire line of more than 150 feature films available for rent, Stanley Price, president of Video Mart Inc., believes consumers will actually have less to choose from.

**Price, who owns two stores in Texas, states flatly: "I will not keep as many items. "It used to cost me \$60 to buy a movie, and then I would rent it out until I sold it. Now, if I keep a film for one year, it costs me \$280 under the rental agreement."**

"Warner is correct in that it will require less inventory, but Warner is neglecting to understand that a lot of rentals are impulse rentals. Why should I keep it (a movie) on the shelf and gamble if it costs me more. It will mean less inventory

for a consumer to choose from," he concluded.

Elias Zinn, president of Custom HiFi Inc. of Texas, eight-state chain with 30 stores in Texas, also cited the higher costs to the stores. "In our opinion, there's no return for the retailer," he said.

Video Mart's Price explained, "Warner charges me \$8.25 for the first week of a cassette rental, then it goes to \$4.60 the second week, and it goes down the following weeks to no less than a certain minimum. In the first week, if you don't rent it for \$20, because of the extra paperwork, it's not worth it. We rent for three days for \$10. We would have to turn it over two times in one week."

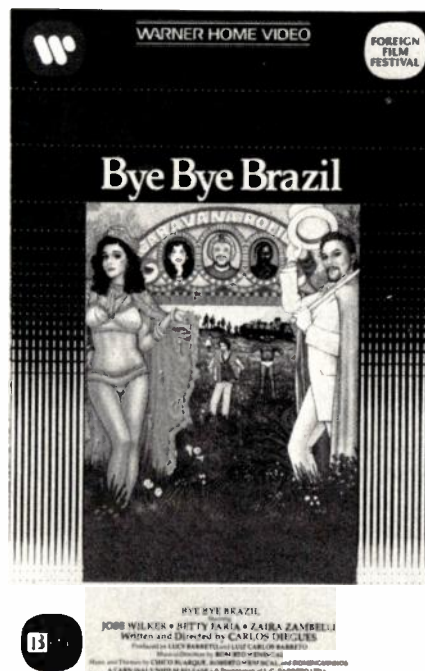
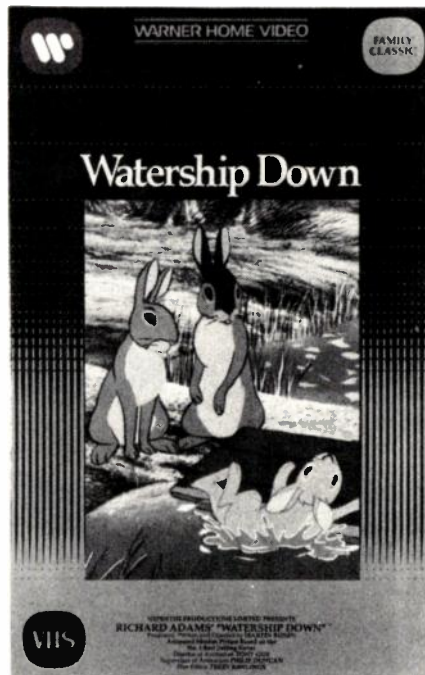
## Not so gloomy

Dan Goldman disagrees with Price's gloomy assessment. The partner in Houston's Video Connection says the program means outlets just have to be a little more selective in the titles they carry. Goldman carries 12. "Before, if they bought it (a title) for \$50 and it didn't rent, they were stuck with it. With the Warner program, if it's in the store for two weeks and it's not renting, you send it back.

**"It's not as bad a deal as they're making it out to be," Goldman remarked. Nonetheless, he did admit that if he had the choice, "I would rather have the movies for sale, too."**

Goldman also believes new companies or companies not set up for rentals would have a hard time setting up the Warner program because they are unfamiliar with what is selling. Goldman, whose store is primarily a video rental store, said, "I am used to keeping a close watch on inventory."

Goldman says customer reaction has been good so far. "Even though the price (of the rental) is higher, they're seeing movies they wouldn't have seen for another four to five months. Warner is



## VIDEO UPDATE

putting out more current releases," he said. Warner suggests a per-day rental fee of \$5.50. Goldman, who had rented the cassettes at \$5 for five days, now rents under the Warner program at \$10 for five days.

J. C. Smith, vp of U.S. Video Inc., a three-store chain in Texas, says his company will not participate in the Warner program. "My personal feeling and the corporate feeling is the Warner program is very unadvantageous to any businessman in the video retailing business. For one thing, it takes away the independent businessman's right to control his business," he said. "It is really a very unprofitable situation."

"We don't want the Warner program to expand, so we're not going to participate," he stated emphatically.

"If I quit selling all my movies, I'd lose \$100,000 in sales. I don't think rents would offset that loss. I don't lose rentals because of sales. I rent out software until it's sold," he added.

The lack of an inventory, though touted by Warner, is actually a drawback, Smith claimed. "I don't own my inventory, reducing my bottom line on my financial statement."

Zinn agreed. "If a small dealer tries to get a loan, he can't show his inventory. Small video franchises will be jeopardized."

### Negative Customers

Some of the outlets have already encountered some negative customer reaction, particularly to the \$100 deposit per cassette required of customers by Warner. Many stores have usually charged one-time membership fees of anywhere from \$50 to \$100 or charged smaller per-cassette deposits.

"There are a lot of people in the market who don't have that extra \$100 bill," Video Mart's Price said.

Video Connection's Goldman disagrees, however. "The \$100 isn't deterring anyone. For most of the customers, it's not a matter of putting up \$100." An outlet may have customers sign a legally binding form that states they will be charged \$100 if the software isn't returned, he said. The form contains the customer's credit card number, and the \$100 would

be charged against the credit card. Other customers may write out a \$100 check that would be kept on file. It wouldn't be cashed unless the software is not returned.

Custom HiFi's Zinn had another complaint about the \$100 fee. "If you (the dealer) lose the tape, you pay Warner \$100."

