

support is controlled by the cost-per-thousand economics of advertising. On the other hand, box-office attractions have several sources of economic support, including revenues derived from theater release as well as revenues derived from later use on conventional television. Subscription television exhibition can be combined with simultaneous theater release without significant loss of box-office revenue by program producers and distributors. The combined amount of these box-office revenues will ordinarily exceed what sponsors can pay for a single conventional television release which largely exhausts all residual value of the feature. Furthermore, subscription release will have little effect on the residual value of motion picture film when ultimately released to conventional television. In short, subscription television and theater box-office release are compatible while conventional television and theater box-office release are incompatible.

VI. THE HARTFORD TRIAL HAS DEMONSTRATED THAT SUBSCRIPTION TELEVISION PATRONAGE IS NOT LIMITED TO HIGH-INCOME SUBSCRIBERS BUT PRIMARILY ATTRACTS MIDDLE-INCOME SUBSCRIBERS

It has always been difficult to understand how the competitive sale of any product or service, including subscription television, could be limited only to high-income homes in a nation where the vast majority of people have substantial amounts of discretionary income to apportion where they please. In fact, the Hartford trial has demonstrated that not only will subscription attract all people possessing discretionary income, regardless of their income level, but it will be predominantly utilized by people earning between \$4,000 and \$9,999.

The actual subscriber response to the programming discussed in Point IV, *supra*, is tabulated on Exhibit 2. This detailed study of subscriber groupings among income levels and expenditure levels was initiated at the end of 92 weeks, when the operation had substantially attained its maximum planned size for purposes of the trial. Therefore, Exhibit 2 is limited to the 4633 current subscribers at the end of those 92 weeks and divides them into groups falling within each 10 cent bracket of average weekly expenditures. As could be expected, the ranges among income levels and program expenditures of these 4633 individual subscribers are as varied as their collective response to the 599 individual programs tabulated in Exhibit 1.

Analysis of this actual subscriber response demonstrates that subscription television is not the rich man's toy, as so often charged. The basis for this conclusion is demonstrated by the following tabu-