

A. Motion Picture Films

Feature films made up approximately 86% of the first two years of Hartford subscription programming, which is in accord with previous estimates submitted to the Commission by RKO Phonevision and Zenith that a dominant portion of the proposed subscription television programming would consist of current motion picture feature films. Of the various subscription television program categories, current motion pictures produced the highest cumulative average audience rating, with the single exception of heavyweight championship boxing. This, of course, is not surprising, since motion picture admission expenditures have in recent years constituted approximately two-thirds of the public's expenditures for spectator amusements, including legitimate theater, opera and spectator sports.¹¹

It is relevant to note the cooperation which RKO received from motion picture producers and distributors during the Hartford trial. As the Commission knows, as soon as it authorized RKO to conduct the Hartford trial, various theater owner organizations attempted to induce motion picture producers and distributors to refrain from supplying their feature film product for the Hartford trial. Despite this theater opposition, all of the major¹² and a number of independent producers and distributors have supplied motion picture product for the Hartford trial. Except for one film, the producers and distributors have refused to supply film on a "first run" basis. However, they have supplied product on a "first subsequent run" basis, i.e., several weeks after first theater run, which corresponds to the time when pictures are released to neighborhood theaters. In our opinion, any nation-wide subscription system could, if it were deemed important, obtain "first run" pictures day-and-date with their showing in first run theaters, since a principal cause of the lack of availability of first-run and certain outstanding film features was the fact that the Hartford operation was on a trial basis. In the absence of any assurance that the Commission would extend subscription television

¹¹ Statistical Abstract of the United States, Table No. 283, p. 208 (1964).

¹² In March of 1964 RKO General instituted an antitrust suit against two of the major motion picture producers (20th Century-Fox and Universal Pictures) since neither company had been willing up to that time to provide any films for the Hartford trial. These suits were settled out of court in June of 1964; and as the second trial year ended, both companies were providing an excellent selection of older and "first subsequent run" films at prices comparable to those of the other major distributors who had been cooperating with the Hartford trial.