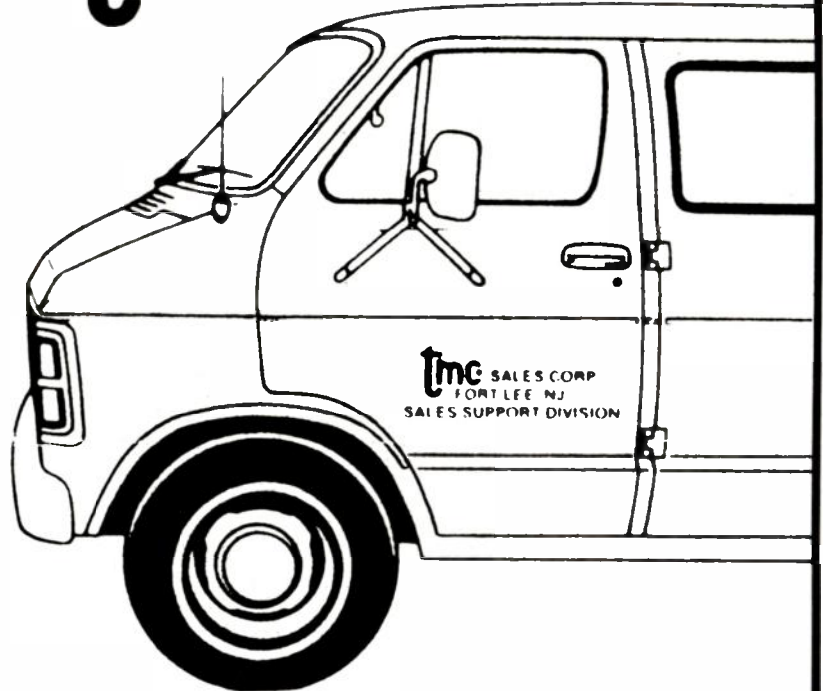
The deposit, Price adds, means

extra paperwork for dealers. And Warner's fees aren't very equitable, he said. Warners charges \$8.25 for blockbusters as well as dogs," he explained. "For all their blockbusters, Warner has another 100 titles that aren't."

**Concluded Price:** "I had my doubts about the program from the start, but I took it on reluctantly because I don't have

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## VIDEO UPDATE

too much to lose, and I have a little bit to gain. And rather than being the one who says it won't succeed, the consumer will say whether it will succeed or not."

Warner's Knize believes the program is succeeding without question. Of the stores that picked up Warner's program, Knize said, "Over 60 percent of their rental business on the first weekend was

in our titles."

Warner corralled more than 100 outlets. "We got some important people, and we didn't get some important people," he said. "A lot of people banded together and decided to resist what we're offering."

"We're not surprised at the fact that people who have gotten used to something are resisting change.

Some reasons were very emotional," he said. "Some may have been good solid business reasons."

**Much of the impetus against the program comes from video-rental franchisors, Knize said. How else could they react "if someone offered a franchise to tell you how to set up and then a supplier says 'we have another way'?" he asked.**

Warner, he said, "is making it easier for anyone to set up a business. We're providing the inventory and central quick delivery."

Knize said one other studio, Paramount, has responded to the growing unauthorized rental market by raising the prices it charges for its cassettes and

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saying that the higher price is its share of the rentals.

"We're very satisfied with the results," Knize said. We're in San Francisco and Denver, Oklahoma, and Louisiana (as of late October). Our plan is to be completely through (in expanding throughout the nation) by March."

When the videodisc market gets large enough — and that's not too far away — Warner will be offering the same service in videodiscs. Knize added.

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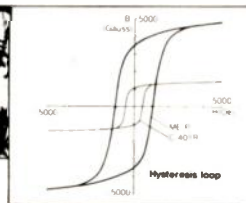
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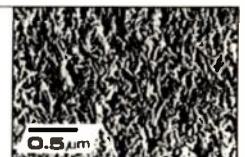
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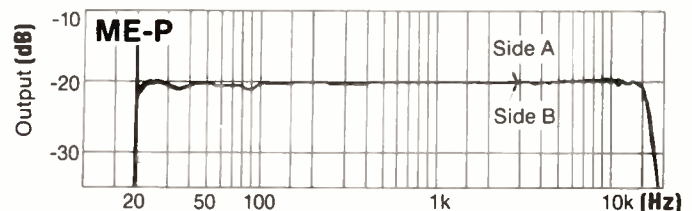


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## Nostalgia Merchant Bows 12 Sci Fi Hits

Nostalgia Merchant has added 12 titles to its classic Sci Fi catalogue, and each cassette contains previews of coming attractions.

Destination: Moon	Stranger From
Invaders From Mars	Venus
Rocketship X-M	
Kronos	Space Patrol —
Flight To Mars	Vols. 1 & 2
Hideous Sun Demon	Tom Corbett —
The Crawling Eye	Space Cadet
Plan 9 From	
Outer Space	Tales Of Tomorrow



## Free Movie Posters

Paramount Home Video offers movie posters to dealers to dress up their windows and walls. Like all other Paramount promotional materials, they are provided free to retailers through their distributors.

## "Julia" Latest Video Gem



Video Gems announced the first release on video cassette of the film, "Julia", starring Sylvia Kristel of "Emmanuele" fame. Suggested retail is \$59.95.



## Maxell Computer Products Increases Disk Line

The computer products division of Maxell has extended floppy disk line with new Double Density-Double Track diskettes in both single and double-sided formats.

These quad density minis have 77 certified tracks; actual densities is 96 tracks per square inch.

Delivery on the new diskettes began last month, and models MD1-DD and MD2-DD carry suggested list prices of \$7.20 and \$10 respectively.

Maxell will use a "Gold Seal" on all its floppy disk boxes to differentiate itself from its competitors, and to highlight Maxell's attention to quality control and high production standards, according to the company.

Maxell supplies a full range of floppy disk products including hard and soft sector disks in 8" and 5 1/4" sizes, and in single and double densities and double track/double densities.

For more information contact Maxell in Moonachie, New Jersey, 201-440-8020.

## SOFTWARE

### This month

1. **THE RAGING BULL**  
*Magnetic Video*
2. **THE BLUE LAGOON**  
*Columbia Pictures*
3. **STIR CRAZY**  
*Columbia Pictures*
4. **THE JAZZ SINGER**  
*Paramount Home Video*
5. **ENDLESS LOVE**  
*MCA*
6. **BUSTIN' LOOSE**  
*MCA*
7. **ORDINARY PEOPLE**  
*Paramount Home Video*
8. **DRESSED TO KILL**  
*Warner Home Video*
9. **NIGHTHAWKS**  
*MCA*
10. **TESS**  
*Columbia Pictures*

# TOP TEN

IN PRERECORDED  
SOFTWARE

### Last Month

1. **THE RAGING BULL**  
*Magnetic Video*
2. **THE JAZZ SINGER**  
*Paramount Home Video*
3. **AIRPLANE**  
*Paramount Home Video*
4. **ORDINARY PEOPLE**  
*Paramount Home Video*
5. **NIGHTHAWKS**  
*MCA*
6. **TESS**  
*Columbia Pictures*
7. **DRESSED TO KILL**  
*Warner Home Video*
8. **BUSTIN' LOOSE**  
*MCA*
9. **ELEPHANT MAN**  
*Paramount Home Video*
10. **ANNIE HALL**  
*Magnetic Video*

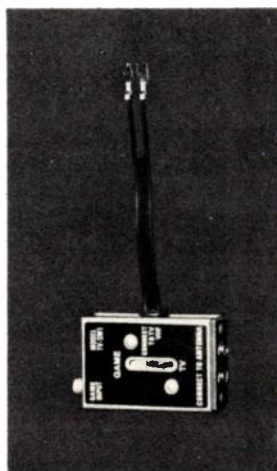
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So maybe you should stock up on Maxell, and see how magnetic a magnetic tape can be.



