
News and Views of the Industry

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COLECO UNVEILS THREE VIDEO GAME HARDWARE UNITS AS 80TH TOY FAIR OPENS

As the 80th annual American Toy Fair opens in New York City, Coleco, Hartford, CT, is making its presence known with three video game hardware introductions. At the high end, the company unveils the third add-on module for ColecoVision. The Super Game unit, expected to be available in summer for approximately \$125, is described as a fourth-generation game component which "replicates all the sophistication and playability of true arcade games," according to Mike Katz, vice president. Specially developed Super Game wafers, each containing more than one million bits of information, are inserted into the module like a cartridge to provide game information. Two games, Super Donkey Kong and Super Gorf, will be packaged with the unit. Coleco is also positioning itself to capitalize on its success in producing cartridges for the Atari VCS with introduction of Gemini, a console which will play all VCS-compatible cartridges. "We thought it only natural that we offer a hardware unit at a low price point to let people who would not spend more than \$100 enjoy a game system," states Katz, adding that with Gemini Coleco is reaching for "a part of the video game market which was previously not there." Special features of Gemini include game controllers which contain both joystick and paddle controls. The system will be available in early spring. Coleco's third hardware introduction is a voice and sound module, Gemini Sound I, suggested retail \$70, which fits the Atari VCS, Sears Video Arcade or Gemini game consoles. The company is developing a line of game cartridges and voice cassettes for the unit, the first of which, Berenstain Bears, a play and learn cartridge, is to be packaged with the unit. "Our initial offerings for Gemini Sound I will stress the educational/entertainment value of the software" and will be designed for the younger segment of the video game market, according to Katz.

ATARI MOVES UP IN CONSUMER AWARENESS, STUDY SAYS

Atari gained more consumer advertising awareness than any other company in the home electronics business following its pre-Christmas ad campaign, reports Advertising Age in its just-released ad Watch survey conducted jointly with SRI Research Center. The Sunnyvale firm, which has led the home electronics category since ad Watch began eight months ago, jumped 6.6 points to 26.2 percent of all responses and also moved into the overall top 10 among all categories measured, taking the No. 2 spot behind Coca Cola. Other leaders in the home electronics category are Apple Computer in the No. 2 spot; Mattel Intellivision, which dropped to third place from second, and Radio Shack, which fell from third to fourth place.

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CBS/AMERICAN BELL VIDEOTEX TEST ENTERS SECOND PHASE

The start of the second phase of the joint CBS, New York, American Bell Consumer Products, Parsippany, NJ, videotex field test involves a group of 100 new homes in Ridgewood, NJ. Previously tested in the affluent New York suburb from September through December 1982, the service now adds a variety of home banking services. In the first phase of the experiment, usage was above expectations, with the most used single "page" the weather. "Those services originally created for videotex--especially edited news, personalized computer services and transaction services such as home shopping--are the most popular with consumers," says Harry Smith, vice president, New Venture Development, CBS. The second and last phase of the experiment will conclude in April, and answer questions regarding product design, market timing and revenue flow, Smith adds. The first 5,000 homes to pay for the final version will be located in three southern Florida counties. Start-up is set for the third quarter.

MURA/TECHNICOM MERGER BRINGS TRIPLED RESEARCH FUNDS

A tripled 1983 research budget, to \$1.5 million, and expanded product introductions are first results of the merger between Mura Corp., Westbury, NY, and Technicom International, says Morton E. David, Mura chairman. "Retailers also will see an immediate increase in market-support programs of co-op advertising, in-store displays and literature," David adds. He explains that Mura's growth over the past three years, from total sales of \$5 million in 1979 to more than \$36 million in 1982, required additional financial resources. "We merged with Technicom, a diversified telecommunications company that is 60 percent owned by TIE/Communications," David notes, "because their objectives match ours: to expand Mura's position as a marketer of innovative consumer electronics products." Mura is to operate as a separate company with brand independence and no changes in retailer, rep or distributor agreements. It is introducing its first computer accessory, the MM-100 non-acoustic mini-modem, and plans to have 15 models in its telephone line by April, expanding to 30 by year end.

