

1960 MOA CONVENTION SECTION

featuring the Music Machine Survey



My humblest & sincere thanks to everyone for all your help! —

BOBBY RYDELL

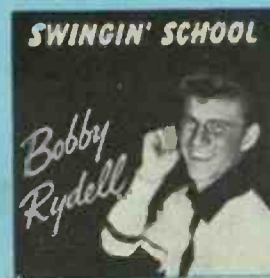
current hit single:

DING-A-LING

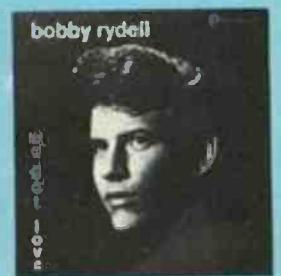
b/w

SWINGIN' SCHOOL

#175



ATTRACTIVE SLEEVE FOR MY LATEST SINGLE



Current Best-Selling Album:

WE GOT LOVE

Cameo #1006

personal management:

FRANKIE DAY

1405 Locust St.

Philadelphia, Pa.

exclusively:

CAMEO

RECORDS



Personal management
GEORGE SCHECK
1697 BROADWAY, N.Y.C.

Exclusively
M-G-M RECORDS

Currently appearing in
England and on
the Continent

A

America's Sweetheart of Song

CONNIE FRANCIS

Current Hit Single

EVERYBODY'S SOMEBODY'S
FOOL

c/w

JEALOUS
OF YOU

K 12899

thanks to you
wonderful operators
all over the world

Connie

CONNIE'S
EP'S
for
profitable
programming

CONNIE FRANCIS
LATEST HITS



X 1688, 1689, 1690

CONNIE FRANCIS
ROCK N ROLL MILLION SELLER



X 1691, 1692, 1693

CONNIE FRANCIS
COUNTRY & WESTERN GOLDEN HITS



X 1694, 1695, 1696



X 1675, 1676, 1677



X 1663, 1664, 1665



X 1603, 1604, 1605

THE BIG SOUND NOW ON BIGTOP

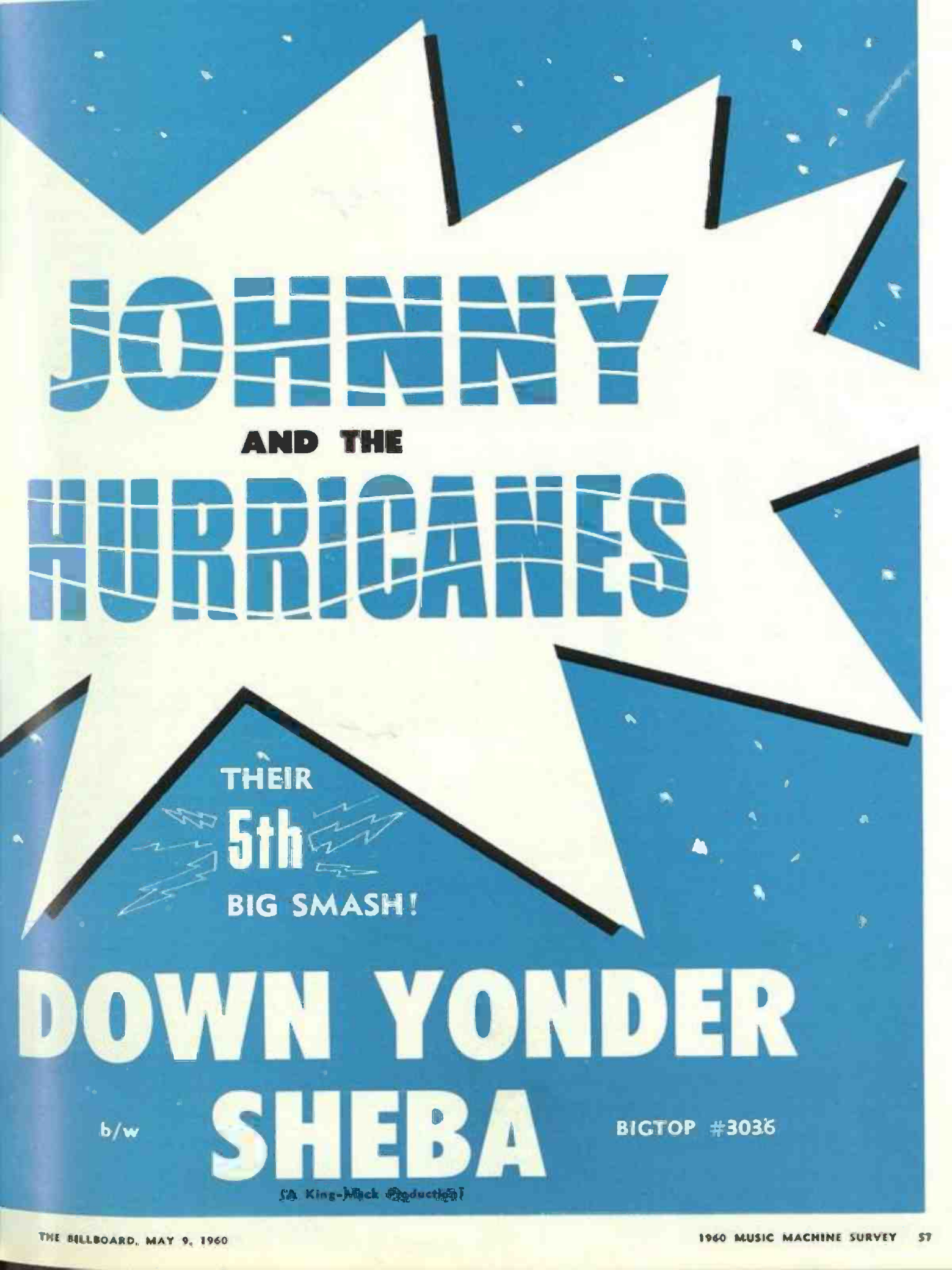


EXCLUSIVELY
BIGTOP
RECORDS

PERSONAL MANAGEMENT
ARTISTS, INC.
DETROIT, MICHIGAN

BOOKINGS:





JOHNNY
AND THE
HURRICANES

THEIR
5th
BIG SMASH!

DOWN YONDER
b/w **SHEBA**

BIGTOP #3036

(A King-Beck Production)

Royalty Exemption: The Fight Continues

By MILDRED HALL

Altho the closing 86th Congress has taken no action to end the juke box performance royalty exemption, and the situation has been stalemated in Copyright Subcommittees on both sides of the Capitol, dramatic developments in other areas of the music business will affect the juke box industry. These developments will be used by both sides as ammunition in future juke box exemption battles, which could get under way early in the 87th Congress in January, 1961.

Whatever affects the record business, affects juke box operation. For the first time in American history, the 86th Congress produced an over-all probe of music recording and distributing and broadcasting. The probe of payola in music, outgrowth of the TV quiz scandals, was begun by the Harris (D., Ark.) House Legislative Oversight subcommittee. The probers, recently embarked (April 26) on their last and most dramatic set of hearings, have promised to look into the matter of mechanical royalties and performance licensing and possibly record piracy, in addition to payola.