**IT'S WORTH IT.**

## Sound Guard's Kotowski Speaks On Accessory Market's Future



The Record Preservation Kit from South Guard.

"There is no doubt that some day, the market for present methods of record care and stylus-type phono cartridges will be greatly reduced. But I believe a significant decrease in the market is 10 years or more into the future," says Sound Guard's Joseph Kotowski.

"Accessory manufacturers will have to make a transition and develop accessories appropriate for the digital market."

What sort of record and tape care products are apt to be in demand?

"Everyone seems to think that record sales are declining. Not true. The record industry has

profit problems, but records are being sold in greater numbers every year. Prices for records are rising and more people want to take care of their records.

**"Within the audio industry, we tend to think of tape as a growth area. It is, but tape care is more limited than record care. With tape care, you occasionally have to take care of one machine. With record care, you have to continually care for perhaps hundreds of records."**

Sound Guard plans to continue working to increase the market for traditional record care, while developing accessories for the new digital era.

**THE  
SPY WHO CAME IN  
FROM THE "X"!**

see page 76

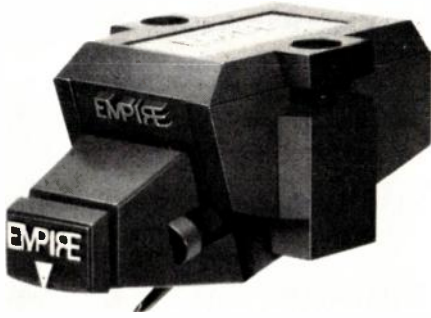
## Pfanstiehl Offers VCR Cleaning Cassettes



Pfanstiehl's Pfantone head cleaning cassettes contain non-abrasive velour tape which safely cleans all VCR heads, rollers, capstans and other tape contact parts in seconds.

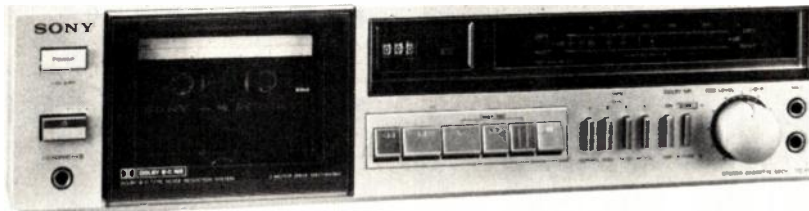
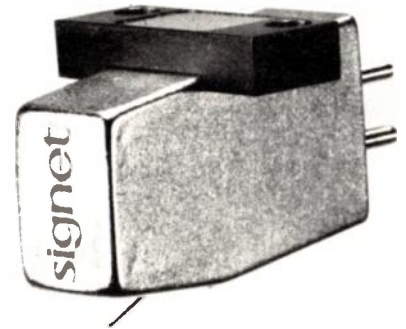
Both the VHS and Beta cassettes are individually shrink-wrapped with a slide-in box and complete, easy-to-follow instructions, and are also available on hang-up blisterpack cards.

## ACCESSORIES



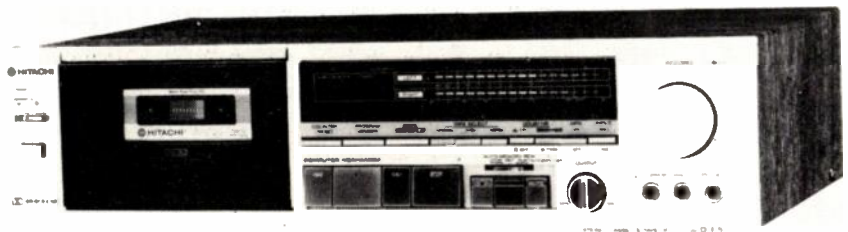
**SIGNET'S FLAGSHIP CARTRIDGE TK100LC** is distinguished by a tapered, tubular ruby cantilever which has high internal stiffness and reduced moving mass. The unit has a Straight Line Contact stylus and features toroidal coils wound with silver wire and carries a suggested retail of \$1200. For more information, contact the Signet Division, A.T.U.S. Inc., 4701 Hudson Drive, Stow, Ohio 44224 (216) 688-9400.

**EMPIRE'S MODEL 800 UFR REFERENCE CARTRIDGE** features an ultra flat frequency response and has a light-tracking, low-mass elliptical stylus. It is designed for a specific market — those people who want or need a known quantity in a cartridge, including studio engineers and audiophiles. The 800 UFR has a suggested list price of \$150. Empire Scientific is located at 1055 Stewart Ave., Garden City, New York 11530 (516) 222-1400.



**SONY'S TC-FX30 CASSETTE DECK** features Dolby C noise reduction technology as well as soft-touch, full-logic controls; two-motor tape drive with DC servo control; fast, 16-segment peak program meters; record-level reference points for tape type; metal tape capability and Sendust and Ferrite (S&F) record/playback head. Suggested retail is \$250. Contact Sony Consumer Products Company, 9 West 57th Street, New York, NY 10019 (212) 371-5800.

**HITACHI'S FIRST CASSETTE DECK** with both Dolby B and C noise reduction circuitry, the D-E57, offers microcomputer controlled feather touch, and electric counter and metal capability. Hitachi's exclusive Scanaplay in the D-E57 programs up to 16 musical selections. The D-E57 carries a suggested retail of \$370. Contact Hitachi Sales Corp. of America at 401 W. Artesia Blvd., Compton, CA 90220 (213) 537-8383.



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## Clarion's Start-From-Scratch Program Yields New Downsized Models

Two years ago, Clarion Corporation of America decided that the most effective statement that could be made in today's competitive car audio market was to start from scratch.

The material result of such a decision is the company's new product line for 1982: 15 new downsized models that will fit into all domestic, European and Japanese cars.

"We needed to take a dramatic step," said Fred Deutsch, vp Marketing and Product Planning. "With our new line, we have a story to tell, we've improved the performance specs and set standards for the industry and we've introduced the features and pricing we need to get the edge in today's market."

Measuring 147 millimeters — or a little under 5 inches—the total depth of the new compact chassis family is smaller than most major competitive "mini" chassis. And, the mini chassis design for Japanese imports is even more minute, at 140 millimeters in total depth.