OSBORNE TO DISTRIBUTE INFOCOM GAME PROGRAMS

Osborne Computer Corp., Hayward, CA will distribute the full line of entertainment software from Infocom, Cambridge, MA, the firms announce jointly. The agreement adds the five current Infocom games to the approved software list for the 400-plus Osborne dealers in North America. Describing the games as "interactive prose adventures," Joel M. Berez, Infocom president, notes the Interlogic series of games all have a "programming system that enables players to communicate with the games' environment in natural English, not standard two-word commands." Titles in the Interlogic series are a Zork trilogy with a subterranean fantasy theme; Deadline, a mystery/adventure; and Starcross, with a science fiction theme.

BES WORKING ON WIRELESS SPEAKERS

Howard Wax, national sales manager of BES, Costa Mesa, CA, reveals that his company is working on self-powered wireless speakers. Although they are a year or two away, he predicts that all speakers will be wireless in five or ten years. "People don't want all those wires. And they could carry the speakers from room to room," he says. "Speaker makers have not created an impact with new technology. Dealers aren't selling new technology in speakers; there are just circles of different sizes in boxes." BES could add a subwoofer to its line of panel speakers, Wax adds, but that will not happen this year.

PROJECTION TV GAINS IN REVERSE OF 1982 SALES TREND

Projection television systems reversed last year's lagging sales trend with a 61.3 percent gain in sales to dealers during week three, and are up for the year thus far by 55.6 percent, reports the EIA/CEG marketing services department. VCRs led sales gains for the week, color cameras dipped slightly and sales were off for monochrome sets.

	<u>Week 3</u>	<u>1982</u>	<u>% Change</u>	<u>Year to date</u>	<u>1982</u>	<u>% Change</u>
color TV	244,910	227,159	+ 7.8	593,628	513,358	+ 15.6
monochrome	104,675	138,531	- 24.4	223,635	243,078	- 8.0
total TV	349,585	365,690	- 4.4	817,263	756,436	+ 8.0
projection TV	3,293	2,041	+ 61.3	7,747	4,977	+ 55.6
VCRs	56,111	31,493	+ 78.2	146,162	72,370	+ 102.0
color cameras	6,005	6,050	- 0.7	16,105	12,536	+ 28.5

INITIAL 'OFFICER' ORDERS TOP PREVIOUS LOW-PRICE RELEASE

Initial orders of 79,793 An Officer and a Gentleman videocassettes are 16 percent higher than the opening order for Paramount's previous low-priced title of Star Trek II: The Wrath of Khan, states Richard B. Childs, Paramount Home Video vice president. Priced at \$39.95 for VHS and \$29.95 for Beta, Officer had only three weeks of pre-sale activity vs. two months for Star Trek, Childs notes. Delivery of Officer to distributors is set for Feb. 9 to allow the romantic hit to reach stores for Valentine's Day. Dealers are receiving pre-packs with p-o-p materials, including window banners, a poster, mobile/cassette boxes, picture inserts for lightbox displays, selling sheets and ad slicks. Childs predicts Officer may top Star Trek in sales, "reaffirming our contention that consumers will purchase home video if the price is right."

AMIGA INTROS 3D GAME, SKATEBOARD-LIKE CONTROLLER FOR VCS

A new entry into the Atari VCS-compatible software/accessories field, Amiga Corp., Santa Clara, CA, has announced several innovative products. The Power plug-in memory expansion module, with an added 6K of RAM, works with any standard audio cassette player. The two cassettes that the \$44.95 retail item comes with include 3D Ghost Attack (3D glasses included) and Depth Charge, said to be the first machine-interactive video game. When two Power modules are interfaced via individual modems, they can "talk" to each other. For instance, one player can be the submarine commander, another the destroyer captain, each with their own display and set of commands. Power-Play games are \$9.95. Another innovative product, president Dave Morse, formerly Tonka Toys vice president of marketing and sales, tells LTE REPORTS, is a Joyboard that functions as a controller which the user stands on. It will come with Skiing software (\$39 tape, \$49 cartridge). A surfing game will also be available. Additional products, Morse adds, will include the ProStick, a \$10 retail "precise controller." Among the other Tonka veterans at Amiga are Don Resinger, director of marketing and former Tonka senior product manager, and Gary McCoy, vice president of sales and former Tonka national sales manager. Also on the team are some former Atari engineers, Morse adds.

