- WHAT Happened in '84?
- WHAT'S Ahead in '85?
- WHO Will Survive In '85?

COOP'S SATELLITE DIGEST

JANUARY 15, 1985

SPECIAL REPORT/ 1984 ANALYSIS and 1985 FORECASTS

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JANUARY 15, 1985

GREATER Use Of Video

Any 'army' depends upon supplies to achieve its goals. Our 'TVRO Army' did, during 1984, receive more than an ample supply of virtually every component part we routinely use in consumer satellite installations pretty much when we needed them. And overall, the 'price was right.'

But having truck loads of antennas, LNAs and receivers available is only part of our 'material requirement.' One of the still-short commodities is **knowledge;** the instruction needed to make the best use of the hardware 'tools' so promptly supplied through the OEM/distributor chain.

I am sensitive about the widespread dissemination of 'knowledge' since that is the basic 'business' I engage in. I am a harsh critic of anyone who functions in the information business, myself included. And I try to judge the effort not on the form or format but on the actual information exchanged. A mimeo-graphed newsletter carries the same weight with me as **Orbit** and my final judgement of value is based **solely upon content.** If somebody can read or watch something, and be smarter for the experience, then the effort is worthwhile, and worth continuing.

When **Shaun Kenny** decided to launch **'BORESIGHT,'** a weekly distributed-via-satellite one hour television program for TVRO dealers, I yawned. No fewer than two other groups had tried to do this previously and failed. I figured Shaun was good for a month at the most. He surprised me.

Kenny's **Boresight** comes at the 'information dissemination business' from a new direction. **Shaun is a TVRO dealer.** He is probably a far better dealer than he is a TV program producer. And that's OK; he had to learn how to be a dealer and he is fast learning how to be a TV program producer. Shaun has the 'instincts' of a good journalist. No training, but excellent instincts. He is learning by doing, and as his television program has gone on week after week through the fall (he started October 18th) each program has gotten better; in content and form.

It is the content which interests me the most since that is what this type of 'narrow-casting' is all about. He did an excellent job of covering the Dallas STTI show and I expect he will do an even better job in Las Vegas. I offered my help, at no charge, to Shaun.

Shaun is doing things that dealers will find very useful; such as shoving a microphone into the face of a manufacturer of TVRO antennas (famous brand name) and asking the startled chap **"Why are your back plates breaking all apart in the field???."** If you missed the soft-shoe answer, too bad. Perhaps Shaun will rerun it. He is trying to balance commercial content with news content, with the emphasis on news and investigative reporting. He is not afraid to dig into a subject deeply and with his devoted and multi-talented crew, they are getting some excellent information uncovered. There are alot of people hiding stuff under rocks out there; Shaun is hot on the trail of many of these 'bits of information.' A dealer, any dealer, who tunes in **Boresight** weekly has to be smarter for the hour spent with Shaun and crew **(*).**

My contribution to Boresight is to produce as many video features as I can for weekly airing. The January 17th program, for example, will have three from **CSD:** part two of a multi-part in-depth interview I did with **Rick Brown** back in mid-December, a technical look at weather proofing, and my 'commentary' where I tear in HBO and Showtime for allowing more than 5,000,000 U.S. homes to 'steal' their premium services from the neighborhood cable systems. Back on January 10th Promar's **Bill Miller** tore into some antenna OEMs for selling direct to his customers after Promar set up the accounts. Good stuff that needs to be said. Again and again.

Boresight is being funded out of Shaun Kenny's pocket. He's just a dealer so his pockets are not bottomless. I encourage all dealers to watch this program each week **(*).** If you can't watch it 'live,' at least tape it for later viewing. I encourage distributors and OEMs to watch as well and where possible give Shaun the advertising support he will need to keep this valuable service on the air. Exchanging information, at all levels, will be our most important job of 1985. Please do your part to make the system work.

***/ Schedule is Thursdays, F4, TR16, 9 PM eastern.**

COOP'S SATELLITE DIGEST /2

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DISTRIBUTOR Doings

CONSUMER SATELLITE SYSTEMS/CSS (112 Shadowlawn Dr., Noblesville, In. 46060; 317/845-4400) has opened an additional outlet in Lexington, Ky (948 Blue Sky Parkway; 606/268-2942). CSS plans two additional locations in Illinois plus one in Indiana by mid-year. CSS has also announced the addition of the Uniden UST 111 antenna to its line-up, complimenting its present Dark Star (Janeil) antenna. To be added are the Laux Beta 9 and the Orbitron 10 antennas. CSS has also added a Bearcat BDC two-receiver package as well as the STS-MBS-SRB and DX600 and DX700 receivers to the line-up.

CWY Electronics (P.O. Box 4519, Lafayette, In. 47903; 800/428-5796 or 800/382-7526 out of Indiana) has been appointed as exclusive CATV, MATV and SMATV distributor for the Model 1500 cable length checker from North American Soar Corporation. This system allows a technician to locate cable opens and shorts by pinpointing how many feet away from the measurement point the 'break' occurs.

ECHOSPHERE CORPORATION (1925 W. Dartmouth Ave., Englewood, Co. 80110; 303/761-4782, plus offices in Sacramento [Ca], Knoxville [Tn] and Dallas [Tx]) has completed arrangements with General Electric Credit Corp.(GECC) which allows TVRO dealers to purchase system equipment on credit. The arrangement is for the 'floor planning' of equipment which allows the dealer to increase his inventory in anticipation of increased selling or a major advertising push. In effect, through GECC, and Echosphere, the dealer is able to 'secure short term funding' to allow his business to grow. Dealers purchasing $20,000 or more in equipment per-month qualify although each dealer will complete financial statements, provide business and trade references and verify that he has a storefront location. Dealers interested in the program should contact the Echosphere Customer Service Department at 303/761-4575.

FINGER LAKES COMMUNICATIONS COMPANY, INC. (189 Clark St., Auburn, NY 13021; 315/252-3151) has packaged a special promotional system aimed at bringing new retailers into the TVRO industry. Built around the Houssen 4.5 foot dish, the 'Simply Satellites' program offers retailers the ability to sell a completely integrated package as an adjunct to their established retailing business. How to bring additional retailers into the 'fold' is available from William F. Webster, President of Finger Lakes.

GALAXY BROADCAST SERVICES (Lamplighter Plaza, P.O. Box 349, Kulpsville, Pa. 19443; 215/368-2800) announces their two 'winners' from the Dallas STTI trade show drawing. Hans Nielson of Antennatronics (Blue Point, NY) and Violet Richardson of Sun Shine Sales (Inverness, Fl) each were awarded Sharp brand color monitors/receivers in the drawing. Galaxy is packaging a 4 foot spun aluminum dish with an 85 degree LNBC and (videocipher compatible) receiver for TVRO dealers nationwide.

SATELLITE RECEPTION SYSTEMS, INC. (145 Columbus Rd., Athens, Ohio 45701; 614/594-2524) plans considerable expansion of their distribution facilities during 1985. In addition to the existing sites in Columbus, and Lansing (Mi), SRS is studying possible locations of Pittsburgh, Cleveland, Cincinnati and Charleston (WV). SRS has recently signed a contract with Panasonic to supply the new 4 GHz hardware to TVRO dealers and is again offering the GI (General Instrument) TVRO receivers as well as the Amplica CSD-300 systems. Dealers interested in training from a qualified distributor should contact SRS at the telco given previously for information on monthly training sessions.

RECEIVER Ramblings

BASIC SYSTEMS (1919 South 129 East Avenue, Tulsa, Oklahoma 74108; 918/437-7066) reports it is back in the TVRO receiver business. Basic attempted to market a top-of-the-line receiver in 1984 with a combination antenna controller. Their new receiver package is a BDC approach. Model 3350 has a built-in antenna actuator east and west control while model 3300 is a 'slave' unit that is used with the 3350 for bedroom or 'second receiver' purposes. The master 3350 is priced 'under $300' and the slave 3300 is under $180. The master has a built-in signal level meter, built in channel 3 or 4 modulator, 18 VDC for the BDC and LNA, AGC, AFC and is double conversion.

NEW PRODUCTS/ SERVICES/ EVENTS

ALL In One From MSL

HASTINGS Meshes

TWO For One From Basic

R.L. DRAKE COMPANY has completed a new 47,000 square foot manufacturing facility for TVRO hardware; bringing to 90,000 square feet their total available production space. Drake expects to add more than 200 new employees to the work force as the new facility is phased in; they presently employ approximately 550 people. Drake has concentrated on a state of the art printed circuit board plant and the new building represents a capital investment of approximately $3,500,000.

MICRODYNE CORPORATION (P.O. Box 7213, Ocala, Fl. 32672; 904/687-4633) has broken apart their low noise block downconverter package, separating the BDC portion. This allows the system designer, for both Ku and C band systems, to mix the Microdyne BDC with any LNA of their choice. Model 1100 BDC-L downconverts the 3.7 to 4.2 GHz band or the 10.95-12.7 GHz band(s) to the Microdyne/Avcom/Scientific-Atlanta IFs of 270-770 MHz.

FLEXIBILITY From Microdyne

STARFINDER, INC. (2960 South West Temple, Salt Lake City, Utah 84115; 801/467-2793) has created a new infra-red remote control 'add-on' package for the **Intersat** Baby-Q receiver. The new 'IMP' controls polarity, format, skew, video fine tune, transponder tuning and satellite selection. The company points out that by marrying their 'IMP' controller to the low cost Baby-Q, the dealer ends up with a package system which has most of the features of top end systems, for a fraction of the dealer cost.

ANTENNA Antics

CONTINENTAL SATELLITE SYSTEMS (Clackamas, Oregon) has moved into a new 40,000 square foot facility. Continental sales have doubled in the past year, necessitating the move to new and larger quarters. The entire production for the Continental antenna line is now under one roof; from initial tooling to final dock loading. The plant is automated with conveyor belt transfer of materials and antennas in various stages of completion. Continental opened its doors eight years ago when founder Dan Berge began distributing consumer electronics from a one-room office.

40,000 Square Feet For Continental

HASTINGS ANTENNA (847 West First, Hasting, Ne 68901; 800/228-4008, or, 402/463-3598 within Nebraska) has introduced a 10 foot mesh antenna (model 10-PFM). The 12 petal dish is aluminum and is available with an optional powder coat material. The antenna has an offset-adjustable polar mount, and assembles without clips. Gain claimed at 4 GHz is 40 dB with an f/D of .375 or 39.5 inches. Latitude adjustment range is from 24 to 50 degrees (north) and the antenna weight is 134 pounds (shipping weight 190 pounds). Survival wind load, no ice, claimed is 90 MPH.