From October 18 through November 20th, Deutsch and Murray Mursen, Clarion's vice president Retail Division, took the Clarion show on the road. Traveling to 36 cities across the United States, they worked with regional sales managers in order to convince current dealers to take on the new line as well as to add new dealers to their distribution network. But Deutsch insisted that this did not mean a change in distribution policies.

**"Clarion is sticking to its promise made to dealers back in our hey day," he continued. "We believe in controlled distribution in order to avoid damaging price competition. We will continue selective distribution; sales will be increased by an increase in our product line."**

And the results? Deutsch said that even the most critical of Clarion's dealers left the presentations impressed.

"We made it a point to listen — to our dealers, sales organizations



CLARION'S 3100R STEREO CASSETTE receiver features Auto Dx/Lo



THE 3500R GENERATES a 12-watt output (six watts per channel)



Fred Deutsch

and distributors," added the audio executive.

The 15 units are divided into five categories. Models in the 2000 series are designed exclusively for the GM line J-cars and future models. The 3000 series is composed of three compact and two mini chassis. The 5000 series features four compact and two mini chassis. The top-of-the-line Hi-Way Fidelity series includes the 7500R AM/FM stereo cassette receiver and the 9300T AM/FM stereo cassette tuner, with short and compact state-of-the-art chassis.

**The introduction of the new**

**product line also heralded a new pricing structure, one which was designed "to make Clarion more competitive with the well-established, larger product lines," according to the company.**

"Historically, we were priced over the competition," stated Deutsch, "but the new line is in the \$100-\$400 retail range. We set these prices a year ago and we're sticking to them."

Before the new line could be delivered the older inventory was cleared out by means of a Spring promotion (a three year warranty and an Allsop head cleaner were given away with any Clarion purchase), and Deutsch went to work to expand distribution so that "we didn't have to wait til the last minute to get moving."

"This meant that dealers have been running thin since June," he continued, "but we didn't think it was fair to announce the new line and then have to make everyone wait for four months. Now we have enough to satisfy anybody. The entire new line has been available since the end of November, in time to make the Christmas buying season."

# JENSEN

CAR AUDIO

Take a look at the latest from Jensen!

Don't ~~frustrate~~ blow your budget before you see what's new at Booth 605 of the January 7-10 C.E.S.

We know how to make sound move.

When it's the sound that moves you.

## AUTOSOUND

### Guarded Optimism Tone For '82

Next year's outlook for the car audio business is optimistic, tempered with caution about the health of the economy, and the major product trend will be to more features and higher power packed into downsized units, leading manufacturers tell HFTN.

"There seems to be a balance in the market," says Bob Paterson, Panasonic. "Our Supreme series has done extremely well in the mid-price range, finding good product acceptance as a high performance product, and our higher end Cockpit line is doing well at the same time."

He notes "all in the industry are concerned about the status of dealers and distributors during the continuation of high interest rates, but the coming year looks pretty good in view of the national

economic and financial conditions."

New dealers recently added to the Panasonic roster principally audio dealers, plus specialists, reflecting a trend to adding products to counteract lower growth in the audio business.

WCES introductions from Panasonic will include new radios featuring higher power in more compact units and speakers employing new technology. Panasonic also will have a CES dealer promotion.

### Kraco, Audiovox Prepare For WCES

Car audio introductions at the Auto Parts & Accessories show in Chicago which also will be on view at WCES include the Designer series of car stereos and speakers from Kraco and a pair of graphic equalizers from Audiovox.

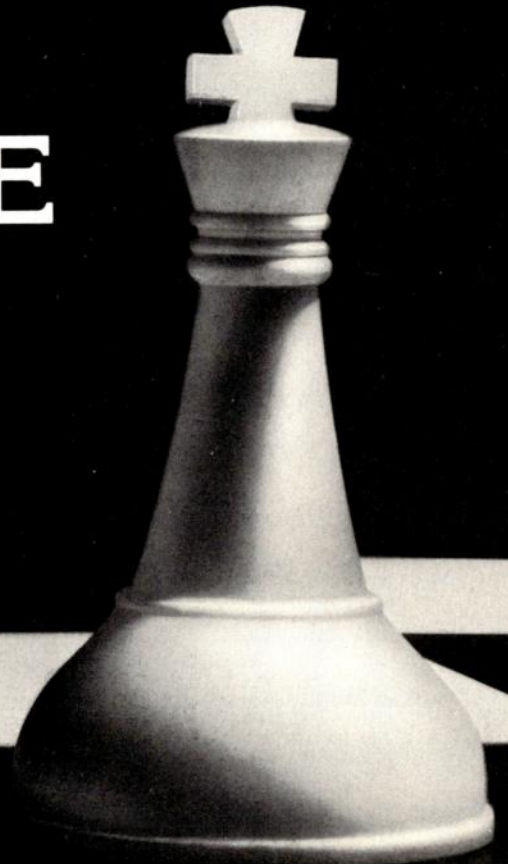
Kraco offers consumers a choice of styling in the Designer series. Speakers have interchangeable plates allowing either a black or a brushed stainless look, and a custom design kit comes with a new AM/FM stereo radio, Model KID-588B, with auto reverse cassette player. Its suggested retail price is \$169.95.

Other new Kraco units are Model KXI-89, an AM/FM stereo radio and cassette player combination intended for imports, compacts, X-body, and Citation model cars, and a graphic equalizer. Featuring auto reverse in the tape section, the radio has a list of \$189.95. In a micro size, the five band equalizer, Model KE-4, has dual five segment LED power indicators and a fader control. Suggested retail is \$79.95.

The new Audiovox equalizers both are seven-band models, one with 100 watts and one with 50. Model AMP-700 offers dual digital LED power level meters, 50-watt

# It's here: THE ULTIMATE GAME PLAN

MOTOROLA By 



## AUTOSOUND

maximum per channel output, built-in fader control, and on/off bypass selector. Model AMP 775 features 25 watts maximum per channel output, built-in fader control, by-pass selector, and sequential dual LED power indicators. Both are suitable for use with all car stereo systems. Audiovox also is re-working its HiComp line for January introduction at WCES.

### NR Circuitry Popular In Aftermarket

Noise reduction circuitry in car audio equipment, growing in importance since the Ford Motor Co. announcement of plans to move some noise reduction from engines to radios in its cars, will be an addition in many new lines. Aftermarket suppliers who have

adopted the National Semiconductor DNR system that is based on its LMI894 chip, include Audiovox, A.R.A. Manufacturing, Autotek, J.I.L., FAS Industries, and Boman. Delco Electronics also chose the DNR system for the Model E2000 electronically tuned radio to be used in the 1982 Cadillac and Buick models.