Whatever evidence does not come out in open hearing, as well as the

public record, will be available to Justice Department. The Federal Communications Commission's anti-payola actions, the most drastic in their history, and the Federal Trade Commission's crackdown on record companies and distributors for payola will affect record play in juke boxes as well as on the air.

Not one segment of the music and record industry, from the songwriter to the one-stop distributor, from the biggest manufacturer to the record pirate, from publisher to performance licensor, has escaped the glare of the spotlight in the past year, by one segment of government or another. Alert to all aspects is the Internal Revenue Service, combing statistics as well as checking individual firms, for discrepancies in manufacturers' and other taxes in the recording field.

All of it will have influence on the time-honored struggle between the songwriters and their performance licensors, versus the juke box operators and manufacturers, together with groups like the American Hotel Association and the National Licensed Beverage Association, whose inexpensive wired or radio music is in danger

of annihilation by too broadly worded anti-exemption copyright bills.

It must also be remembered that change in the whole copyright statute is being quietly blueprinted by the Copyright Office of the Library of Congress — with the preliminary groundwork of studies already being put out by the Senate Copyrights Subcommittee, under the chairmanship of Senator O'Mahoney (D., Wyo.).

Altho the copyright revision studies bypassed the juke box exemption issue for its first three years of Congressionally authorized work, this issue is bound to find its way into over-all revision—particularly if no action is taken on the Hill by the time the studies are ready to be put into recommended legislative form.

So far, the various studies reflect the deep conviction of copyright experts that the playing of copyrighted music publicly, and for profit, should bring in performance royalty, no matter what the instrument.