KAUL-TRONICS, INC. (Rt. 2, Box 637, Richland Center, Wi. 53581; 800/826-KAUL, or, 800/826-NOVA inside Wisconsin) has introduced a new, lower priced, 10 foot antenna of screen mesh construction with a reduced price. Kaul-Tronics has 'redesigned' the rib structure and has applied for patent protection of the design. The 155 pound antenna is UPS shippable, has an f/D ratio of .375, is polar mount with self-aligning bearings. The feed is a prime focus buttonhook. The Trans-10 antenna has an optional stainless steel mesh surface; hardware is 'plated' for weather protection.

ODOM ANTENNAS, INC. (P.O. Box 1017, Beebe, Arkansas 72012; 800/643-2950 or 501/882-6485 within Arkansas) has created a new warranty program for all of its fiberglass TVRO antennas. The new five-year warranty (from date of purchase) covers defects in materials or workmanship which might affect the performance of the antenna, excluding cosmetic defects and gel-coat 'crazing.' ODOM will repair or replace antennas damaged, when returned to the Beebe manufacturing center, freight pre-paid. Full information from Bob Mullenax at ODOM.

INSTALL Accessories

CWY ELECTRONICS (405 Earle Avenue, P.O. Box 4519, Lafayette, In. 47903; 800/428-5796 or 800/382-7526 within Indiana) will send you a complete set of specifications for a new line of aluminized (security) boxes created to provide a safe and secure environment for outdoor installing electronic hardware. Boxes are 16 gauge aluminized steel with a '4-stage' finish including a baked enamel 'wash primer' and a baked on polyester enamel final coat. Sizes available include 8 x 12, 12 x 12 and 12 x 18 with depths from 6.25 to 8.25 inches.

MICRO SCIENTIFIC LABS, INC. (4719 South Cobb Drive, Smyrna, Georgia 30080; 404/435-8630) introduced their new DR 600 SP Test Set recently. The unit is a self contained TVRO site survey tool and satellite locator. It contains a rechargeable AC/DC supply, 2" TV receiver (plus AM/FM), 2% accurate field strength meter, with 4 GHz electronics. The installer need but connect an LNA and antenna to begin searching for satellite or terrestrial (TI) signals. There is a one year factory warranty and the price is $795 dealer net.

PATENT Applied For By Kaul-Tronics

PEOPLE, Places and Things

GALAXY Broadcast Services President and Chairman **Blair A. Gilbert** has been elected to the Executive Committee of the Commission on Communications for the United Methodist Church. The church is moving rapidly into the satellite communications era with $6,000,000 budgeted for 1985.

JOHN STOVER, well known industry pundit, has been appointed as the new General Manager for **Toki.** Stover's first efforts will be to make the full Toki electronics as well as their new (Luly designed) Umbrella site-survey antenna more 'dealer friendly,' and, to clean up Toki's distributor warranty program.

GENERAL Instrument Corporation has appointed **Harry W. Hooper** as VP of Marketing and sales for GI's Toronto based Satellite Systems Division. Hooper comes to GI from General Electric.

KAUL-Tronics has appointed **Ron Cockroft** as Manager for their new regional office located in Marietta, Georgia. The new Marietta office telephone number is 404/955-6682.

Larry D. Wyman has been named as Director of Marketing for Kaul-Tronics at their headquarters in Richland Center, Wi. **David Baldwin** has been appointed as an area sales representative.

Communications and Security Consultants has been acquired by Kaul-Tronics. CSC specializes in communication and telephone prod-

NEW PRODUCTS/ continues on page 22

NEW! KAUL-TRONIC'S ULTIMATE MESH ANTENNA DESIGN

TRANS-10

PRICE BREAK-THROUGH

THE FULL QUALITY MESH ANTENNA AT A 30% PRICE REDUCTION. THANKS TO A COMPLETELY REDESIGNED RIB!*

*Patent applied for.

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- Ten feet of ultimate gain.
- Baked acrylic, thermo-set black finish for low luster appeal.
- Super strength, thanks to:
  - 14½" parabolically formed prime steel hub, 3/16" thickness.
  - Ribs of tubular 16-gauge steel, encased in poly-trans vinyl.
  - Full half-inch unobstructed mesh-retaining channels for snug positioning.
  - An outer rim of rigid extruded aluminum.
  - Mesh panels of expanded flattened aluminum.
  - All antenna hardware plated for weather protection.
- Fast assembly. Panels slide into deep retaining channels, simply and snuggly.
- UPS shippable anywhere in the U.S.

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Flame Satellite 1508 First Avenue, Evansville, Ind. 47710 USA 800-457-3761 IND. 800-742-3778

B.J. Enterprises Rt. 1 Box 216A, Keyser, WV 26726 304-788-0060

Intercontinental Satellite Distribution Centers 6864 South Cottonwood, Suite 1, Midvale, Utah 84047 801-566-5532

Intercontinental Satellite Distribution Centers 708 N. Valley, Suite G, Anaheim, CA 92801 714-758-0671

Intercontinental Satellite Distribution Centers 2200 N.W. Birdsdale, Suite 1, Gresham, OR 97030 503-661-8680

National Microdynamics, Inc. 6153 Airways Blvd., Chattanooga, TN 37421 615-892-3901 800-845-0813

I.V.S. Inc. 1742 F. Edgemont, Bristol, TN 37620 800-732-1270

Best Reception Systems 141 S. Front St., Rockwood, TN 37854 Nat. 800-321-0281 TN 800-468-8901 615-354-2999

Eclipse Electronics, INC. 3605 Division, Wayland, MI 49348 800-762-8626 616-792-9122

Energy Options, Inc. 7408 Vine St., Cincinnati, OH 45216 513-761-8873

Satellite Specialists 240 Columbia Street, Bogalusa, LA 70427 504-735-9915

Satellite Antenna Systems Inc. 4800 West 34th Suite D-2, Houston, TX 77092 713-680-9900

Warren Radio Company 1205 East River Dr., Davenport, IA 52803 319-322-5301

Allstate Supply Company 710 East 8th St., Topeka, KS 66607 913-234-6226

Precision Satellite Systems 715 Grove Street, Clearwater, FL 33515 813-442-0092 800-HOT-DISH

S.T.S. P.O. 668, Hwy. 76, Sandy Springs, SC 29677 803-261-8209

S.T.S. 210 N.W. 10th Ave., Gainesville, FL 32601 904-371-7090 904-375-4548

Satellite Earth Stations P.O. Box 160, Mamou, LA 70554 LA 800-252-3307 Nat. 800-762-2110

Satellite Earth Stations 1106 Smith Rd., Austin, TX 78721 TX 800-252-3457 Nat. 800-325-5043

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1984: DEALER POINT OF VIEW

TYPICAL 1984 DEALER PROFILE:

1) Years in business / **3.66**
2) Systems Sold Per Month: **10.73**
3) Average System Retail Price: **$2,993.**
4) LNA Preferences: Avantek, Drake, MSE
5) Antenna Preferences: Prodelin, Paraclipse, Winegard
6) Receiver Preferences: Drake, Uniden, DX
7) Annual Gross Sales: **$384,301.**

HOW BIG A YEAR?

1) Estimated Gross Dollars/Retail: **$1,276,647,992.**
2) Estimated OEM Sales: **$697,056,765.**
3) Computed Number of New Systems: **427,740**
4) Computed Operational Systems on 12-31-84: **750,041.**

A MATTER OF Perspective

TVRO dealers are maturing at a rapid rate. A significant portion of the dealers interviewed (*) or completing survey forms (*) for our 1984 'Look Back' and our 1985 'Look Ahead' showed significant change in their perspectives since our last industry-dealer study (see **CSD** for July 01, 1984). We'll do some side by side comparisons before we are done with our analysis.

Our Carol Graba conducted 'in depth' dealer interviews during the Dallas STTI show and asked more than 80 questions of each of the surveyed participants. Shortly after, the December 01 issue of CSD contained a two-page, 41 question survey. The result tabulated here is a 'marriage' of the tabulated results from both studies. Where there were signigicant differences, we point them out. Perhaps it is more significant to point out that while the 'precise form' of the questions varied between the Dallas one-on-one interviews and the CSD mail-in studies, the generic basis for the questions did not. And we found a very high degree or correlation between the two separate samplings.

The Dallas show interviewed parties were largely from the southwest (Texas, Oklahoma, Louisiana made up 82% of those interviewed) while the mail-in study was quite uniformly spread geographically from coast to coast. There may be regional differences at work here, but in most subject areas listed they did not stand out in the tabulations.

Here is how dealers **looked back** on 1984:

1) Qualifications first:
   - A) Average period of **time** in TVRO dealer business: **3.66 years**
     - 1) May 1984 study was **25 months.** That same group, today, would have responded 32 months. Our November/December survey group therefore represents 'typical dealers' with approximately one year additional service, from those responding last May.
   - B) Average **number of systems** being sold per month: **10.73 systems**
     - 1) May 1984 study was 8.94 systems per month. The growth factor therefore during **all** of 1984 would be 20% over **May** of 1984. The 1983 12 month average for the same dealers was 5.70 systems per month resulting in a 1983 to 1984 growth of 88%.
   - C) Average system selling **price** was **$2,993.**
     - 1) The May 1984 study fixed the average selling price at $2990., indicating (inspite of statements to the contrary) that the price-average for TVROs did **not drop** significantly at the retail level during 1984.
2) Preferences next:
   - A) The 'typical' dealer **prefers** Avantek, Drake and MSE **LNAs** in that top-three order.
     - 1) Our May 1984 study had Avantek, Drake and Cal Amplifier, in that order.
   - B) The 'typical dealer' **prefers** Prodelin, Paraclipse and Winegard **antennas** in that top-three order.
     - 1) Our May 1984 study had Paraclipse, Prodelin and D&H in that order.
   - C) The 'typical dealer' **prefers** Drake, Uniden and DX **receivers** in that top-three order.
     - 1) Our May 1984 study had Drake, KLM and Luxor in that order.
   - D) The 'typical dealer' **prefers** Tracker and MTI antenna system **mover packages** in that order.
     - 1) Our May 1984 study had MTI and Tracker, in that order.
   - E) The 'typical dealer' gives **'high marks'** (". . .suppliers pleased with . . .") to Drake, Uniden, Luxor in that order.
     - 1) Our May 1984 study had Drake, MTI and Auto Tech in that order for best 'warranty and repair service' (note: **not** a directly comparable question to our November/December study).