Audiovox incorporated DNR in its Model HC565 in its Hi-Comp line, a unit scheduled for late fall introduction. Other new units using DNR and appearing on the market this fall are the Motorola brand models from ARA sized to fit the General Motors J-cars, the Concept series car stereo from J.I.L., and Boman's Model CR6060, the top of the line in its Carrora line. The Boman system was shown at Summer CES, and deliveries began recently.

On the schedule for introduction early next year are a high performance series from Autotek built by Beltek in Japan and FAS Industries' Model M1, a high end car stereo system.

The market forecast from National Semiconductor is for DNR noise reduction use to grow from fewer than five per cent of stereo units next year to as high as 15 per cent by 1985.

### Sparkomatic Has L.E.D. Auto Clock



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# The Specialty Record Market Continues To Spin Forward

The specialty disc market in the United States is a healthy one, say those involved in the manufacturing and importing of high end audio software. Industry spokespeople cited improved hardware, greater selection and narrowing gaps in price between analog and specialty discs as factors behind the transformation of the specialty disc from an

audiophile's demo piece to an attractive investment picture for the dealer.

Besides the thirty-odd companies now in the audiophile disc field, CBS Records/Group and dbx have each introduced encoded software and the requisite decoding equipment — events which have had both positive and negative effects on

the market and which have already stirred up considerable controversy.

As well, several companies have introduced products which they claim represent advancements in the basic technologies, while others are developing high fidelity audio/video software as one way of dealing with the impending digital revolution.

## AUDIOSOURCE

Bruce Hamilton, sales administrator for AudioSource, a specialty record importer and distributor with its own label, expects a continued increase in sales due to a widening selection and the rise in cost of regular analog records.

**"The gap is narrowing," he said. "The cost of analog records is rising, but price points for specialty records will remain steady."**

According to Hamilton, AudioSource is not "wedded to any particular technology. We feel the future looks good for digital, direct-to-disc and high quality analog recordings.

## dbx

According to Jerome Ruzicka, vp sales and marketing at dbx, Inc., dbx-encoded discs and cassettes are not in competition with the rest of the specialty disc market.

**"We augment or complement what they do," he said. "our process makes possible a 50 percent improvement in dynamics, so several audiophile labels have chosen to work with us. For example, Nautilus has 21 recordings on dbx."**

Ruzicka predicted a long and healthy life for dbx-encoded software over the next 5 to 10 years, because it offers a viable

alternative to the digital disc. Furthermore, it is the optimum format for a smooth transition from analog to digital, he believes.

"dbx recordings raise the sonic quality of analog to that of digital," he continued. "There will be no improvement when digital finally hits, and in the meantime we can go after the growing number of people who want that quality of sound now," he added.

dbx is well within reach of its goal of 200 titles by the end of 1981 (currently there are 180 titles available on 40 different labels). Cassette decks by major electronics manufacturers having a



**JEROME RUZICKA**  
vp marketing  
sales, dbx

dbx decoding feature for tape and which decodes the records includes TEAC, Kenwood, Yamaha and Onkyo.

Although dbx elected to go after the independent record labels first — since they would respond more quickly to innovation and are more "audiophile" oriented — Ruzicka reported that the company has recently signed a deal with A & M Records, which gives dbx access to world-renowned pop artists such as Supertramp and Cat Stevens.

**Ruzicka remains undaunted by the approach of digital technology. "The key to being successful is to create business strategies to adapt to the coming digital revolution. The prevailing paranoia is uncalled for. Analog technology is firmly entrenched world-wide; digital is at least 10 years away."**

He was equally confident of overcoming the challenge CX represents to dbx's noise reduction system.

"The key purported advantage of CX is compatibility," he said., "and I don't think they've been successful with it. Furthermore, they've had to trade off nearly 20 db in order to do so. Compatibility has never been a claim of dbx's because it's impossible to combine it with the level of quality in noise reduction we have achieved."

## PRODUCT TRENDS

### MOBILE FIDELITY

"While I would not care to estimate the degree and dimensions of the market in the future," said Mobile Fidelity president Herb Belkin, "we will continue to focus on limited editions; we're not looking for a mass market appeal."

In Belkin's view, the specialty disc market is not impervious to inflationary pressures, and any purported advantage gained by the anticipated rise in analog prices will be short-lived.

**"We will suffer the same incursions of cost," he said, "and the rigorous quality control we must use is another factor which keeps our prices higher. I don't think the increases will be as**

**dramatic, but specialty discs will always be relatively more expensive."**

Mobile Fidelity is researching high-end audio/video recordings, and has been involved in promoting its audiophile cassette line since last January.

### NAUTILUS

Titles are attracting the first-time buyer to the Nautilus label, according to Steve Krauss, president. This month's simultaneous release of the new Police album "Ghost In The Machine" as both a Superdisc and analog product promises to strengthen this buying trend, he added.

"This is a 'first' for the specialty

record industry," he said. "The broader the catalogue, the more chance you have of interesting someone. Since specialty discs exist side-by-side with analog recordings in many record shops, its appeal is no longer limited to the hobbyists. We're starting to appeal to the 25-34 year-old male who is musically rather than equipment oriented."

**There are also more women, older and blue-collar buyers than ever before, who see a \$15 to \$17 specialty disc as a perfect gift, even when it is a replacement album, said Krauss.**

He agreed that the decreasing gap in the prices between analog and specialty recordings is contributing to the growth of his

*Continued on next page*

## CBS, Phase Linear Confident About CX

### CBS RECORDS

"No new idea is ever introduced without someone saying 'I don't like it,'" said Robert Altshuler, vice president of Public Information at CBS Records/Group.

He was speaking of the mixed reviews CBS's CX system has received since its debut earlier this year.

"We are moving ahead with the system," he continued. "No one has questioned that it's a noise reduction system that works; it provides an increase of 15 to 20 db."

According to Altshuler, RCA and other major record companies have endorsed the CX system. By "endorsed" he meant they are encouraging their artists and producers to CX-encode new releases.

**However, CBS's claim of compatibility has been contested, though Altshuler insisted that the only audible difference is one of volume, which can be easily adjusted.**

"In extensive market research tests, consumers at large were not aware of any marked difference between an analog disc and a CX-encoded record played without the decoder," he continued. "I don't doubt super engineers with super

ears can detect a change, but that's why they're engineers."

Another advantage of the CX system is that encoded records do not cost any more than regular discs and the decoder itself is priced at around \$100, claims CBS.

**So far CBS has released 15 titles, and Altshuler predicted that in the first quarter of 1982 the catalogue will include 50 titles, representing all genres of music.**

Furthermore, six US companies have signed up to manufacture the decoder, which is now being delivered to dealers: Phase Linear, Audio International, Audionics, Sound Concepts, MXR and Superscope Marantz.