PENNEY'S RE-MERCHANDISING MAY ENHANCE ELECTRONICS

The sweeping \$1 billion re-merchandising program announced by J.C. Penney Co., New York, may enhance emphasis on leisure electronics products, a company spokesman tells LTE REPORTS. The nation's third-largest retailer of general merchandise plans to drop some lines of hard goods and its automotive centers in a five-year program to increase the sales of apparel, leisure lines and domestic home furnishings. In addition, after the first half of this year, product service centers are to be transferred to RCA and General Electric. "The changes can only enhance the importance of leisure products such as TV, audio, VCRs and similar products, although the focus is on apparel," says Duncan Muri, company spokesman, adding "there might be some increase in square footage for leisure electronic products." Chairman Donald V. Siebert says the company will modernize 435 medium and large stores "to bring merchandise offerings in line with consumer buying patterns in regional shopping centers where virtually all of the stores are located." He says the shift in emphasis already is successfully in effect at 42 stores. In addition to the larger outlets, Penney's also operates about 1,100 smaller stores.

MTI SIGNS TWO LICENSE AGREEMENTS FOR VIDEO GAME CHARACTERS

Magnetic Tape International, Gardena, CA signs two licensing agreements for characters to be incorporated in video and computer games. One is with the Tribune Co. Syndicate of Chicago for the characters in the Conrad the Frog cartoon strip created by Bill Schorr that is syndicated in more than 100 newspapers. Compatible with the Atari 2600 and 400/800 computers and the VIC-20, the Conrad games are to be available in June under MTI's ZiMag label. The second agreement covers the Puggles characters created by Anthony A. Barber of Australia and produced by the California Stuffed Toy Co. Also under the ZiMag label, the Puggles games will be for the Atari 2600/5200 and 400/800 units and the VIC-20.

'STAR WARS' HEADS LASERDISC BEST SELLERS IN 1982

The best-selling laser videodisc title in calendar 1982 was Star Wars from CBS/Fox, according to a survey by Pioneer Video, Montvale, NJ. Close Encounters of the Third Kind from Columbia Pictures placed second in sales. In third place was Elephant Parts from Pioneer Artists, which also produced three other discs in the top 10--The Music of Melissa Manchester, seventh; Kenny Loggins Alive, eighth; and America Live in Central Park, tenth. Placing fourth was MCA Videodisc's Olivia: Physical. The fifth and sixth best-selling titles were from Paramount, Star Trek II and Dragon-slayer, and the ninth was On Golden Pond from CBS/Fox. Pioneer states increased disc production from its Carson, CA and Kofu, Japan plants is adding about 25 new titles monthly to its library, plus about three new Pioneer Artists musical titles.

IN CONFIDENCE

Advertising and public relations manager with over 15 years agency experience seeks public relations, promotion or marketing position on East or West Coast....Video merchandising manager for national retail chain with six years experience is looking for a merchandising or marketing position in leisure electronics, location open.... Audio national sales manager on the East Coast desires a new position....Multi-division manufacturer of optics and office equipment requires person to head its public relations division. The post involves contact with all divisions and agencies....Experienced human resources administrator, now with major video manufacturer, is willing to relocate....If you are interested in any of the above, looking for a new post or seeking to fill a void in your organization, contact Stephen Bentkover or Bill Silverman at Leisure Time Electronics.