(*) HOW STUDIES WERE DONE

The information reflected in this special edition of **CSD/2** was compiled from three separate market studies conducted by **CSD** during November and December, 1984.

Study one involved one-on-one interviews conducted by CSD's **Carol Graba** during the Dallas STTI show this past November. A four page form was completed by some 50 dealers who spent an average of 20 minutes with Carol. There were more than 80 questions or 'preferences' possible in this study. The majority of these dealers were from the states of Texas, Oklahoma and Louisiana, reflecting the 'regional nature' of the STTI show.

Study two involved a published-in-CSD (for December 01) 41 question, two-page dealer survey. Using our May 1984 study results as a reference, we had a 3.9% dealer response reflecting a uniform geographic spread from coast to coast.

Study three consisted of six pages and 182 'answer choices.' This in-depth study was mailed to 246 OEMs, importers and distributors. Our return percentage was exceedingly high; 18.1%.

All survey studies broke questions and answers into natural groupings covering the year just past (1984) and the year ahead (1985). In the quartet of reports here, you will be able to pick out both trends and stellar performances in each category. Analysis is separately provided for 'Dealer/1984,' 'OEMs and Distributors/1984,' 'Dealers/1985' and 'OEMs and Distributors/1985.'

DEALER Kathy Dockery shared her views in Dallas.

F) The 'typical dealer' was **pleased** with the marketing support he received from Uniden, none (i.e. not pleased with **any** marketing support) and Luxor, in that order.

1984 Trends

Eighty-eight percent of all dealers found 1984 to be 'the best year to date in dollar volume' while 76% found it to be 'the best year to date for net profit.' Forty percent found the year to be 'about what expected' while 32% found the year better than expected.

(**Note:** In our May 1984 study, dealers were **predicting** an average monthly sale of **9.87** terminals for 1984, per dealership. The year-end number is 10.73 terminals per-dealership per-month, indicating an 8% increase over projections from dealers themselves. In terms of dollars, that amounts to $2392 per dealership per month additional gross income above the projected gross income per month. At 10.7 systems per month and $2993 per terminal, the typical dealer has a monthly gross system income of $32,025 and an annual gross income of $384,301. Using our May 1984 study number of 3,322 TVRO dealers in the business, that creates an annual retail dollar business base of **$1,276,647,922** for calendar year 1984. Using 22% as distributor mark-up, that creates a distributor wholesale dollar level of **$995,795,379** and using 30% as an OEM mark-up, that creates an OEM dollar sales level of **$697,056,765.** Our '3322 dealer universe,' then, had an average net profit on mark-up of $84,543, **before** operating expenses such as labor, rent, and telephone plus taxes. Spread over 12 months, this amounts to $7,045 per month.)

Eighty-seven percent found that pricing from their 'retail competitors' went down during 1984 and partially in reaction to this 41% of dealers studied are now handling 'do-it-yourself' home system packages to the retail trade (i.e. those **below 8 feet** in diameter) in this only 15% of those dealers offering such do-it-yourself systems are packaging 'small antennas' (i.e. those **below 8 feet** in diameter) in this manner (57% offer a ten foot diameter antenna in their 'package').

Only 12% found 1984 to be a year of 'great confusion for equipment selection' (dealers previously have admitted being confused by conflicting OEM product claims) and 41% found 1984 to be a year of 'less confusion.'

Here was some confusion; while we found the average retail price for a TVRO was holding steady right at $2993, 47% of all dealers found 1984 to be a year 'when system prices dropped dramatically.' The answer? Our May 1984 study found the lowest installed price quoted at $1995 (for a full 8 foot or larger size system) while our November/December study found that same 'lowest' number to be $1,695. **The low end home packages have dropped,** by $300 or nearly 18% since May.

Thirty-five percent of all dealers studied **began handling** 'off-shore produced' TVRO receivers during 1984; they joined the **41%** already handling these products when 1984 dawned. Note however that 24% of all dealers still do not handle off-shore produced receivers.

Dealer/distributor relations certainly improved during 1984; 53% report fewer problems this year than in the past although 29% said they 'got stuck' for an (average $1,400) 'loss' by some distributor during the year. Several distributors did go out of business during 1984.

Fifty-three percent also reported that they had 'better support from their suppliers in 1984' (than in 1983) and only 18% found their support worse in 1984. At the same time, 29% reported that warranty repairs were 'cycling faster' during 1984 while 41% found 1984 and 1983 about 'even.'

While equipment appeared to be in abundant supply through the traditional fall selling season, there were **some** 'spot shortages' for **some** dealers. The most often reported 'short items' were DX, Uniden UST 1000, Luxor and Toki receivers. It is worth noting that all of these are off-shore produced. Dealers found 'spot surpluses' (the opposite of 'spot shortages') to exist primarily in LNAs and receivers, with some price cutting reported for low-end Drake receivers and Hy-Tek products. Winegard antennas were also mentioned as being in 'short supply' but few found any other antenna 'shortages.'

Perhaps it was the passage of firm legalization legislation this past October but 24% of the dealers studied reported their **'support of SPACE went up'** during 1974. None reported it going down.

Finally, only 18% felt that 1984 **was the year** when small (seven foot and down) TVRO antennas **'took off.'** However, as we shall see, a larger number felt that this was going to be the trend of the future as 1985 came on with a rush.

DEALER '84 Soapbox

"I offer (TVRO) systems as a sideline to my electrical contracting business. If my customers want quality, they get ADM and AVCOM. If not, I send them elsewhere." **(Borits Electric, Lehighton, Pa.)** "We are having tremendous interest in motel and condo SMATV systems; have completed six 4 channel systems this past year using DX block downconversion (642) receivers and PICO AVM100X modulators." **(Earth Station Mobile, Mobile, Al.)** "Distributors are way out of line; in a 60 mile radius of here there are between 50 and 75 'dealers' which have been set up by our 'local' national distributor. The distributor has absolutely no care about these dealers and in fact has sold many systems directly to the public. Because of complaints, he now requires a Colorado State Tax License for a person to 'be a dealer.' This is a joke because it takes a member of the public about 5 minutes to get such a license. It really makes me wonder how these 'distributors' will treat the 'real dealers' if times get tough in our industry!" **(Link-Up, Arvada, Co.)** "The manufacturers who refuse to share servicing information are only making more problems for themselves. Many of the typical problems could be handled by a dealer if he had at least a schematic of the receiver or controller. Warranty turn-around is still far-far too long and I resent being treated as an incompetent by the OEM. When I am told I can't service a unit without voiding the warranty, that is the same as calling me incompetent!" **(Pacific Satellite Systems, Inc., Kent, Wa.)**

1984: OEM/DISTRIBUTOR POINT OF VIEW

HIGH Up Responses

Our six-page, 182 question/preference year-end study for OEMs and distributors attempted to find out not only what these equipment suppliers thought of 1984 (plus predicting for 1985), but to also give them the opportunity to 'grade' their fellow OEM suppliers. There are some distinct surprises for the careful reader in that which follows.

1) Qualifications first:
   1) 58% of all returning the survey were self-described as either an OEM or 'equipment importer;'
   2) 37% of those responding were self-described as 'distributors,' and,
   3) The remainder (5%) listed themselves in multiple categories.

We asked for their best estimates for the number of 'retail sales' between January 01, 1984 and December 31, 1984. Remember that our own calculated projection, based upon significant dealer feedback, pegs that number at **427,740.** Our OEM/distributors found the number to be **457,407.** That is a 7% region agreement and naturally we are pleased that our calculated number agrees within 7% of the industry's estimated number for the same period of time. No, this was **NOT** a **600,000 unit year;** not at the retail sales end, anyhow.

We also asked this group to estimate for us the number of major products 'in warehouses' as of December 31st. Let's put their answers into perspective:

At 427,740 systems during 1984, we had a 12 month average volume of 35,645 new terminals out the door and hopefully into the ground; per month. Therefore, a one-month-supply of product, or in the 'warehouse pipeline' as of December 31st would have been 35,645 LNAs, receivers and antennas. Here are our computed numbers based upon industry responses:

Product	Number Warehoused	Month's In Stock	
Antennas	37,604	1.055	
LNAs	60,416	1.695	(12-31-84)
Receivers	55,313	1.552	

It is worth noting that while the average of all respondents for products warehoused for LNAs for example is 60,416, there was a sizeable group of those responding (13%) who felt that there were 'more than 100,000 **LNAs** in stock' on December 31st. A similar percentage (11%) felt that there were 'more than 100,000 **receivers** in stock' as well.

MOST Important?

We asked our OEMs / importers / distributors to 'grade' six events which we had singled out as likely candidates for 'the most important of 1984.' Participants assigned a number between 1 and 6 to each of the six candidate events and we computed the most important through the last important from those numerical votes.

1) **Number one in importance**/ Increased consumer awareness (of TVRO). The numerical average was **2.000,** a significant jump above the number two choice.
2) **Number two in importance**/ Overall price reductions (in TVRO hardware). The numerical average was **2.867.** Note, however, that dealers are telling us that the 'average retail price' of TVROs is **holding steady;** only the bottom-end pricing offered has dropped (by 18%).
3) **Number three in importance**/ Adoption of legalization legislation. The numerical average was **3.240.** This event happened late in the 1984 season and its impact on actual sales according to dealers was not significant (21% of the dealers did report a sales increase after the legislation was adopted and announced).
4) **Number four in importance**/ Increase (in) Japanese/Far East products. The numerical average was **3.645.**
5) **Number five in importance**/ Failure of HBO to scramble (during 1984). The numerical average was **4.207.**
6) **Number six in importance**/ Development and growth of the

1984 YEAR END SUMMARY:

1) Product In Warehouses/ **1.055 to 1.695** months worth
2) OEM/Importer/Distributor Year Totals/ **457,408** Retail Systems
3) Most Important Factor/ 'Increased Consumer Awareness'
4) Continued Consumer Awareness/ 'SPACE should coordinate'
5) 'Tax' Should Be Collected/ OEM, Importer Level
6) National Text Channel/ 'Available to All'

trade association,SPACE. Numerical average was **5.138.**

Respondents wrote in numbers between 1 (that which they felt was the **most important** trend or event of 1984) and 6 (the **least important,** in their view). Numerical averages are the computed averages of all 1 through 6's written in.