CX is also crossing the line into video. RCA has recently licensed CBS's noise reduction system for the stereo version of RCA's CED VideoDisc system which is scheduled for introduction next year. (Stereo discs to be produced for the RCA system will be fully compatible with the monophonic CED player models introduced earlier in 1981).

### PHASE LINEAR

Ed Hart, president of Phase Linear, one of the six US firms now manufacturing the CX decoder, calls his support of the system a "purely objective posture".

"We've been in the business a long time," he continued. "Our fortune will not be dictated to by the success or failure of CX."

**In Hart's opinion, any negative attitudes towards CX are "quite frankly, a case of sour grapes on the part of the 'golden ear' audiophile community."**

"Many of the artists who allegedly are unwilling to record on CX because of what they claim is a substandard performance without the decoder, are the very same artists who have many analog records out now, which are being sold at comparable prices to CX encoded discs," he explained.

**The audio industry executive stated that CX was never intended to replace the specialty disc; rather, it would help that industry by making more people aware of better sound.**

"CX revitalizes the whole disc business and improves the hardware. Without the decoder the record sounds just fine. With it, it sounds as if you're at a concert," he said.

Continued from page 73

market. With this, the simultaneous release of artists in both forms should push more consumers to buying better versions.

Krauss pointed to a frustrating history of trying to convince the major record labels of the viability of the specialty disc, but is now confident that Nautilus is capable of grabbing a greater share of the market and fending off the challenge digital presents to his industry.

"We're investigating hi fi video software, and the digital disc and video markets. Our industry will



become the first to offer prime licensing agreements for high quality digital audio and video software, but it will be at least 4 or 5 years before the actual volume will warrant the major labels going into our distribution. And by that time, we'll have something different."

**REALTIME**

The future of the specialty disc market is direct-to-digital, says Ralph Jungheim, director of marketing at RealTime Records, and his company will be ready for it.

**"Anyone not doing it will be out," he stated. "Right now, we're recording digitally on tape, and when digital hardware is introduced, we can reuse these master tapes and produce the appropriate software."**

He also drew a distinction between the half-speed remastered market and the digital



and direct-to-disc markets.

"Direct-to-disc and direct-to-digital appeal to the older, more sophisticated consumer, the true audiophile," he explained, "while the half-speed mastered purchaser is more often the 18-34 year-old male."

RealTime's catalogue contains 25 titles, (14 digital and 11 direct-to-disc) with an emphasis on jazz recordings.

"The market is flooded by too much product, and by that I mean too many half-speed mastered classical recordings. We are in an area of real opportunity with jazz recordings, and we expect to sell an enormous quantity."

**The audiophile disc market is vulnerable to bad recordings that are overpriced, concluded Jungheim.**

"we've got a very discriminating market, one which demands recordings that are terrific musically and sonically. The digital standard will eliminate stereo the same way mono was eliminated over a decade ago."

**SHEFFIELD LABS**

Andrew Teton, marketing director for Sheffield Labs, Inc., claims that direct-to-disc is the only format that will survive the eighties.

"We feel there is nothing else to equal it," he asserted. "We spend 13 years in developing our own recording equipment, and we still are working to improve the technology. Having something recorded live gives it a special, extra ingredient."

Sheffield has just released a "high energy" rock 'n roll album by Tower of Power—the first time

a specialty disc company has obtained a direct-to-disc recording of a major musical group, he says.

**But Teton predicts an eventual "topping out" of the specialty disc market.**

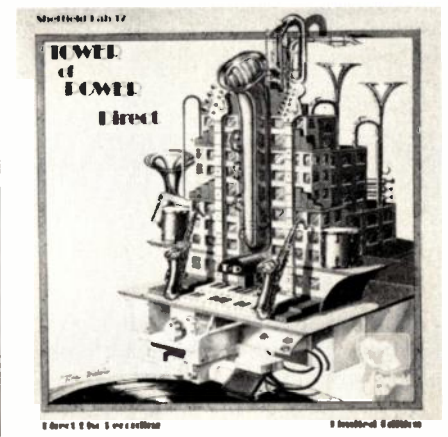
"To begin with, there's a lot of confusion brought about by the introduction of the dbx and CX systems, both of which require special hardware to decode the information," he explained. "Also, the market for esoteric audio software has a maximum threshold because it costs more. There's always going to be plenty of people who will remain unconcerned with the difference in quality."

**Teton is fearful the larger recording companies' experiments in manufacturing and marketing specialty discs might damage the reputation specialty discs have a whole.**

"If the public gets a bad taste in its mouth for whatever reason, it won't hurt CBS much but it will make a real dent in our sales. The question: is whether or not the large corporations would do it with the same amount of care as a smaller company who only does master recordings."

Sheffield plans to stick with the direct-to-disc format "because even the best tape can't match its quality. Only 10 to 15 percent of the buying public knows that direct-to-disc is the best, but they are convinced of its superiority."

"For an investment of \$1 per record, the larger companies could offer a dramatic improvement in quality. This would hurt the remastered business, not us, because they're dealing with the flaws inherent in the original tapes."



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Due to a printer's error, the following companies were accidentally omitted from the September HFTN Sound Industry Directory issue. We apologize to these companies, and ask that you save this section along with the September issue for a complete 1982 S.I.D.

## ACCULAB

8116 Deering Ave.  
Canoga Park, CA 91304  
Phone: (213) 883-0116  
Telex: 181062

President: Robert Rehorst  
Executive Vice President: Ron Toews  
Doug Blackburn  
Bernie Bottum  
Edward Duggan  
Marty Kari  
G. T. Thalberg

### Products:

Speakers, consumer audio products

### Brand names:

RTR, Acculab, Synergistics, CPA

### Representatives:

Contact company directly.

## ACOUSTIC CONTROL CORP.

7949 Woodley Ave.  
Van Nuys, CA 91406  
Phone: (213) 997-6631  
Telex: 651495 Acoustic Van

President: Steven Marks  
Natl. Sales Dir.: John Mark  
Natl. Sales Mgr.: Roger Smith

### Products:

Loudspeakers

### Brand names:

Acoustic

### Representatives:

Contact company directly.

## ACOUSTIC RESEARCH, (TELEDYNE)

10 American Dr.  
Norwood, MA 02062  
Phone: (617) 769-4200

President: Ron Fone  
Marketing Director: Rick Sands  
East/Central Reg. Mgr.: Ron  
Falkenstein  
Sp. Mkt. Mgr.: Dan McGrath

### Products:

Acoustic suspension loudspeakers

### Brand names:

AR

### Representatives:

Contact directly.