The proposals by Chairman Celler (D., N. Y.), of the House Judiciary Committee, for a new style juke box royalty collection, came out of hearings on his bill to end the copyright exemption last June. The proposal to set up a three-man trustee group, representing songwriters, juke box interests and the government, is technically still under consideration both at the House Copyrights Subcommittee, and by members of the Music Operators of America at their present convention.

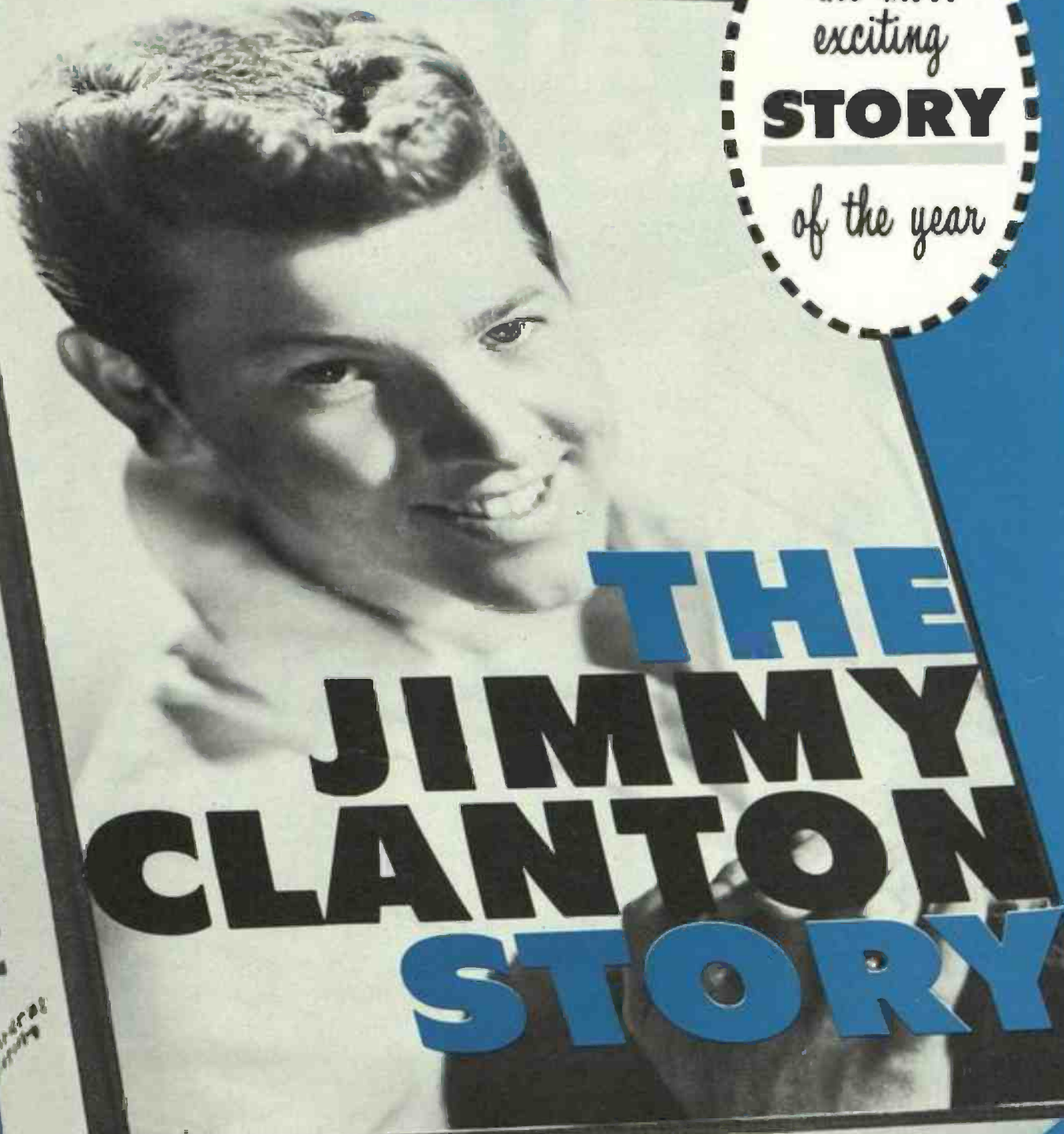
Spokesmen for the operators, particularly MOA President George A. Miller, have given a polite hearing, and an equally polite "No, thanks," at informal conferences, on the Celler plan to put a \$5 ceiling on total annual performance royalty per box, but this does not end the matter. Representative Celler is known to feel that some such arrangement, bypassing direct collection from operators by their traditional opponent, American Society of Composers, Authors and Publishers, weakens some of the old-line arguments that ASCAP alone, or ASCAP and unlimited licensing performance groups, could run juke boxes out of business with pyramiding fees.

