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MANUFACTURERS SEE LITTLE IMPACT ON THEIR SALES

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Manufacturers of home videotaping equipment said that yesterday's Supreme Court decision on home video, though a great victory, would have little impact on sales, which have been booming unhindered by uncertainty over the case.

The Electronic Industries Association estimates that 4.2 million video cassette recorders were sold to retailers in 1983, more than twice the 2 million units sold in 1982. Sales of blank tapes used mainly for recording programs off the air climbed to 57 million units in 1983, from 24.7 million in 1982.

The video cassette recorders, with prices ranging from \$350 to \$1,400, are made by Japanese companies such as Sony, Hitachi and Matsushita, which is known by its Panasonic and Quasar brands. Some American companies, such as RCA, Zenith, General Electric and Sears, sell Japanese machines under their own names. Blank tapes, which have prices ranging from \$7 to \$15, are made by the 3M Corporation, TDK, Maxell, Fuji and Sony, among others.

Warnings to Consumers

Since the 1981 appeals court decision that found home taping to be a copyright infringement, manufacturers of video cassette recorders have been including statements in product manuals and advertisements telling consumers that taping of television programs might be a copyright infringement. But the warnings were often not seen by consumers until they took the product home and opened it.

"It wasn't like the cigarette pack warning," said a spokesman for the General Electric Company's video products division.

"I don't think it had any effect at all," said Arthur Morowitz, president of the Video Shack chain of tape sale and rental stores in New York. He said the Supreme Court ruling might increase sales, but not because it cleared up the legal uncertainties. Instead, he said, the ruling will generate a slew of publicity about the recorders.

Manufacturers of home taping equipment said the real significance of yesterday's ruling was that it makes it less likely that royalty charges will be levied on the sale of the recorders and blank video tapes. Those royalties, which could have slowed sales of video equipment, were proposed by movie studios and other program producers after the 1981 appeals court decision as a way of compensating them for their material that was taped off the air.

A 'Tidbit' for Hollywood

Some video retailers said they feared that Congress, in reaction to the Supreme Court ruling, might pass legislation restricting the ability of stores to rent pre-recorded video cassettes.

"I'm concerned that somebody might decide to throw Hollywood a tidbit after this," said Peter Conti, general manager of The Video Place, a chain of videotape and hardware stores in the Washington, D.C., area.

Ironically, Sony, the defendant in the case, might not benefit that much from the Supreme Court decision. A far greater threat to Sony than the lawsuit, analysts said, is the loss of market share of its Beta format video cassette recorders to the competing VHS format. That loss of market share accounted in part for Sony's depressed earnings in 1983.

Roughly 65 to 75 percent of the video cassette recorders that are sold use the VHS format, which stands for video home system. Machines using one format cannot play tapes made for the other format.

Sony has tried to shore up its machines by introducing new features such as high fidelity sound, but as more people buy VHS machines, the market momentum continues to shift to that format.

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