## ACTIVISION, INC.

3255-2 Scott Blvd.  
Santa Clara, CA 95051  
Phone: (408) 727-7770

President: James H. Levy  
Nat'l Sales Mgr.: Clifton E. Crowder  
Sr. Designer: Alan Miller  
Sr. Designer: David Crane  
Sr. Designer: Robert Whitehead  
Sr. Designer: Larry Kaplan  
Vp Mktg: Tom Pomeroy  
VP OPS: Allan Epstein  
VP Finance: Thomas Hamilton

### Products:

Electronic Video Game Cartridges

### Brand names:

Activision

### Representatives:

Contact company directly.

## ADAPT-A-SOUND (Also see "East Coast Enterprises")

P.O. Box 630644  
Miami, FL 33163  
Phone: (305) 920-5775

President: Michael Cinquino  
Mktg. Dir.: Richard First

### Products:

Car speaker adapters, autosound  
accessories

### Brand names:

Adapt-A-Sound

### Representatives:

**SOUTHERN CAL:** Direct Sales,  
18241 Andrea Circle N., #1,  
Northridge, Ca. 91325, (213) 993-  
4878; **TX, OK, ARK, LA:** Romero  
Surlow Sales, PO Box 1570, Plano,  
Tx. 75074, (214) 422-7176; **OHIO,  
AND KY, WESTERN PA, WEST  
VA:** Marketdynamics Sales Co., 9407  
Kenwood Rd., Cincinnati, Oh. 45242,  
(513) 791-7773; **ENTIRE  
SOUTHEAST:** Ron Schneid & Assoc.,  
130 Top Soil Trail, Newport Richie,  
Fla. 33552, (813) 848-6821; **MO.,  
SOUTHERN ILL., KANSAS, NEB.,  
IOWA:** Bazdanch, Flesher Assoc.,  
4638 Nichols Pkwy. #223, Kansas  
City, Mo. 64112, (816) 561-2900

## ADCOM

9 Jules Ln.,  
New Brunswick, NJ 08901  
Phone: (201) 828-8590

President: Newton A. Chanin  
VP: Alec Chanin  
Sales Admin.: Jay Grossman  
Marketing Dir.: Robert Ain  
Western Region Sales Mgr.: Richard  
McConser

### Products:

Phone cartridges, amplifiers,  
preamplifiers, tuner, switchers,  
loudspeakers, Hapi-2 preamplifier (kit  
and wired)

### Brand names:

Adcom, Braun, Hegeman

### Representatives:

Contact company directly.

## AUDIO ELECTRONICS SYSTEMS, INC.

101 N. Park Street  
East Orange, NJ 07017  
(201) 678-0900

President: William Hecht  
VP/Gen Mgr: Sidney J. Siegel

### Products:

Speakers

### Brands:

Audio Electronics Systems, Inc.

### Representatives:

Contact company directly.

## KEF ELECTRONICS LTD

Box 17414  
Dulles Int. Airport  
Washington, DC 20041  
Mktg. Dir.: Robert Cox  
U.S. Nat'l Sales Mgr., Fred Yando

### Products:

Speakers, drive Units

## KOSS CORPORATION

4129 N Port Washington Avenue  
Milwaukee, WI 53212  
Phone: (414) 964-5000

Chmn & CEO: John C. Koss  
Pres & COO: James Dodson

Natl Accts Mgr: Ken Walker  
 VP Mktg: Robt Bukowsky  
 Prod Mgr: Mike Ziarnik  
 Product Mgr: Michael Koss  
 VP Sales: James Johnston

**Products:**  
 Stereophones, loudspeakers, digital  
 ambience processors

**Brands:**  
 Koss

**Representatives:**  
 Contact VP Sales

**NIKKO ELECTRIC CORP.**  
 320 Oser Ave.  
 Hauppauge, NY 11187  
 Phone: (516) 231-8181  
 President: Tak Shindo

**Product:**  
 Stereo receivers, amplifiers,  
 preamplifiers, tuners, equalizers,  
 time delay units, cassette decks,  
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 (Blaupunkt Home Entertainment  
 Products) 15675 N.W. 15th Ave.  
 Sunshine State Industrial Park  
 Miami, FL 33169

President: Norman Malk  
 Nat'l Sales Mgr.: Al Morico


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 425 Sherman Avenue  
 Palo Alto CA 94306

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 Pompano Beach, FL 33060

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VP Mktg. & Sales: Barry Goldman

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## Onkyo Unveils High-End Components; New Limited-Edition Models



Onkyo has introduced a new series of high-end components, ranging from a stereo cassette deck that offers both Dolby B and Dolby C to a limited edition amplifier and a limited edition preamp.

The new cassette deck, the TA-2070, whose suggested retail is \$699.95, has a dual capstan, three-

motor tape transport system, a three-head system, and an Accubias system that remembers the optimum bias for a tape.

The new P-3090 preamp, whose suggested retail is \$1249.95, uses a radically simplified circuit configuration in which only two amplifier circuits are used. By turning a switch, it will accept

either a moving-coil or moving-magnet cartridge.

Both the preamp and amplifier utilize refined versions of Dual Super Servo circuitry to eliminate DC and extra low frequency distortion in signal and ground lines.

The M-5090 amplifier (suggested retail \$1799.95) generates 200 watts per channel, from 20 Hz. to 20 kHz., with 0.01% THD.

Onkyo's new quartz-synthesized digital tuner, the T-9060, provides selection of both normal or IF band widths. Up to seven FM stations can be preset. It also has automatic tuning. Suggested retail is \$489.95.

Onkyo is also offering two new turntables: the CP-1028R direct-drive fully automatic (suggested retail \$259.95) and the CP-1017A, a direct-drive with straight-line static-balanced tonearm. Suggested retail is \$159.95.

## Sony After Emerging Consumers With Eight Special Products



Sony is adding eight new products that it says will meet new consumer demands.

Two new compact cassette deck receivers, the XO-7 and XO-5, offer technology equated with Sony's separate components line. They have feather-touch controls, automatic tape selection, and automatic record-level control. They also have Dolby noise

reduction.

The company is also offering Dolby C noise reduction systems at lower price points. The TC-FX20 and TC-FX30 retail at \$210 and \$250, respectively. Both also feature metal-tape capability, soft-touch controls, and two-motor tape drive with DC servo control.

In its Music Lab line, Sony is adding two new component

systems, bringing to six the total number of Music Lab systems. Both are assembled around a separate tuner and amplifier. The F-600 and F-400 are for consumers who want excellence without the bother of assembling components themselves, Sony says.

A new hybrid graphic equalizer, the SEH-310, combines a graphic equalizer, an echo-reverb system, a stereo image enhancer, and microphone mixing capability.