RADIO SHACK WILL OPEN FOUR PILOT TELEPHONE STORES

Tandy Corp. will open four Radio Shack Telephone Centers, similar to its early separate computer centers, in a pilot program starting Feb. 14 in Ft. Worth. "We think there is a strong public appetite for purchase of telephone systems on a convenient basis," Tim Diachun, telecommunications vice president, tells LTE REPORTS, "and we look forward to opening many telephone centers." The stores will stock private label Radio Shack telephone instruments starting from a price around \$29.95, related products such as answering machines and dialers, and telephone systems for residential/commercial users. The telephone systems, for which installation and service will be offered, will range in price up to \$20,000 or \$30,000, Diachun says. To follow the Ft. Worth inauguration, other pilot stores are to open in Lexington and Louisville, KY, and Dallas. Tandy Corp., Ft. Worth, which already sells telephones through its 6,532 Radio Shack outlets, reported telephone sales of \$130 million, up 35 percent, for the fiscal year ended last June 30. Communications equipment is 6.5 percent of Tandy's worldwide business.

VIDEO GAME PRICE REDUCTIONS OPEN UP NEW MARKETS, STATES WICO PRESIDENT

Price reductions on video game systems, brought about by competition for sales, are expanding the video game market to families at lower income levels, according to Gordon Goranson, president, Wico Corp., Niles, IL. This price erosion will force the game market to its optimum price points, he says, and "open up new markets in terms of family income levels." Goranson expects companies like Wico, a manufacturer of game joysticks, to benefit from this trend and a growing demand for quality game accessories. Wico dealers had such a good year in 1982, some "were actually selling our products in excess of our suggested retail prices," he reports. We look at 1983 and 1984 to be strong years for the video game market. From our shipments, and the orders we've taken, we can't help but be optimistic about the future of the video game and accessory market," Goranson concludes.

RIAA SETS NEW CRITERIA FOR GOLD, PLATINUM RECORD AWARDS

Covering new marketing combinations, the Recording Industry Association of America adopts new criteria for its gold and platinum record award certifications for multi-record/tape sets, albums with different LP/tape content and several singles configurations. For three or more record (or tape equivalent) sets, the requirement for a gold award is a minimum of 250,000 sets shipped at a minimum of \$2 million worth of net sales, based on one-third of list price; for a platinum award, 500,000 sets and \$4 million. Sets are not to be combined with sales of individual LPs or tape equivalents within the sets. For albums with different program content on the LP and the tape equivalent, gold/platinum certification tape sales may be combined with LP or EP sales if the tape equivalent includes, at a minimum, all the musical content of the LP. All other award criteria apply to the new configurations for certification.

CONFERENCES CONSIDER COMPUTERS, ELECTRONIC IMAGING

The first-quarter conference calendar includes three on computers and one on electronic imaging. Future Computing, Richardson, TX, schedules a Personal Computer Retail Market Forum covering specialty store requirements at the Anatole, Dallas, Feb. 23 to 25; The Fortune 1000 Personal Computer Market Forum on use of small computers within large corporate structures March 21 to 23 at the Mark Hopkins, San Francisco; and a Software Industry Forum, also in Dallas, March 29 to 31. The Institute for Graphic Communications, Boston, plans an analysis of electronic imaging technology, markets and applications March 22 to 24 in Andover, MA.

TEXAS INSTRUMENTS UNVEILS MARKETING PLAN FOR NEW COMPUTER

Texas Instruments, Dallas, is entering the professional personal computer market with a desktop model already on dealer shelves in 25 cities before the official unveiling in New York last week. "With the Professional Computer, we have unprecedented software availability at introduction, and we have marketing, advertising and merchandising programs available now, as well as the product," comments Jerry Junkins, TI corporate vice president. Similar in many ways to the IBM PC and targeted toward the same market, the new TI model from the Data Systems Group adds capabilities to respond to 36 spoken commands, to accept some commands in English sentences rather than in a computer language and to serve as a telephone message center/dialer. The basic system with 64K RAM memory, keyboard, 12-inch monochrome display/controller and single 320K-byte diskette drive is priced at \$2,595, about 10 percent less than a similar IBM system. For the first time, TI is using an Intel 8088 microprocessor instead of its own integrated circuits. "We are aggressively recruiting dealers beyond the 200 who have the computer now," says Eric L. Jones, president of the Data Systems Group, "and will be marketing through retail stores, office equipment dealers, system houses and direct sales to national accounts. Qualified dealers will get a flat discount regardless of volume." Marketing programs also cover dealer and customer training, on-site and depot maintenance, and national and co-op advertising. The software available covers more than 100 third-party applications and four 16-bit industry standard operating systems.

