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94. Reply Comments of Proponents. Zenith and Teco reply to comments of STV opponents on siphoning as follows. The Joint Committee argues that even though talent might continue to work for free TV and STV, it could not do so at the same time. This completely overlooks the fact that programs may be taped or filmed so that the artist need not perform the impossible task of being in two places at the same time. Recently, (citing an example) the same artist appeared on CBS and on NBC simultaneously. The argument that if talent appears on both STV and free TV it might dilute its conventional TV audience by self-competition (*i.e.*, by siphoning part of its free TV audience to STV) is poppycock.

95. They advert to the example of ABC which stated that if 15,000,000 STV sets were tuned in to NFL football games at cost of \$1.00 per television household, then over a season of 14 games \$210,000,000 would be generated so that STV could siphon the games from free TV because the latter medium can only afford to pay \$19,000,000 for them. To this they reply: The ratings of AFL and NFL football games have averaged between 10 and 14. Therefore, if STV could achieve the same rating by levying a charge as was obtained when the programs were shown free, STV would need a penetration of 100 to 150 million subscribers in order to obtain revenues of \$15,000,000 per week. But there are only about 55 million sets in the country. It is more reasonable to assume a 10% STV penetration which would result in about 5 1/2 million subscribers. At \$1.00 per game and with a rating of 10, STV would obtain \$550,000 per week or \$7,700,000 for the 14-week NFL season--an amount far less than that which CBS pays for the games.

96. As to the Joint Committee's questioning of limitations in the family budget that would serve as a brake on pre-empting of time, the Joint Committee had stated that this limitation was incapable of measurement. Zenith and Teco reply: It is measurable and was measured at Hartford. Thus, during the first two years of the trial only 27% of the feature films shown were first subsequent run. Between October 1, 1965, and September 30, 1966, 70% were first subsequent run. However, the average weekly expenditure of subscribers was about \$1.20 in both situations. Therefore, even with improved programming the amount remains fairly constant and this is proof that there is a family budget limitation.

97. In response to arguments that the trial was too small to give information about siphoning they state that the sample of 5,000 subscribers at Hartford is about five times larger than the Nielsen sample for the whole country on which free TV so heavily relies. It is averred that it gave the data on which estimates of potential may reliably be drawn.

98. Zenith and Teco urge that contrary to hurting free TV by program siphoning, STV may well help free TV because of helping to increase the total box office returns (by adding to the theater returns) it will make for a larger total box-office revenue and this in turn will make for the production of more and better quality feature films. They state that this will help free TV because although that service is apparently placing more and more reliance on feature films, the fact is that the source is drying up. The stimulus that STV will give to motion picture production will, according to them, help to alleviate the situation.