Hearings on juke box legislation held over the past decade deviate only in minor ways from the traditional pattern. Aside from differing methods of collecting payment, and differing amounts, the hearings produce the same testimony, and the same results: The exemption for music box play of records from performance royalty remains in the Copyright Statute, unchanged for 50 years.

Traditionally, the Senate Judiciary
continued on page 85

the most
exciting
STORY

of the year



**THE
JIMMY
CLANTON
STORY**

please turn page...

the most exciting
**ALBUM
PROMOTION**
of the year

JIMMY CLANTON'S
HANDSOMELY BOUND IN DE LUXE ALBUM PACKAGE

**JIMMY'S
HAPPY**

**JIMMY'S
BLUE**

- Retail Price of \$6.98 for 2 pocket LP assures your profit-power.

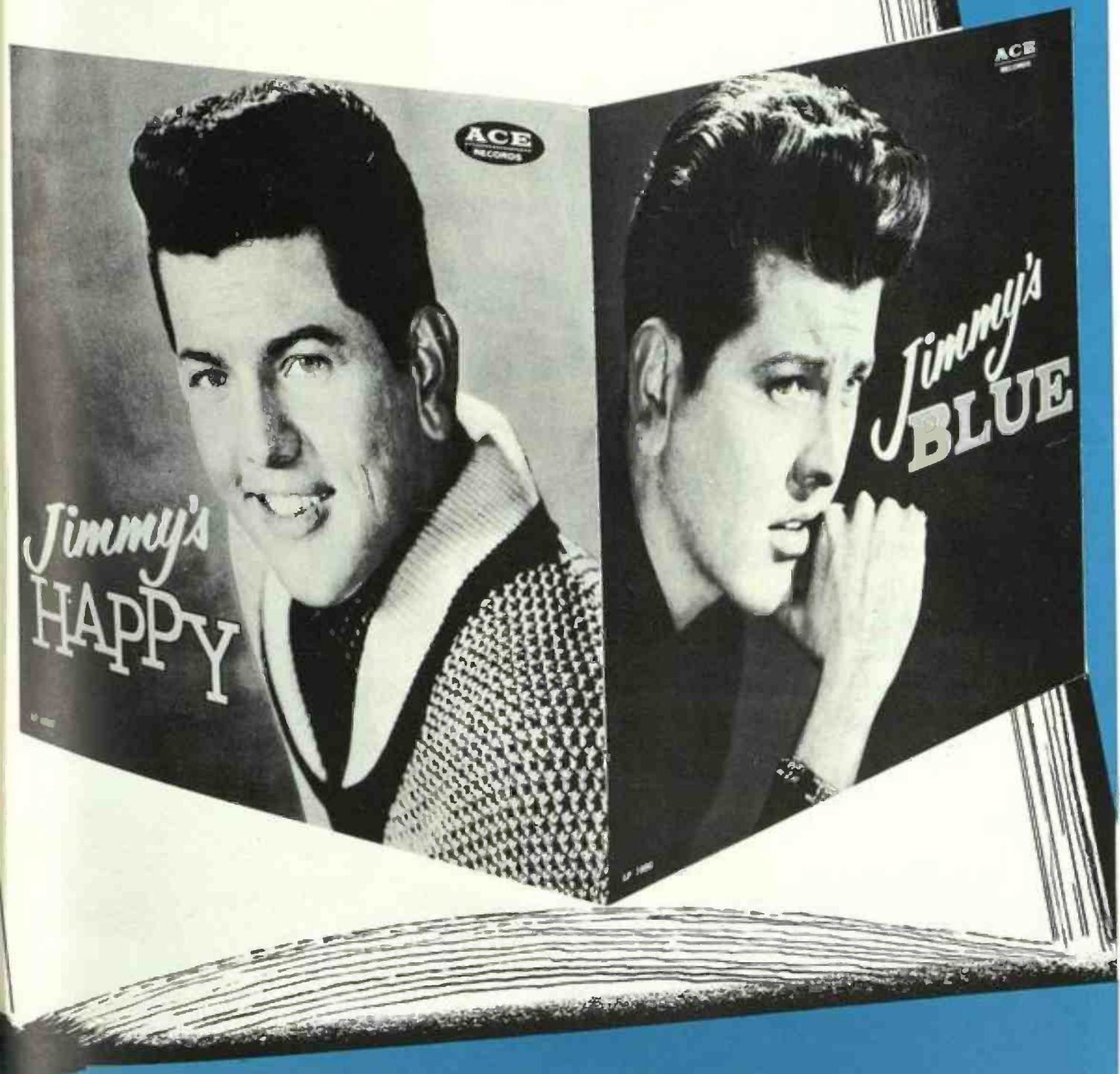
- Personally autographed photo of Jimmy Clanton for each customer who purchases an album.