U.S. SATELLITE GETS \$45 MILLION INVESTMENT FROM PRUDENTIAL

United States Satellite Television Co., Dallas, which plans to launch a satellite-to-home television service this fall, announces a \$45 million investment in the company by the Prudential Insurance Co. The firm will be competing with Comsat, the government-chartered satellite corporation, and potentially with other major firms including RCA, Western Union and CBS, but Scott Puritz, USSTV manager of programming, told a conference of private cable operators in Dallas, "We expect to have 500,000 subscribers by mid-1985." USSTV plans to broadcast up to five channels of movies, sports, news and pay-per-view programming to homes, apartments, institutions, low-power TV stations and satellite master antenna systems.

PEOPLE

Atari hires Marcian E. Hoff Jr., the inventor of the microprocessor chip, as vice president of research and development. He has been an engineer and executive at Intel since 1968....Axlon Inc., San Jose manufacturer of personal computer enhancement products, promotes Fred Heidenthal to executive vice president....Altec Lansing adds Charles V. Kish as vice president finance....Electro-Voice Inc. appoints Kenneth J. Rolnicki as vice president marketing, Allen F. Eberts, as director of engineering, Robert Dure as chief mechanical design engineer, Christopher Heidelberger as senior product engineer, Mike Miles as engineer and Douglas W. MacCallum as western regional sales manager....Odyssey promotes Robert W. Strickland from national sales manager to vice president sales....N.A.P. names two vice presidents of product planning, Ronald L. Marsiglio for color television and Louis F. Slangen for purchased products....Anne Templeton fills the new post of associate product manager at CBS/Fox Video....Joining Casio's consumer product division, Mark P. Horowitz becomes western regional manager....Zenith names James L. Faust as executive director and general manager of cable television, subscription TV and videotex....John A. Gennaro rejoins the consumer product division of ADC, a division of BSR, as national sales manager after a period as general manager and consultant to Electronic Research....RCA Communications elects Joseph Freitag Jr. as vice president, strategic planning and development.

KAYPRO ADDS M-BASIC PROGRAMMING, GAMES TO SOFTWARE PACKAGE

M-BASIC programming and 12 games are additions to the free software with the Kaypro II portable personal computer, announces Non-Linear Systems, Inc., Solana Beach, CA. The company also says the Kaypro II has passed FCC Class B compliance tests, qualifying it for home use. M-BASIC is the CP/M version of the high level BASIC-80 language copyrighted by Microsoft. The games include Ladder, CatChum and 10 in the public domain.

AVON TO MAKE \$8 MILLION BUY OF RCA VIDEOTAPE RECORDERS

RCA Corp. and the Avon Corp. announce that Avon Products will buy 15,000 VCRs from RCA for more than \$8 million. Avon plans to place the units in the homes of its managers and leaders to show tapes for training, sales strategy and new product introductions.

QUOTE OF THE WEEK

"Up until now, few people in our industry have been concerned with how emerging technology will change the home. Just as TV changed the home and design finally caught up with consumer needs, so, too, will the home entertainment needs of today and the near future change the home."--Steve Greenberger, principal owner in the Space Design Group, Morristown, NJ, and 1983 chairman of the ASID competitions.

CURTIS MATHES AND ASID SPONSOR DESIGN COMPETITION

Curtis Mathes, Dallas, and the American Society of Interior Designers are sponsoring a competition for multi-functional home entertainment interior design. Both professional and student ASID members will compete for six cash awards to be presented at the society's annual convention in July in Boston. Entrants are being asked to submit plans for hypothetical or actual client cases where television, video, projection TV, audio, home computer and game products are integrated into a single educational/entertainment system in the home. This is the first time ASID is co-sponsoring a design competition in the home entertainment area.