PROMOTIONAL Efforts?

During 1984, the industry saw the first of 'brand name' national advertising in such publications as **Time, Sports Illustrated** and **Playboy.** The consumer, for the first time, was being told to shop for specific brands of TVRO equipment as well as being introduced to the joys of owning a TVRO in national consumer media.

SPACE, the trade association, has created a special group to study the problems associated with the industry (as a body) funding the creation of consumer-awareness advertising. As reported in **CSD/2** for December 15th, a committee of OEMs, distributors and dealers is presently weighing various approaches to such a project. One of the least appealing parts of this program is that somebody must pay the costs associated with the creation of the advertising, and the actual placement (print running or broadcast airing) of the consumer awareness advertising.

Several possibilities are under study. Most focus on 'collecting' some sort of 'advertising sur-charge' (ie. 'tax') for each TVRO 'system sold' at some level in the chain between OEM/importer and the retail customer. Normally, neither OEMs nor importers nor distributors nor dealers would ask that **their level** be the level where the fees are collected. Additionally, there is at least a significant percentage of OEMs and importers who are not so sure such a plan is do-able anyhow.

The preliminary estimate, presented to the SPACE board of directors in Dallas (see **CSD/2,** December 15th) was that a sum just under $400,000 be spent for the creation of the advertising 'plan,' plus print media layouts and broadcast commercials. Funding of the actual print media advertisements and broadcast time would come on top of that 'creativity fee' (i.e. cost more than . . .).
top of that 'creativity fee.'

If the industry retailed approximately 428,000 new TVROs **in 1984,** a $1 'fee' would generate the funds required for the basic advertising materials. A $5 fee would generate that **plus** approximately $1.8M to pay for the actual advertising space or time (the rough equivilent to buying 25 full page advertisements in the national edition of **TV Guide**). A $10 per system 'fee' would more than double that 'kitty.' And that is based upon the 1984 sales numbers (1985 coming up!).

But would the industry support a program like this? Let's see what our OEMs and importers and distributors had to say about this.

We listed six statements and gave respondents the opportunity to answer yes, or no. They could agree with the statement listed ('yes') or disagree ('no'). And the results:

1) Individual manufacturers should promote their own brands of products at the consumer level in consumer media:
   A) Yes - **96.6%**
   B) No - 3.4%
2) The TVRO industry, through SPACE, should promote the con-

cept of owning and using a TVRO, in consumer media:
A) Yes - **51.7%**
B) No - 48.3%

3) The TVRO industry, through a non-SPACE-cooperative-effort should promote the concept of owning and using a TVRO in consumer media:
A) Yes - 42.3%
B) **No - 57.7%**

4) I could support an 'industry tax' of $5 per system to be used to fund a national consumer awareness promotional program:
A) Yes - 27.6%
B) No - **72.4%**

5) I could support an 'industry tax' of $10 per system to be used to fund a national consumer awareness promotional program:
A) Yes - 22.0%
B) No - **88.0%**

Well, that suggests that there is only a bare majority who believe that a national consumer awareness program (through SPACE; slightly less than a majority if done outside of SPACE) **is needed.** And that suggests tough times in 1985 for those who believe such a program is much needed for the industry's continued growth. It might be a close vote, even at the SPACE board. Perhaps it would boil down to **how** the fees are collected, and at what level.

So we asked the OEMs, importers and distributors to decide at what level they would support such a fee 'collection,' assuming they were in favor of the program in the first place. We gave them the three obvious possible levels: OEM/Importer, Distributor and Dealer. Remember who is voting here; 58% are self-identified as OEM or importer employed while 37% are distributor employed. None were dealers.

1) First choice was the **OEM/importer** (numerical number of **1.619**)
2) Second choice was the distributor (numerical number of **1.952**)
3) Third choice was the dealer (numerical number of **2.429**)

A 'perfect winning score' would have been 1.000 while a perfect least-desirable score would have been 3.000.

ANOTHER System

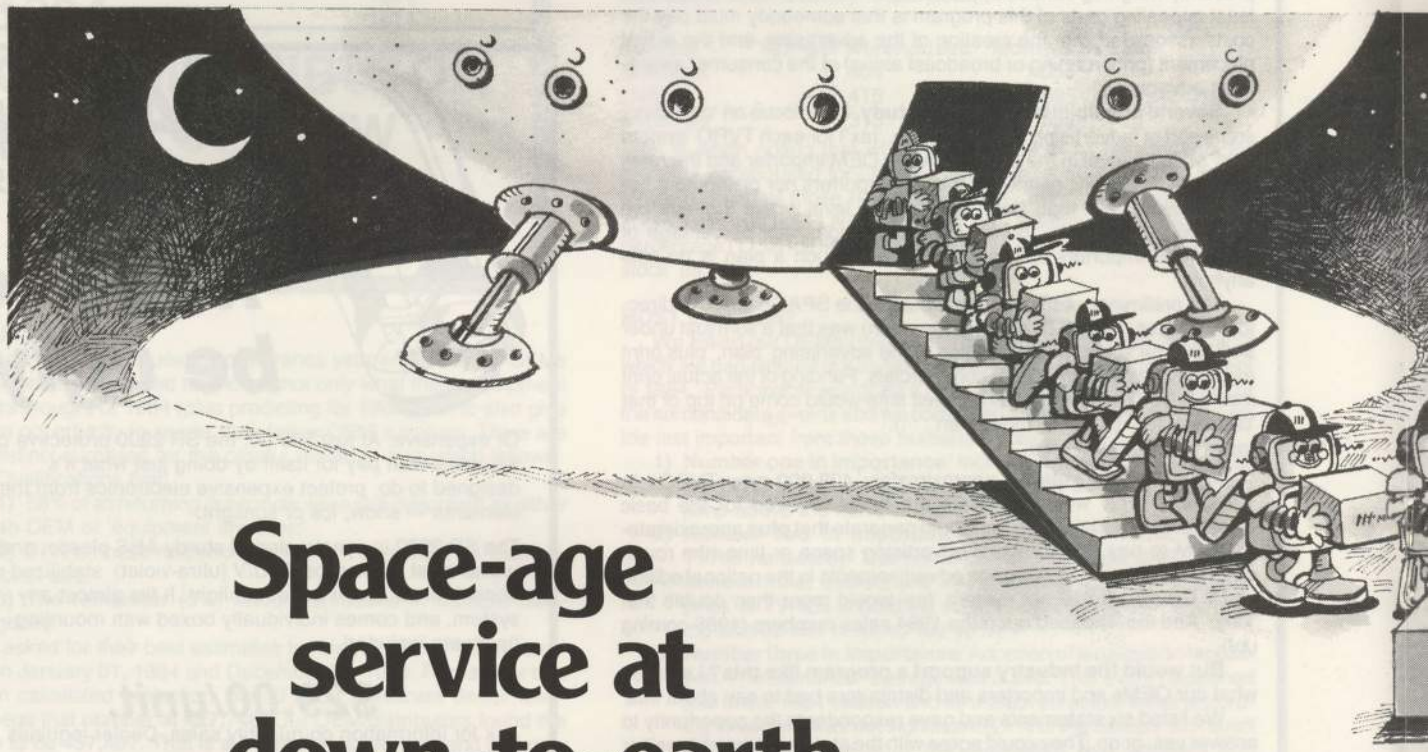
At least a handful of industry people have been exposed to a new system scheduled for 1985 introduction, if all of the 'pieces fall into place.' The system consists of a sub-carrier transmitted electronic 'bulletin board' and for a receiver to be able to use the service, the receiver will have to be equipped with either a built-in decoding system or an outboard decoder. Four or more 'text channels' of service would be available to the consumer through the system and each of the 'channels' would have individual data levels or tiers. The plan is that some of the information transmitted by this sytem would be 'free' (ie. available at no charge to the user) while other channels or tiers would be subscribed to by the consumer when he calls an 800 number and asks for service, using his charge card for billing purposes.

The system would offer a free data or information channel to the TVRO industry; a place where someone could send out news about our industry, news about programming changes, news about legislation and zoning and so on. This would, or could, be divided into two separate 'tiers' so that dealers and **only dealers** would have 'access' to **one** of the tiers while **every TVRO** equipped with the appropriate interfacing hardware would have access to the other 'tier.'

Having said all of that, the problem (there is always one) is who is the information 'source' for the public-displayed (available to everyone) tier? Who, in effect, gets to be the 'data headquarters' for a nation of TVRO users?

We asked our surveyed folks five questions regarding this system and they could answer **Yes** (indicating they **did agree** with the statement as written) or **No** (indicating they did **NOT agree** with the statement as written). It went like this:

1) Such a system places 'too much power' in the hands of one



Space-age service at down-to-earth prices . . .

group and should be avoided:
A) Yes - **64.3%**
B) No - 35.7%

2) Such a system should be encouraged:
A) Yes - 38.5%
B) No - **61.5%**

3) Such a system should be supported (equally) by all OEMs, distributors and dealers (meaning equal access for everyone):
A) Yes - **65.4%**
B) No - 34.6%

4) Such a system, if implemented, should be used and controlled only by SPACE:
A) Yes - 7.7%
B) No - **92.3%**

5) Such a system, if implemented, should be available to the entire industry on an equal basis:
A) Yes - **80.8%**
B) No - 19.2%

Those planning the introduction of such a system will do well to take these survey results in hand when creating their marketing and use program. And since it is scheduled for 'sometime in 1985,' let's see what our dealers believe the new year has in store for us!

1985: DEALER POINT OF VIEW

A BETTER Year Coming!

Dealers surveyed in Dallas and through **CSD** were within 1% of one another when all of the numbers were totaled for 'percentage of growth anticipated during 1985.' That number? **52 percent.**

Using our 1984 numbers, let's see what that 'translates' into:

1) A 'typical dealer' will sell **16.31** terminals per month, or 195.6 for the year.

2) He will have a gross income on system sales of **$585,775,** or $48,814 per month.)

