

A Somber Electronics Show

By PETER J. SCHUYTEN Special to The New York Times

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Slump Feared; Videodisks Star Of the Exhibit

By PETER J. SCHUYTEN

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CHICAGO, June 17 — The consumer electronics industry's annual rite of summer — its trade show — traditionally is a time for buoyant forecasts and chest-thumping pronouncements about the industry's health. This week, however, the mood of those attending the ear-splitting, eye-popping extravaganza at the cavernous McCormack Place Convention Center here ranged from controlled optimism to downright dismay about the unfolding economic picture within the industry.

But despite the concern expressed over sagging sales, a growing number of retail bankruptcies and the industry's recession-clouded outlook, those attending the show, sponsored by the Electronic Industries Association, found plenty of new products to stir the imagination.

The show traditionally tilts toward the audiophile, but it was the presence of the three competing, and incompatible, videodisk systems — developed by the RCA Corporation, the Matsushita Electric Industrial Company and the Magnavox Consumer Electronics Company — that electrified the atmosphere.

The show was also abuzz over developments in the newest category in computing, the hand-held — in contrast to the personal — computer. A number of manufacturers, including Panasonic, Quasar and Lexicon, displayed attaché-sized systems for upward of \$1,200. These systems, an outgrowth of hand-held language translators, offer much the same computing power, if not the ease of use, of, say, an Apple 2 or Radio Shack TRS 80 personal computer.

Retailers' Sales Sagging

Whether such new items will tempt consumers into the stores is uncertain, however. Manufacturers represented here said they continue to hold the view that the downturn would be mild and short-lived — 12 months, according to most predictions. Retailers, on the other hand, the economic bellwethers of the \$15 billion-a-year industry, are already reporting sagging sales, more favorable financing offered by concerned suppliers, and a growing number of bankruptcies within their ranks.

"There have been quite a few bankruptcies in the last six months," reported one large New York retailer, while another, Fred Massie, owner of the Videomart in Dayton, Ohio, an area that has been hard-hit by auto industry layoffs, added that his consumer business was "down 30 to 35 percent, and we're doing better than most of the dealers in our area."

Retailers, in fact, said they were moving toward more advanced video systems, home computers and feature-laden stereo systems, and away from compact stereos and the like in order to

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The New York Times/Richard Faverty
A Panasonic portable stereo cassette player, with headphone, on display at show in Chicago.

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Somber Electronics Show: Videodisks Star

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improve profit margins during the slowdown.

Even the show itself, a foot-wearying four-day session that ends tomorrow, seems a shadow of its former self. Although official attendance at the show was reported at record levels of about 55,000 during the first three days, many seemed concerned by the relatively light floor traffic.

"They're just not here this year," said one executive of the Sony Corporation's consumer products company. "Normally you can hardly move out there in the aisles."

Other products that intrigued those attending the exhibition included hip-pocket stereo systems aimed at the roller-skating and ski sets, a pair of \$20,000 stereo speakers from Infinity Systems Inc., and a \$5,000 satellite earth station built by American Value Inc., of Rolling Meadows, Ill., aimed at the homeowner who wants to get satellite-borne television signals.

For the first time, prototype AM stereo radio receivers made an appearance at the consumer show, following the Federal Communication Commission's recent adoption of a broadcast standard developed for this new medium by Magnavox. The new units, being displayed by Panasonic, Marantz, Sanyo and others, represent a new and potentially profitable market for the makers of car audio equipment.

Still, it was the videodisk and the often conflicting claims and counterclaims by its various backers, that captured center stage.

"What you've got here is the first three-way confrontation between these systems in one place," noted Robert E. Gerson, senior editor of Television Digest, a well-regarded trade publication that surveys the field.

At times the confrontation took on the appearance of a hard sell to potential dealers. RCA, which was not an official exhibitor at the show, nevertheless took the opportunity to demonstrate a production version of its SelectaVision videodisk to retailers at invitation-only sessions at a downtown Chicago hotel.

The company, which said it expects to sell 200,000 of these \$500 units in 1981 following its introduction in the first quarter, went to great lengths to compare its technology to the more expensive laser-based optical systems currently offered in selected markets by Magnavox. A variant of the optical system, produced by the U.S. Pioneer Electronics Corporation, will go on sale later this month as well.

At the same time, both Matsushita and its affiliate, the Victor Company of Japan, or JVC, were showing their Video High-Density System, comparing it with both the RCA and Magnavox and Pioneer videodisks. The Japanese companies recently confirmed that they are negotiating with the General Electric Company and Thorne-EMI Ltd. to form three joint ventures to produce programming, the disk and the player for introduction in the United States in late 1981.

There is concern in the industry that a proliferation of standards and formats may discourage consumers from

investing in these machines, much as has happened in the videotape recorder business where a war of attrition appears to be developing between those selling the Matsushita-produced VHS video recorder and the Sony Betamax camp.

"There are more misconceptions, more ignorance, more nonsense and more irresponsibility in videodisk than in any other business with the exception perhaps of nuclear energy," said Roy H. Pollack, an executive vice president of RCA, before the opening of the show. "This is going to result in some tragedies," he added.

In the same vein, Kenneth L. Ingram, senior vice president of Magnavox, questioned the prudence of a business decision that would offer yet another videodisk system to the consumer. "They won't make it," he said flatly, referring to Matsushita and its allies. "The marketplace will take care of too many systems."

Industry analysts are predicting a shakeout among manufacturers in the audio business, its extent depending on the severity of the recession.