- Giant, colorful, easel-backed display to stimulate sales.

- Each album also available in single album form: JIMMY'S HAPPY—LP #1007. JIMMY'S BLUE—LP #1008.

- Bonus record of an unreleased 45 rpm single by Jimmy Clanton issued with 25¢ additional when fan sends in album photo for autograph.

cash in on Clanton



THE MOST
EXCITING
ARTIST
OF THE
YEAR

FOR YOUR
PROGRAMMING
PLEASURE

Jimmy's Hit Singles:

GO, JIMMY, GO/JUST A DREAM/MY
OWN TRUE LOVE/SHIP ON A
STORMY SEA/LETTER TO
AN ANGEL

*thanks Juke Box Operators, Disk Jockeys
Dealers and Distributors for all your help-
Jimmy*

THE MOST
EXCITING
SINGLE
OF THE
YEAR

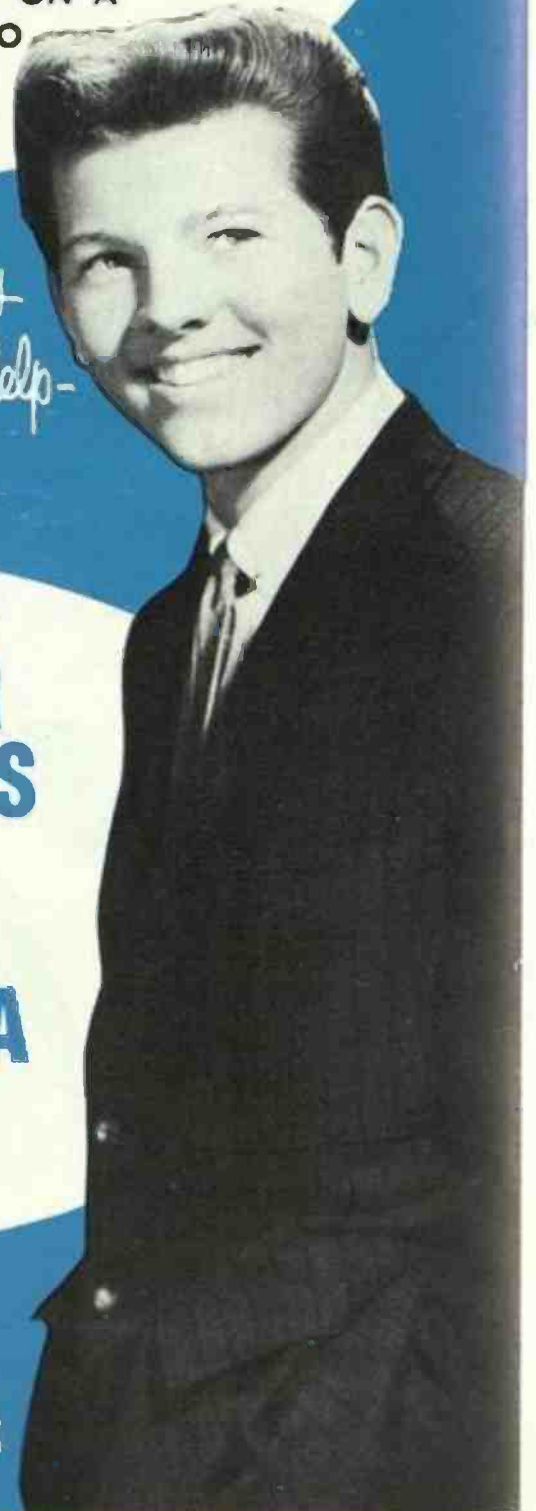
CURRENT SMASH SINGLE

**"ANOTHER
SLEEPLESS
NIGHT"**

b/w

**"I'M GONNA
TRY"**

ACE #585

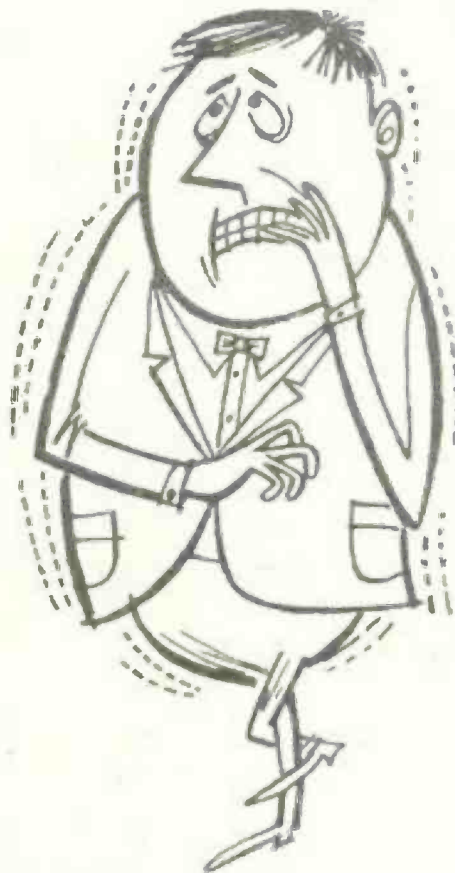
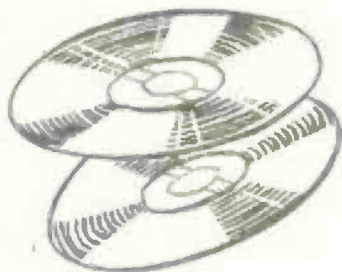
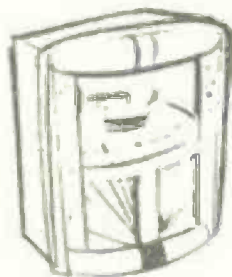


PERSONAL MANAGEMENT:
COSIMO MATASSA

PRESS RELATIONS:
MARVIN DRAGER

EXCLUSIVELY:
ACE RECORDS

The Operators' Stake In the Record Industry



As some music industry tradesters have most aptly noted, "It's a changed business we're in today. There is an awful lot going on." This is sometimes spoken as a lament and on other occasions it becomes the basis of a bright look into the future. But whatever the import of the statement with regard to the record pluggers, the fact is that many changes have been going on with records, changes that are going to have a deep impact on juke box programming operations in the months to come.

For the sake of their own profits, operators should be aware of what's happening.

For one thing, the disk business today is primarily an album business. Close to 80 per cent of the total record dollar volume is accounted for by albums. Albums are being bought in greater quantities than ever by teenagers, who have always been the backbone of the single record business. More singles than ever before carry individual selections, taken from albums. Therefore, it behooves the operator to take note of the album business, and what is currently hot therein.

This factor too, considerably raises

the import of EP programming. Many, if not most EP's, are also abbreviated editions of LP albums. An interesting reflection of this is the new promotional concept devised by one prominent juke box manufacturer, in which color reproductions of album covers will actually be displayed on the upper front panel of the juke box.

Another vitally important development concerns the growing position of the juke box as an exposure medium for new records. This is in line with the concurrent changes in radio as the prime exposure for new records, due to the continuing impact of governmental investigations of payola in the radio and disk jockey fields.

One local one-stop, Leslie Distributors, thru one of its partners, Bernie Boorstein, stresses this new aspect of programming. "Almost every day, I'm

on the phone with other one-stops, in Boston, Philly, Chicago and all over the country, finding out what is new and hot in those areas," Boorstein noted. "This way we can get on top of a hot one fast and in some cases, we've got such records going out to boxes before the record company even knows it has a hit."