As a result of our extraordinary growth, Coleco is seeking experienced individuals in the areas of:

- Product Manager - Ride-Ons
- Product Manager - Electronics
- Mechanical Designers
- Software Engineers
- Electronic Engineers
- Mechanical Engineers
- Model Makers
- Graphic Designers
- Industrial Designers
- Game Designers
- Copywriters

We are the maker of ColecoVision and the Pac-man portable table top arcade game. We offer a dynamic working environment and provide employees with an opportunity to use their talents and to grow.

Contact: Human Resources Representative at Toy Fair
or send resume to John Passante
COLECO INDUSTRIES, INC.
945 Asylum Avenue
Hartford, CT 06105

COLECO



CARTRIDGE MANUFACTURERS PLACE INCREASED STRESS ON LICENSED TITLES

As competition for video game cartridge sales continues to escalate, manufacturers look to licensed titles to provide them with the instant recognition that could mean a hit cartridge. "I feel hot licensed titles, well known and recognized by the consumer, will be an important part of a healthy video game market this year," states Coleco, Hartford, CT, vice president Michael Katz echoing the sentiments of others in the licensed title arena. U.S. Games, Santa Clara, CA, will introduce its first licensed game later this year with MGM/UA's Pink Panther in a RAM-ROM cartridge, as will Odyssey, Knoxville, TN, with Konami's Turtles. New to the cartridge market, arcade game company Sega, Los Angeles has announced titles including Star Trek II, Subterfuge and Tac Scan. This reflects the philosophy to "not put out any title without pre-sell already established as an arcade game, a movie or a TV show," explains Brenda Mutchnick, vice president. Other titles scheduled to appear in 1983 include Tarzan, Sylvester Stallone's Rocky and Donkey Kong Junior from Coleco; Ms. Pac-Man, Vanguard and popular characters from Sesame Street, Peanuts and Walt Disney Productions from Atari; Rocky and Bullwinkle, Scooby Doo and the Kool-Aid pitcher from Mattel Electronics; The Incredible Hulk and The Lord of the Rings from Parker Brothers; M*A*S*H from Fox Video Games; and even Saturday Night Live's Mr. Bill in a cartridge from Data Age.

EPYX OFFERS DEALERS FREE GAME WITH RACK

When dealers purchase 24 computer games from Automated Simulations/EPYX, Sunnyvale, CA, they receive not only a free lucite display rack. In addition, a free game goes to those who keep the rack well positioned and stocked with EPYX products. "The dealer tells us what kind of a computer he wants the game for, and we send him the next game released for that computer," says John Brazier, vice president of sales and marketing. "The free game will have a minimum value of \$29.95 at retail."

BUSINESS IN BRIEF

Activision introduces Spider Fighter, its twenty-first Atari-compatible cartridge.... Atari begins exclusive worldwide distribution of VisiCalc to Atari 800 and 1200XL home computer users under a limited agreement signed with VisiCorp. The diskette-based program has a suggested retail of \$199.95....Hewlett-Packard Logic Systems division selects Hunter & Ready's VRTX operating system as the first product for recommendation to customers through the HP PLUS program....National Semiconductor and OKi Electric Industry Co. of Japan, in connection with OKi Semiconductor, sign the second phase of a long-term joint development program, including future generations of 64K dynamic RAMS and other advanced MOS memory products....Henry Kloss, president of Kloss Video Corp., obtains a United States patent for the Novatron tube for improving the brightness and quality of projection television....Grolier Electronic Publishing announces the availability of the Academic American Encyclopedia through Viewtron, the Knight-Ridder videotex service to be introduced this fall in south Florida....TeleVideo Systems, Sunnyvale, files with the SEC for an initial offering of 6,250,000 common shares at \$16 to \$18 each, proceeds to be used for accounts receivable, inventory and new product development....Webcor Electronics announces plans to file soon for an offering of 600,000 common shares.

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