To handle the growth, dealers say they:

3) Expect to enlarge their retail floor space (**40%** of dealers)

4) Expect to open additional retail outlets (**37%** of dealers)

5) Expect to add additional personnel (**76%** of dealers)

And equipment. Dealers are acutely aware of consumer promotional campaigns (94% are in favor of an 'all-industry campaign') and OEM support (82% said they could use additional OEM 'support' with in store promotional materials and full servicing information, two most frequently cited areas). We asked dealers how they plan to handle

their own equipment selection during 1985.

6) 35% said they expect to **retain** their present equipment lines (indicating 65% are in the market for new lines)

7) 29% said they plan to **replace** some of their existing lines with new lines (indicating 71% plan to keep their present lines)

8) 53% said they plan to expand, **adding** new lines to those already carried.

Specifically, dealers look to **BDC** units to be a **larger factor** in 1985 than in 1984 (71% agreed that BDCs will be a larger percentage of sales).

Who is the dealer looking to for help? 1984 saw some of the distributors doing seminars and training sessions. Distributors too have found a hunger on the part of dealers to learn more about their business and one and two day seminars have been the tools of this effort. Surprisingly, while 41% of dealers surveyed said they could use (or would like to have) additional training available from distributors, the majority of dealers (82%) felt that they would get smarter, faster if the **OEMs** provided the training. Several penned the comment "Distributors have broad knowledge about several product lines while the OEMs have specific knowledge about a single line." This suggests that dealers may be adding equipment lines most often when they feel there is good dealer training and consumer backup suppport with the products.

Dealers also voiced other preferences:

9) 70% would prefer distributors calling ON them rather than calling them on the telephone.

10) 71% would make use of training materials sent via satellite if available.

While OEMs, importers and distributors decided that TVRO-favorable-legislation was the third most important event or trend of 1984 (behind increased consumer awareness and overall price reductions), the dealers were heavily weighted towards the legislation (73%) as being **'the most important event** / trend **of 1984.'** Reduced prices was a poor second (17%). What the dealers appear to be saying here is that 'on the front lines' where there is direct interfacing between the potential consumer and the equipment for the first time, the legislation adopted is **THE** most important tool they have at their disposal; more important, even, than reduced pricing to the consumer. The real impact of this legislation, most dealers felt, would be in 1985 when more people became aware that TVROs no longer carried a 'stigma.' So if that is the 'positive side' of what dealers anticipate in 1985, what **negative** factors most concern dealers about 1985?

Scrambling, clearly, is their number one 'concern.' Dealers felt this way about scrambling:

11) If HBO and Cinemax scramble but others do not; **55%** expected **some reduction** in sales potential

12) If **all** of the premium channels scramble, **93%** expect a **reduction** in sales potential

13) And, if all premium services (HBO, Cinemax, Showtime, the Movie Channel and SelecTV) scramble:

A) Dealers felt **58%** of their existing customers **would sign-up** for a descrambler package within 60 days, and,

B) 84% would sign-up within 180 days.

Neither the '60 day' or '180 day' time frames offered made any mention of pricing since that is unknown at the present time. Dealers were quite vocal concerning the 'sources' for descramblers however; 93% said the descrambler units must be available from two **or more** sources (this addresses the present M/A-Com exclusivity for the descrambler package).

Finally, products. Dealers have strong views about the viability of various products/brands during 1985. The concensus of dealers is that receivers (61% of all dealers) will change most during 1985 while they least expected (17%) antennas to change substantially in the new year.

In our one-on-one interviews in Dallas, we asked dealers to rate their 'feelings' for 53 different brands or product groups. They had three choices:

A) Good

B) Indifferent

C) Not Good

We assigned numerical values to each answer; a **'Good'** rated a **+1,** Indifferent rated **0** and 'Not Good' rated **−1.** For each of the 53 brands or product groups we then tallied the totals. Meanwhile, for the OEM/importer/distributor group we offered a slightly more complex opportunity to 'vote' on the chances for success for specific brands or product groups during 1985. The individual (dealer alone, OEM/importer/distributor alone) as well as the combined totals are shown here separately.

1985 DEALER AWARENESS:

1) 'Typical dealer' expects to sell: **16.31 terminals per month**

2) 53% of dealers will add **new lines** to their present equipment lines

3) 94% are in **favor** of an 'all-industry' consumer awareness campaign

4) 71% expect BDC units to be a **larger** sales percentage

5) 82% favor **more** OEM training and support

6) 55% expect **reduced** sales if HBO + Cinemax scramble

DEALER '85 Soapbox

"I predict a price war between Uniden and Drake and a continued price decline in antennas. I also predict fewer new dealers entering the business than in years past (the 'get rich quick' story was always a myth and with prices tumbling, the incentive for huge profits per system are disappearing thereby decreasing the motivation to get in as a dealer)." (**New Mexico Satellite, Sante Fe, NM**) "We all need to work harder at enhancing our industry image and increasing our professionalism during 1985." (**North Country Satellite Systems, Remsen, NY**) "I would like to see trade shows go back to showing seminars on the hotel TV system." (**Bawcom Satellite Video, Portland, Arkansas**) "I am now looking for OEMs that want quality dealers to handle their products on a protected territory basis, as is quite common in the high-end stereo business. OEMs with quality product are interested in this type situation because they can feel assured that their product will be installed and serviced properly." (Don Slocum, **Link-Up, Arvada, Co.**) "Manufacturers need to develop a service 'string' that **includes** the qualified dealers. There is a bottleneck at distributor repair centers." (**Griffin TV, Hobart, Ok.**) "Zoning will be an even bigger problem in 1985. On the equipment side, antenna 'lifts' freeze up in the winter. Everybody talks about it, but nobody has yet solved that one!" (**Henke Radio & TV, Nelsonville, Wi.**) "The industry **must** stabilize in 1985; I need to be able to offer descramblers so people will not feel their dishes may be made obsolete by scrambling. I am very tired of scrambling talk!!!" (**Visual Concepts, Orchard Lake, Mi.**)

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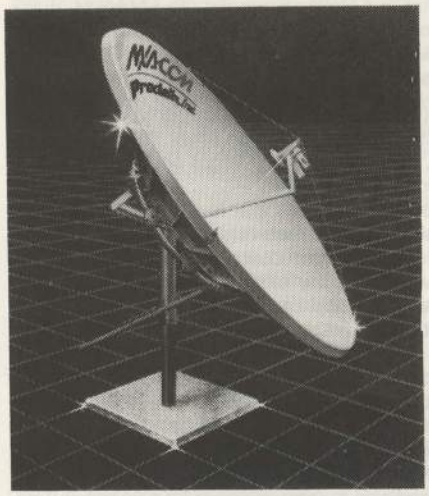

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1985: OEM/DISTRIBUTOR POINT OF VIEW

NO Shortage Of Data

The most extensive survey-study done for this special **CSD/2** report originated with the OEMs/importers and distributors. The amount of data generated was staggering with an unexpected 18% (+) response to the detailed six page questionnaire. A reminder here of **who** participated in the data base to follow:

1) 58% were OEMs or importers
2) 37% were distributors
3) 5% were of varied interests in addition to one or both of the above.

We led off our study with a 'loaded' question. It involved, in three parts, the impact created in the industry's distribution patterns during 1984 by the entry of a single company; **Uniden.**

Uniden spent the first six months of 1984 getting the market 'ready' for their entry. Product began to flow late in June and by the September SPACE/STTI joint show, Uniden was clearly well on the way to becoming a leader. Their target, perhaps not conscious, was R.L. Drake, the acknowledged volume leader in TVRO (around 20-22% of market share for receivers in last complete year; 1983). Here is what we asked those surveyed and some representative responses.

First our premise:

"Panasonic will be entering the TVRO marketplace 'early spring' with receivers which they intend to distribute and promote nationally through established distributors."

Then the first question:

"How do you see a 'major firm' such as **Panasonic** impacting the marketplace AND how will their impact differ from the impact of Uniden to date?"

Cecil Dupree (Graceba Total Communications, Inc., Dothan, Al.) responded "Panasonic and other 'major firms' will continue to effect the marketplace greatly. Panasonic has better 'brand recognition' than Uniden and an established distribution system."

True. But perhaps one point overlooked to date has been the **actual** distribution system Panasonic is establishing for TVRO products. We spoke with **Henry Hammerstein,** Department Manager for Video/Communication Products at Panasonic. Here is what he told us.

"We have a great deal of respect for Uniden. However, ask Joe Consumer who Uniden is. If he knows, he will reply 'they manufacture cordless telephones.' Now ask the same person who Panasonic is. The answer will invariably deal with video and audio consumer products. We think that is an edge."

"Until now, the TVRO dealer has made the decision which TVRO brands the consumer will buy. The consumer has decided only on the features he wants. The time is now here when the consumer will begin to recognize the names of brands for TVRO products."

Panasonic will be engaging in an undetermined amount of consumer advertising in 1985. Hammerstein says that the exact amount, and the placement of the advertisements is still being decided. But as an example, he noted "We, for instance, typically have three pages a month in **Playboy.** Some of those pages are for video, some for audio. Perhaps to begin with we will simply slide TVRO products into that type of advertising program as a replacement for perhaps one of the video pages."

Most have **assumed** that the distribution channels to be followed by Panasonic would be along the lines of their conventional home video products. The 'theory,' from outside, was that many of the present Panasonic shops carrying VCRs and television sets would pop up with Panasonic TVROs as well. The same theory also had Panasonic distributing through middlemen who handle the VCR and television product lines.

Not so. The first distributor to be signed by Panasonic was, in fact, **BR Satellite.** BR's **Mike Stevens** reported in mid-December the final negotiations were winding down and the thick contract between the two firms being signed. Stevens noted that the Panasonic contract was the first one he had seen in this industry which reflected 'professional attitudes.' He was obviously delighted to be 'number one' and is very enthusiastic about the entry of Panasonic into the field.

Stevens. "Most people have overlooked that the Panasonic division engineering their entry into home TVRO is NOT their consumer group; it is the **industrial** group, the same people who oversee professional video products. I don't see Panasonic popping up with TVRO receivers in traditional video outlets this year; maybe not even in 1986."

Keith Huff (CVS Systems, Inc., Marion, In.) observes that Panasonic's entry ". . . .will give the public confidence (in TVRO) and make our industry stronger." **Tony Hatcher** (Trice Electronics, Oklahoma City) has a different view. "Normally, Panasonic won't spend consumer awareness dollars. Their direct marketing and two-step distributor marketing approach will cause them to lag (behind Uniden)."