The SEH-310 is cosmetically compatible with the rest of the Sony high fidelity line.

The company's new SA-55 active loudspeaker system consists of two compact stereo speakers with a built-in matched amplifier. It extends the usefulness of other components. For example, when added to a tuner, the tuner becomes an independent radio of high quality. Together, they weigh less than 10 pounds.



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**T**he "ideal" home loudspeaker system would possess the following stereo imaging characteristics:

**A sound field wider than the space between the speakers;**

**Clear localization from almost any listening position;**

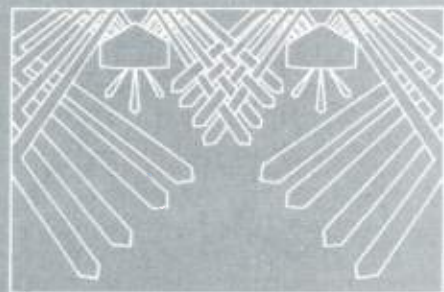
**Elimination of enclosures or drivers as point sources;**

**Stable center imaging with natural transparency and depth.**

A few speakers can meet one or two of these requirements. But no conventional design will ever be able to satisfy them all. That's why we abandoned traditional design philosophy in developing our 901 Direct/Reflecting® Loudspeaker System.

Each 901 speaker contains nine full-range drivers mounted in a proprietary multi-directional array. Sound energy is focused and reflected in a complex 3-dimensional pattern that virtually eliminates the imaging restrictions imposed by conventional speaker designs. The result is an astonishingly wide and spacious stereo presentation, without the need for special seating arrangements or signal processing.

Bose 901 Direct/Reflecting® Loudspeakers. The ultimate speaker investment, regardless of size or price.

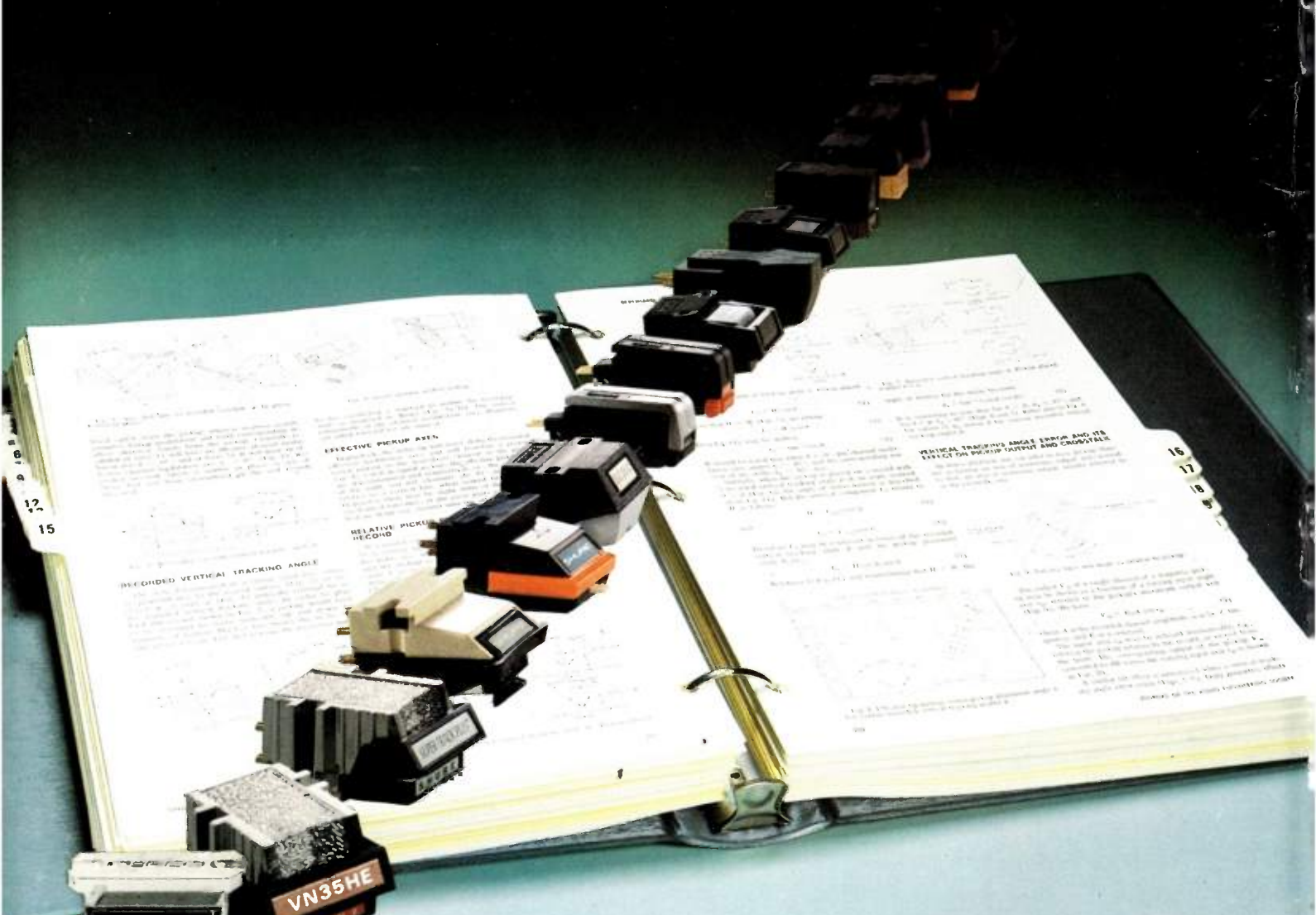


Bose has prepared a technical booklet on the unique engineering concepts incorporated into the 901 Direct/Reflecting® Loudspeaker System. For a free copy, contact your authorized Bose sales representative or write Bose Corporation, The Mountain, Framingham, Massachusetts 01701.

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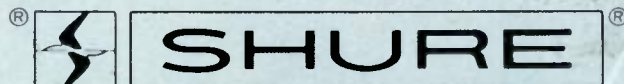
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No manufacturer in the world knows more about phono cartridge design than Shure. Shure engineers have published over 30 landmark articles on every aspect of pickups and styli in such prestigious publications as the Audio Engineering Society Journal, Electronic World, Audio Magazine, and Electronics Magazine. These have covered the development of such innovations as the first truly high fidelity, low mass stereo cartridge; the first cartridge with a moving magnet design; the first incorporation of the bearing in the replaceable stylus assembly; and so on, right up to today's Dynamic Stabilizer/destaticizer, SIDE-GUARD stylus protection system and the Hyperelliptical stylus tip. In short, our research has led to practically every major development in phono cartridge design.

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