

We became concerned many years ago about the problem of how television programming would receive the financial support required to reach its full potential as the most dynamic new communications medium in the world. We asked our cleverest research people to work on ideas which would make it technically possible for the viewer to share in the cost of programs, box office events which might otherwise not be available because an advertiser could not afford to sponsor them.

Over the years, we have developed a number of different systems which would make this possible. We actually experimented with such a system in field use with a limited sample of 300 customers in Chicago for three months in 1951. Based on the knowledge developed in the limited test, we asked the Federal Communications Commission in 1952 to approve a subscription TV system for nationwide use, as a *supplement* to existing broadcasting.

You are undoubtedly familiar with the fact that the Commission authorized, on an experimental basis, a commercial operation of the service in the City of Hartford, Connecticut, which got under way late in June, 1962. This trial operation has been conducted by RKO General, a subsidiary of the General Tire Company. On the basis of the results of that operation, RKO General and Zenith petitioned the Commission in March 1965 for a nationwide authorization. I need not recount the most recent developments before the Commission, which have been covered in previous testimony.

It is very difficult to say anything about subscription television which hasn't already been said before—there have been more words written about it, one way or the other, than anything which has been before the Commission since its creation.

The operation in Hartford, Conn., has produced the only new and significant data which is based on actual day-to-day operating experience. A wide variety of box-office-type programs have been made available to the subscribers in Hartford over the years of its operation. A detailed analysis of our experiment in Hartford was filed with the FCC in support of our petition for a permanent nationwide authorization, and I have copies available here for the subcommittee's study. In brief, this document shows that, despite all of the limitations that were naturally incident to such a small scale operation, the service was a popular one. It provided first-run motion pictures and other box office entertainment in the home, for the entire family, at a price no more, and usually less, than a single ticket at the theatre, or hall, or stadium, where the same entertainment was being offered at or nearly the same time.

I would like to stress that the Hartford operation shows the American public to be *highly selective* in what it will pay money to see on Subscription TV. One outstanding fact emerges from our experience—any attempt to charge for second, third or fourth-rate old movies or for situation comedies, or the other things that unfortunately make up such a large part of current commercial television, would be doomed to financial disaster. The main problem that will be faced in large scale operation of this new medium is how to encourage and develop the production of new box office entertainment in sufficient volume to attract customers to spend the dollar or two a week that is necessary to make it a commercially feasible proposition.

Our opponents have argued long and loud that if subscription television is permitted on a wide scale the effect will be to siphon away programming and talent from "free" TV and to attract away so many viewers that so-called "free TV" would be seriously weakened. Incidentally, this argument principally originates with the groups of motion picture theatre owners who would be most pleased if somehow or other all of television would dry up and blow away—groups that have persistently fought and, indeed, have gone so far as to attempt boycotts of motion picture producers and distributors who have made old movies available to advertising-sponsored television.

Regardless of their motives in making this argument, the Hartford experience shows us that the average subscription customer spends approximately three hours per week—or less than 10%—of his average viewing time watching subscription programs. Above all, he is very discriminating and selective in what he is willing to pay for. First-rate theatrical productions that are of timely and current interest; high quality motion pictures that are achieving box office success in the theatres; and things like heavyweight championship fights which have been black out on television achieve success at subscription TV's home box office. Motion pictures and other box office entertainment that is of lesser quality perform just as badly for subscription TV as they do in the theatre.