Larry Swanson (ATECH CORP., Rossville, Ks.) predicts "I expect many other 'component-electronics' firms to enter the marketplace as well in 1985. But I don't see Panasonic ending up the year with any greater market share than, say, Birdview Communications!".

Barbara S. Cooper (Crestview Antenna, Inc., Bentonville, Arkansas) forecasts "They will probably be able to lower the prices even further than Uniden did, because they are larger and can enter the market at a cheaper price."

Panasonic's Hammerstein suggests that low end pricing is **not** their initial goal. He speaks of a trio of receivers, low, middle and high, all built around the 950/1450 MHz block downconversion technology. He relates the product design to the existing Ku band technology (which also uses the same BDC approach and IF) and says all three units will be 'consumer styled and remote control will be standard.' He won't be pinned down on their total marketing effort in 1985 but characterizes their approach as 'slow' and aimed at a 'small share of the total market.' There does not seem, on the surface, to be a direct parallel between what Hammerstein says Panasonic intends to do, and what we observe Uniden doing. Not at the present time.

Samuel Gasque, Jr. (Skyhigh Satellite Distributing, Inc., Summerville, SC) notes "When I was a video engineer for a university, we used Panasonic video equipment; it was excellent. If they bring the same kind of 'finished quality' to the TVRO marketplace, through established distributors, it will boost the entire market. And possibly it will wake up some of the other manufacturers as well!".

Hammerstein says that all receivers will have 'threshold extension' for low signal levels, with a 27 MHz wide IF. He characterizes the design philosophy as being slanted towards 'best video quality' and uses the M/A-COM T1 unit as a 'comparison standard.' He assures us that there will be a complete accessory line of 950/1450 amplifiers and splitters and other parts required for BDC multi-receiver installations and all will have 'the Panasonic Brand.' The receiver is an LNA/BDC combination design with 100 degrees standard (model C-2000) and 85 degree units also available. To switch from 4 GHz to 12 GHz (or

WHO IS RESPONDING HERE:

1) OEMs and Importers / **58%**
2) Distributors / **37%**
3) Both Levels / **5%**

vice versa) requires changing out the LNA 'head' on the BDC unit.

Ron Matthews (Southeastern Satellite Systems, Inc., Destin, FL) suggests that "Panasonic's entry is the first in our field by a REAL world-class consumer communications supplier. I predict this will encourage even greater off-shore entry into the marketplace."

A prominent antenna OEM adds "Panasonic will be first class. I hope they will enter the industry with a much more established market plan rather than the way Uniden entered the marketplace. I also hope they will back their marketing plan with incentives rather than 'forcing' distributors to handle their product exclusively."

Richard Shogren (Home Cable, Inc., Salina, Ks.) sums it up with one word. "Awesome!." But **Arnold A. Gaub** (Quantum Associates, Alpine, Wy.) has the understated comment to end this question.

"Panasonic will NOT have much of an impact; about the same as Uniden."

PREMISE Two

We wrote on the survey form "Uniden impact on the marketplace has been rated 'substantial.' Many observers attribute this to their distributor financing program."

And now the question:

"How effective do you believe the (Uniden) distribution program has been to date and do you feel it will continue to be effective?"

"What is Uniden selling; Toyota trucks, vacations, or satellite receivers?" ponders **John Ramsey** (Sat-Tec, Penfield, NY). "It looks to me as if the Japanese firms will fight out their egos, first with their advertising budgets and second with their profit margins. I guess the guy with the lowest margins wins! Anybody can be effective if they give terms but wait until they have been hit by some 'solid distributors.' Perhaps they can write off those losses as a 'toll being paid' for 'market entry.' "

Our antenna OEM has a similar observation. "I believe this program has been 'funded' into existence through buying stock and controlling the distributors instead of allowing time for true trust in the product to develop."

David W. Milligan (Sooner Antennas, Oklahoma City, Ok.) responded ". . .far deeper than any marketing or distributor program, the dependability and performance of the Uniden Corporation is their true strong point."

A major feed supplier responded "Uniden is basically 'buying' their way into tte marketplace by distributor financing, spiff programs and dealer promotions. This will continue to be effective until other large(r) Japanese firms are active in our field." **Don Sturch** (Certified Industries, Cabot, Arkansas) forecasts ". . .Uniden's distributor program will continue to be effective as long as they supply the product in a timely manner and their quality does not drop off."

Tom McKinnis (Sight and Sound Systems, McLeansboro, Il.) sees a subtle change in the Uniden distribution program. "It started out as **'you too can be a distributor'** and now it seems to be maturing into **'you can be a Uniden distributor** IF **you measure up." Jim Berry** (Ajak Industries, Inc., Dodge City, Ks) doesn't see that change yet. "They have set up virtually everyone as a distributor and that is only one small step from going dealer-direct!."

Bill Armstrong (Paar Industrial Electronics, Ltd., Calgary, Alberta) sees the Uniden advantage as perhaps temporary. "Uniden was first to provide terms to distributors and to adopt mass advertising. When others with equal or greater financial strength enter the marketplace, I feel Uniden's percentage of market will erode."

Samuel Gasque, Jr. zeros in on the Uniden financing terms. "Distributor financing is a must if the industry is to grow. Frank Bremmer of Amplica (formerly RCA) pioneered this and it has helped us a great deal." A major distributor who does handle Uniden products sums it up and it does appear that the Uniden distribution philosophy is changing. He notes "There are far too many Uniden distributors at the present time. This leads to price cutting and that is bad for the distributors although it may create a temporary edge for Uniden itself."

THE Profit Squeeze

We wrote "The 'profit squeeze' has been felt at all levels of distribution during 1984; OEM, distributor and dealer. Which level will feel the greatest additional squeeze during 1985?." In other words, is

there one category of distribution participant who is going to find survival **more complicated** in 1985?

And the summarized responses:

1) Greatest profit squeeze/ Distributor (40.4% agreement)
2) Next greatest profit squeeze/ OEM (31.3% agreement)
3) Lowest level of profit squeeze/ Dealer (15.6% agreement)
4) All will feel it equally/ (12.7% agreement)

Some of the reasons given are illuminating.

Cecil Dupree notes "Distribution companies will feel the squeeze from manufacturer prostitution of the marketplace." **Ferenc Sziza** (Professional Electronics, Kenner, La.) agrees. "The distributor must act as a cushion between the manufacturing place and the dealer place. He is in a terrible spot because the manufacturer wants to move the product and the dealer wants the lowest possible price!".

A regional distributor in the deep south comments "History repeats; how well do I remember the 1977 CB days! Mail order will feel it first as the market changes to regional distributors. But the regional distributors will have to be very careful and very wise by staying on top of their inventory at all times."

Trice's **Hatcher** voted for 'dealers' and notes "The dealer will suffer most because of a tremendous influx of new dealers into the marketplace."

James Redmond (Starview of Texas, Dallas, Tx.) is more concerned for the manufacturers. "Not all manufacturers will be able to produce the products which the consumers want and 'their consumer' (ie. the dealer) will go with the manufacturers who offer the best advertising and promotional campaigns."

Crestview Antenna's **Cooper** observes "The distributor will suffer the most as the dealers continue to search for the best buys and this cycle will continue until eventually everyone is forced into the same profit margins."

A small, regional distributor in the southwest points out "The distributor will suffer the most because there are already 30-40% too many so-called distributors in this business. It will take most of 1985 for those who should not be here to leave. Then that portion of the business will stabilize."

Mike Render (Lowrance Electronics, Tulsa, Ok.) has a direct answer. "The OEM is in the most trouble simply because of the equipment 'glut'."

Skyhigh's **Gasque** also sees the distributor as the 'fall guy.' "The distributor is going to feel it the most, without a doubt! He makes the least now and until the market matures and follows the lead established by the rest of the mature home electronic industries, he will continue to be blamed for everything and held accountable for manufacturer mistakes."

Paar's **Armstrong** suggests otherwise. "The low tech (receiver) manufacturer will suffer the most because of the oversupply or potential oversupply of 'shoeboxes with knobs.' Products, to survive, must be innovative and fairly priced."

Blair A. Gilbert (Galaxy Broadcast Services) is the optimist. "I do not believe that 'the professional' in our industry, in any portion of the chain, will feel this crunch."

SOME Threatened

If Gilbert is correct, there can be no **categories** of failures in 1985; only individual failures based upon a lack of professionalism. Or experience, another word for professional. Still, there is the likelihood that professionalism will be taxed more severely in some quarters than others.

We asked our industry people to decide which of several different categories of OEMs, distributors and dealers were most likely not to survive 1985.

OEM:

1) Most vulnerable/ 'Low Tech North American OEMs' (62.06%)
2) Next vulnerable/ 'High Tech North American OEMs' (24.13%)
3) Next vulverable/ 'Low Tech off-shore OEMs' (13.79%)
4) Least vulnerable/ 'High Tech off-shore OEMs' (00.0%)

Distributor:

1) Most vulnerable/ '800 number below-retail seller' (28.00%)
2) Next vulnerable/ 'Traditional distributor with modest service and warranty repair backup' (27.16%)
3) Next vulnerable/ '800 number plus extensively practiced direct mail below retail seller' (20.48%)
4) Least vulnerable/ 'Full service distributor with dealer training' (17.34%)
5) None will be adversely impacted (6.90%)

Dealer:

1) Most vulnerable/ 'Part-time dealer working out of his home' (76.70%)
2) Next vulnerable/ 'Full-time dealer handling TVRO exclusively, with showroom' (20.00%)
3) Least vulnerable/ 'Full-time dealer handling TVRO plus other products' (3.30%)

NUMBER CRUNCHING

We have already reported that this particular group of individuals surveyed have fixed the 1984 sales figure (at retail) at 457,407 systems, and have noted that this corresponds closely with our own calculated industry sales figures created from **dealer** input (427,740). In an industry that still has no 'hard number' measurement process operational, arriving within 7% at the same numbers from two different directions seems like a pretty accurate way of approaching an 'unknown.' Now, what about 1985?

We have also fixed the dealer's own forecasted rate of growth at 52%. How closely does that compare to the forecasted numbers from the OEMs, the importers and the distributors?

This group tells us that the industry will grow at a rate of **40.43%** during 1985. Let's see what that means:

A) If their 457,407 terminals is accurate, or close to accurate, then the total number of retailed terminals in 1985 will be 642,336. Given our own calculated system universe of 750,041 on December 31st, that nets us a total number of **1,392,337** installed-terminals on December 31, 1985.

B) If the **dealer**-calculated number of terminals for 1984 is correct (427,740) then our universe on 12-31-85 becomes 750,041 plus 650,165 or **1,400,206.**

Once again we have two different approaches to the same goal; how many terminals will be in the ground on 12-31-85? If you use the dealer numbers, you arrive at 1,400,206 while if you use the OEM/ importer/distributor numbers you arrive at 1,392,337. We point out that the two numbers are within **6/10ths of 1 percent** of one another. Close enough for non-government work.

It is the 1985 **rate of growth** which differs; dealers forecast 52% while the two higher steps on the supply side forecast just over 40%. With a larger than desirable equipment 'glut' on our hands this past December 31st, a betting man would tend to lean towards the OEM/ distributor forecast when planning 1985 production goals; just to avoid having another (potentially larger) equipment glut on our hands **next** December 31st.

The total number of terminals for 1985, forecast and seemingly fixed, what about the rate of sales **per month?** There are no 'shared numbers' available so we go back to **CSD** for September 01 (1984), page 95. There we find the **Channel Master** internal shipping report for the year 1983, which breaks down the full year into so many dollars shipped per business day. This includes Channel Master TVRO **plus terrestrial** television products so there cannot be 100% compliance for TVRO alone here. Still, it is a far better guide than simply 'guessing' as we have done in the past in this industry.

The Channel Master numbers can be used to forecast the number of new terminals which will be sold and installed **per month** during 1985. The primary problem, as noted, is that the numbers begin as **total** CM production, **including** TVRO **plus** non-TVRO (TV antenna) goods. The secondary problem is that you are leaving 1984 with a growth-rate of 427,740 and you 'jump' into 1985 with a growth rate forecast of 642,336. January does not command that type of sudden (percentage) improvement. Still, **it is a place to start** and the following chart uses the Channel Master internal numbers to bring a little order into what has previously been a chaotic situation.

Month	% of Total Sales	Number New Terminals	Total Number Terminals
Jan	7.56%	48,304	798,345
Feb	7.40%	47,533	845,878

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The Sky Eye VIII is known for its absolute rock solid stability. It's a remote control receiver with quartz synthesized tuning. That's what keeps it from drifting. It's also got scan and seek capabilities, polarity reversal, format switches, signal strength metering, digital transponder displays and single tunable audio. With the Sky Eye VIII, you're guaranteed consistent picture quality for years to come.

THE SSD.

The SSD is the non-remote version of the Sky Eye X with many of the same terrific features. It has detent tune, skew control, polarity reversal, and single tunable audio. It, too, is quartz synthesized, which gives it that absolutely stable picture quality.

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Mar	7.84%	50,359	896,237
Apr	8.77%	55,333	952,570
May	8.02%	51,515	1,004,085 (*)
Jun	10.07%	64,683	1,068,768
Jul	5.41%	34,750	1,103,518
Aug	8.96%	57,553	1,161,071
Sep	10.63%	68,280	1,229,351
Oct	9.51%	61,086	1,290,437
Nov	8.40%	53,956	1,344,393
Dec	7.47%	47,982	1,392,375

*/ You can forecast when the 1,000,000th TVRO terminal will be installed using this approach. It will be around 3:03 PM eastern time on the 29th of May, 1985. You can also deduce how many terminals will be installed each working day of the year (2,549 per day) and therefore how many are likely to be in some state of assembly and installation at 3:03 PM eastern time on the 29th of May (796 terminals). 'Honors' for the 1,000,000th terminal may have to be divided 796 ways!

LEADING Events of 1985

Forecasting how many terminals, and when, is a dangerous exercise. Selecting, in advance of the year, 'the most important' trends or events is even more dangerous. Certain trends, begun late in 1984, threading through 1984 and 1985, are obvious. Others, dependent upon events nobody can foresee in advance, are impossible to gauge (forecasting passage of the 1984 TVRO legislation, for example, would not have been possible in January of 1984). So based upon what we **can see** happening, which of six trends or events will most influence the way we do business in 1985?

1) Number one/ 'HBO Plus Cinemax scramble, others do not' (3.103)
2) Number two/ 'Refinement of import products **and** increased import-product marketing (including direct to consumers)' (3.200)
3) Number 3/ 'Major shake-out in OEMs' (3.387)
4) Number 4/ 'Major changes in distributor operations' (3.444)
5) Number 5/ 'Failure of HBO (et al) to scramble' (3.621)
6) Number 6/ 'Zoning problems (continue to grow)' (4.207)

Here, again, those surveyed marked a '1' for **most important** down to '6' for **least important.** Notice the bunching between 3 and 4, indicating that at least in **these six** categories there were no clear-cut winners.

TRUE Or False

We made 13 statements and asked those surveyed to indicate with a 'Y' (yes) or an 'N' (no) whether they agreed with the statements. This is simply a measurement of 'industry opinion' concerning certain aspects of distribution of hardware. The statements, from **CSD,** were intended to elicit response and do not, as stated, necessarily reflect our own opinions!

1) National distributors, operating from a single warehouse but attempting to service dealers nationwide will suffer badly and some will disappear during 1985.
   YES/ 93.1%
   No / 6.9%
2) National distributors, using essentially the '800 number' approach and selling 'wholesale to consumers' or 'non-established-dealers' will increase in sales importance during 1985.
   YES/ 56.7%
   No / 43.3%
3) Full-time dealers, with display-front stores and full time personnel, will actively 'boycott' **(not a legal term!)** distributors who sell direct-to-anyone before 1985 is over.
   YES/ 81.5%
   No / 18.5%
4) Uniden will replace Drake as the number one seller of TVRO receivers in 1985.
   YES/ 67.9%
   No / 32.1%
5) Off-shore produced antennas will appear in large numbers and capture a significant share of the market during 1985.

YES/ 53.6%
No / 46.4%

6) Stand-alone LNAs will be seriously challenged by combination LNA + feed devices during 1985.
YES/ 59.2%
No / 40.8%

7) HBO's scrambling plans will drag out so long and there will be so many 'false starts' during 1985 that by the time they finally DO scramble 'nobody will care' and very few will do business with them.
YES/ 76.7%
No / 23.3%

8) There will be no REAL BUSINESS for descramblers until ALL of the premium (as in movie) services DO scramble.
YES/ 93.6%
No / 6.4%

9) Part-time, untrained dealers will continue to be an important part of the marketplace for distributors and OEMs during 1985.
YES/ 60.0%
No / 40.0%

10) BDC units will all but take over the receiver market in 1985.
YES/ 62.1%
No / 37.9%

11) There will be an exciting, important new breakthrough in TVRO antennas in 1985.
YES/ 42.9%
NO / 57.1%

12) Small dish systems (6 feet and smaller) will become at least 20% of the total system market during 1985.
YES/ 72.4%
No / 27.6%

13) 1985 will be the LAST year the industry has three major trade shows during the year.
YES/ 74.1%
No / 25.9%

AND The Clincher

As noted previously in our dealer segment, we presented those dealers interviewed in Dallas with a list of 53 different brand names or product groups and asked them to show their 'emotional involvement' with each firm listed. They were given three choices: Good, Indifferent and Not Good.

Then we presented our OEM/Importer/Distributor people with a similar list but in this instance gave them four choices: 'Bigger,' 'About (the) Same,' 'Smaller' and 'Gone.' The last one is the cruel one since we were asking this survey group to comment on the relative 'size' or 'importance in the marketplace' of firms they deal with, or compete against, every day of the week.

Our rationale for this is as follows:

1) Dealers represent the 'consumers' for the OEMs, the last people in the string whom OEMs have direct contact with. The dealers have 'good,' 'indifferent' or 'not good' feelings about those suppliers. It is unlikely that a dealer who feels 'not good' about a firm will do business with them. If a significant number of dealers feel that way, the firm had better find out why and correct its 'image' or it may not, indeed, make it through 1985!

2) Distributors and OEMs deal **more directly with** the OEMs; distributors buy from, handle service and repair shipments for, and field the complaints about the OEMs they handle. They also have a good feel for brands they do not handle because they get this feedback from dealers and other distributors. OEMs, likewise, meet other OEMs at levels which allow OEM personnel to form 'opinions' about the viability of other OEMs in the field.

The danger here is in starting self-fulfilling prophecies. If you say so and so is failing, not likely to make it, long enough, sure enough that can happen because people (customers, such as dealers) pick up on the 'feeling' and shy away from the OEMs involved.

So we've created a numerical system which assigns a number value for each expression of sentiment. It works this way:

1) From the dealers, a 'Good' rates a +1, an 'Indifferent' rates a 0 and a 'Not Good' rates a −1.

If everyone voting said 'indifferent' the supplier would end up with a 0 rating. It could be worse; they could all be negative ones! If an identical number of people vote 'Good' (+1) and 'Not Good' (−1), we **also end up** with a zero. This is an appropriate method since it says that firms falling either side of '0' at least have an indication of how they are doing in the eyes of the dealer.

2) From the OEMs/Importers, and distributors, a 'Bigger' rates a +1, 'About (the) Same' rates a 0, a 'Smaller' rates a −1 and a 'Gone' rates a −2 (gone being quite permanent sounding).

The results are tallied in two columns; one (the first) for OEMs et al, and the second for the dealers. The dealer numbers fall into a narrower range largely because of the significantly larger number of survey participants which tends to 'mask' extremes.

Number Rating	OEM/Importer/ Distributor	Dealer
+21	Uniden	
20		
19		
18		
17		
16		
15	Chaparral	
14		Drake, Chaparral
13		Houston Tracker
12	Raydx	Uniden
11		M/A-Com (antennas, electronics) DX
10	DX	
9		Winegard, Avantek
8	Winegard, M/A-Com Electronics	
7		Intersat, California Amplifier, Paraclipse, Norsat
6	Channel Master	ADM, D&H, Odom
5	Houston Tracker	Conifer, Earth Terminals, Amplica, Dexcel Gould, Spacevision, Raydx, Skywalker, Northwest SatLabs
4		Lowrance, ECI, Channel Master, Toki, Avcom, Hero
3	Avantek	MTI, Beachcraft, Locom, Arunta, Quantum, USS/Maspro, Omni-Spectra
2	Amplica	GI, Kaultronics
1		IVC, Commander, Anderson, Maxum, Microsat
0	Drake	Columbia Antennas, U.P. Satellite, STS, Vista
−1		KLM, Luxor
2	Paraclipse	Boman
3		Janeil Antennas, Janeil Electronics
4	STS, Toki	Sat-Tec
5	Odom	
6	MTI	
7		
8		
9	Anderson, Conifer	
10	M/A-Com Antennas	
11		
12	Hero	
13	USS/Maspro, Locom	
14	Intersat	
15	Spacevision, Dexcel Gould, Luxor, Norsat	
16		
17	Boman, Lowrance, ECI, ADM	
18	Janeil (antennas), AVCOM, California Amp	

19 Janeil Electronics
20
21
22
23
24 Sat-Tec
25
26 Arunta, Earth Terminals
27
28
29 Skywalker

NOTE: Regency, Automation Techniques and DRACO were somehow missed in the listings while KLM was inadvertently left off of the OEM list.

Any summary of this listing is probably 'dangerous,' so we will be brief. **DX** appears as number 4 with the OEMs (et al) and number 6 with the dealers. Their most recent entry, a medium priced BDC unit, has attracted plenty of interest and admiration and they seem like a firm to watch in 1985. **Winegard** also appears high in both counts and **Uniden**'s 'force' is evident by their 'commanding lead' in the OEM area and respectable showing with the dealers. **Drake**'s number 11 position with OEMs (et al) reflects, we believe, the Uniden threat perceived by OEMs but at the dealer level they are right at the top with the perennial winner; **Chaparral.**

At the opposite end of the scale, Janeil antennas and electronics rate poorly with both OEMs/ distributors and dealers; but when you have Jimmy Long selling for you, does it really matter?

Next year we'll have this year's listing to reference to, and to see how our competitors have fared in the face of these late 1984 'ratings.'

1985 OEM/DISTRIBUTOR AWARENESS:

1) Panasonic/ **'Industrial,** not consumer'
2) Greatest Profit Squeeze/ **'Distributors'**
3) Most Vulnerable OEMs/ **'Low Tech** North American'
4) Growth Anticipated/ **40.43%**
5) 1,000,000 Terminals/ **May 29, 1985**
6) Dealer 'Boycott'/ **'Retail** level distributors'
7) BDC Units/ **'Dominate** receiver market'
8) 6' And Under / '20% or more of market'

PRODUCT NEWS/ continues from page 6

ucts.

PENTEC/MTI has appointed **Guy C. Davis** as their new Vice President of Sales and Marketing. Davis was formerly VP at Uniden Corporation of America, and chairs the recently activated Industry Standards Committee (a joint effort of SPACE and NASEM).

CALENDAR/ Through February 28th

JAN 15/17	Jerrold Technical Seminar, San Francisco (Ann Pliscof, 215/674-4800).
JAN 17	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern) (weatherproof, Cable [in] security, Rick Brown [#2]).
JAN 22/24	Blonder Tongue SMATV/CATV Technical Seminar, Atlanta, Ga. (201/679-4000; Sharon Leight for information)
JAN 24	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern) (equipment boxes, Brown # 3)
JAN 31	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern) (small TVRO antennas #1, Brown #4)
FEB 08	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern (small TVRO antennas #2, Brown #5)
FEB 14	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern) (small TVRO antennas #3, Brown #6)
FEB 21	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern) (small TVRO antennas, 55 degree LNA, Brown #7)
FEB 28	Boresight TVRO Magazine, F4 (TR16), 9PM (eastern)

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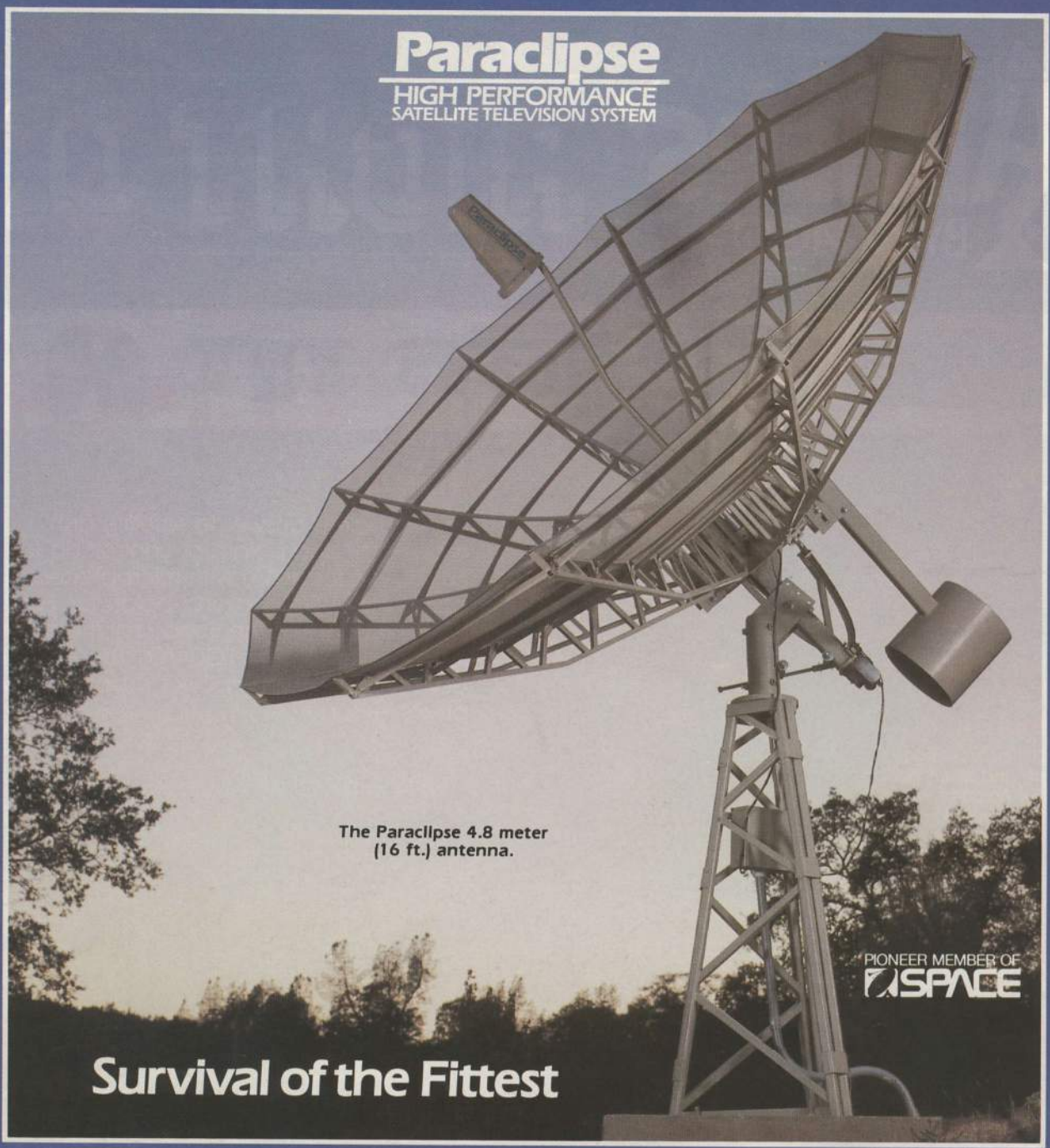
DISTRIBUTORS: WISCONSIN: **Delta Satellite Corporation,** Cedarburg, WI 414-375-1000, Nat'l 800-558-5582, Wisc. 800-242-2290. NEW YORK: **Satellite Video Services,** Palenville, NY 518-678-9306. OREGON: **Von's Total Television Center,** Eugene, OR 503-342-1618. OHIO: **Satco U.S.A.,** New Philadelphia, OH, Nat'l 800-362-8619, Ohio 800-362-6781. FLORIDA: **United Communications Supply,** Tampa, FL 813-971-1648. UTAH: **Video Link,** Salt Lake City, UT 801-278-2878. TENNESSEE: **Cox Enterprises,** Rockwood, TN 615-354-3471. CANADA: **Ground Control,** Concorde, Ontario 416-669-6366. **Satellite Systems Ltd.,** Burnaby, B.C. 604-430-4040. **Videosat Canada LTEE,** Charney, Quebec 418-832-4621. TEXAS: **Morgan Satellite Systems,** Hughes Spring, TX 214-639-7517.



It's a tough world out there. Every minute of every day the effects of wind, rain, heat, cold and corrosion will do their best to defeat your investment.

If your system is to survive and perform accurately day after day, year after year, you will need to start out with equipment strong enough to endure nature's worst.

The famous Paraclipse design rib and ring truss system is simply unequaled in terms of rigidity, strength and parabolic symmetry.

The antenna framework is a precision welded aluminum alloy structure covered with heavy expanded aluminum mesh. The result is a strong, lightweight, dimensionally stable mesh reflector that is capable of supporting the kinds of loading that a solid dish would impose.

The hub assembly, polar drive, pedestal mount and counterweight are all fabricated from steel. Precision tooling and manufacturing techniques enable the 4.8 meter Paraclipse to track from horizon to horizon and from zero to 90° elevation with perfect, dead center accuracy.

Our counterweight assembly offsets the forward weight bias imposed on the polar tracking mechanism. By placing a mass equal to that of the reflector behind the polar T, we've greatly reduced the demands placed on every component of the drive system. With the drive disconnected, the entire superstructure swings smoothly to the center position and can easily be moved by hand to any position in the arc.

Every part is powdercoated with a beautiful baked-on polyester finish that effectively seals the antenna from the elements. The entire assembly is put together with stainless steel bolts, nuts and fasteners.

We're so confident in the way we build the 4.8 meter Paraclipse that we guarantee it for three full years against wind damage. That's right, a three year unlimited wind speed warranty. If it is damaged by wind in the first three years, we fix it. You are protected right up to, but not including an offically declared disaster.* We are that confident.

You will want your investment to last. You will want your equipment to perform. You will want accuracy and reliability for a long, long time. And you will want all of these things at a reasonable price from a manufacturer who will stand squarely behind his products.

At Paraclipse we think you deserve no less.

Paraclipse Inc. 3711 Meadowview Drive, Redding, California 96002 (916) 365-9131 244-9300

* Full warranty information available upon request.