Industry sources note that if radio diminishes in value as a disk "listening booth" or audition center, the juke box can move into the field at least as a partial replacement. Perhaps, some tradesters note, there will be more of an element of chance involved for the operator, but on the other hand, if a record starts to move, he is likely to pick up much play, especially since in many cases the record will not be getting nearly as much radio exposure as it might have gotten in the pre-payola inquiry era.

continued on page 90

Thank You Operators for the big play on-

DELAWARE

c/w

I KNOW WHAT GOD IS

VI-7670

... AND ON
STEREO

LOVE
MAKES THE
WORLD GO
'ROUND

c/w
MANDOLINS
IN THE
MOONLIGHT



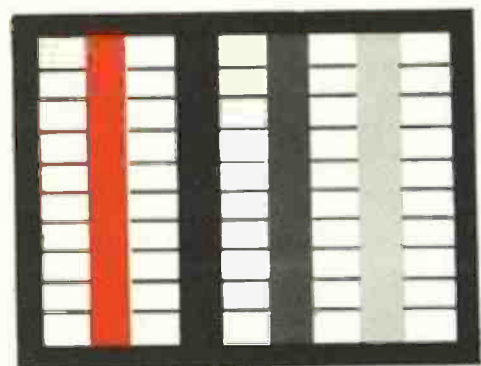
PERRY
COMO



Division
GENERAL ARTISTS CORPORATION
NEW YORK • CHICAGO
BEVERLY HILLS • CINCINNATI • DALLAS • LONDON

RCA VICTOR

1960



MUSIC

MACHINE

SURVEY

prepared by The Billboard

1960 music machine survey

by
Thomas Lea Davidson
Assistant Professor of Marketing
School of Business Administration,
University of Connecticut

During 1959, music machine operators purchased an estimated 47 million records which were programmed on more than 500,000 machines by 25,000 employees. In addition, these operators added approximately 50,000 new locations and purchased more than 75,000 new or used machines.

These figures and the data contained in this report were derived from an analysis of the 1960 Music Machine Survey conducted by Billboard.

The purpose of this study was twofold. It was intended to highlight the importance of the music machine business in the American economy. Second, it was intended to provide each individual operator with facts that he could use to improve his operation and make it more profitable.

The music machine operators who compose the specific industry which was the subject of this study are defined as those businessmen who buy coin-operated music machines and then place these machines in various locations. The operator retains control over his machines and is responsible for their service and for the programming of records. He generally pays a

commission or some other form of monetary compensation to the location.

To obtain the data used in this analysis, a mail questionnaire was sent to a representative sample of music operators. These operators were selected from The Billboard's subscription lists. Each operator in this sample was sent a letter explaining the purpose of the survey and requesting his cooperation by completing and returning the enclosed questionnaire.

In addition to the mail questionnaire, a control group was surveyed. This control group consisted primarily of a random sample of operators, received a questionnaire that was delivered by Western Union messenger. To follow up this delivery, each of these operators also received a phone call several days later to determine if the questionnaire had been returned. If it had not been then the respondent was urged to do so. Twenty-eight percent of the operators contacted as part of this control group returned useable questionnaires. This high rate of returns enabled the research team to cross check and validate the findings.

A total of 379 completed questionnaires was received in time to be

included as the basis for this report. The distribution of these returns is as follows:

DISTRIBUTION OF RETURNS

	Percent of returns
by operators who—	
operate 25 or less machines . . .	32%
operate 26 to 50 machines . . .	31%
operate 51 to 100 machines . . .	21%
operate over 100 machines . . .	16%
	<hr/> 100%

The returned questionnaires were forwarded directly to the research director and were tabulated by him and his staff. This procedure assured the anonymity of any individual return. Returns are considered sufficient in quantity, geographic distribution, and size of responding firm to provide a representative picture of the entire industry.

To project the results of this survey as representing the entire industry it was necessary to estimate the total number of juke box operators. The research team found that several estimates were available. After careful study of the subscription records of The Billboard, the records of several manufacturers, and after interviewing several industry members it was decided to use a figure of 8,000. It is believed that this figure represents a sound conservative estimate if the total number of currently operating music machine operators. All of the projections included in this report are based on this estimate.

WHAT DOES THIS SURVEY MEAN TO AN INDIVIDUAL OPERATOR

If used properly, this survey can provide valuable assistance to an individual operator. By comparing his own business to the data provided in this report, each operator has a means of measuring how he stacks up to his fellow operators.

However in using the figures in this survey to evaluate his own operation, each music operator should keep several things in mind. Failure to do this can destroy the value of this report.

Of primary importance is the fact that these figures are not intended to represent the "best" nor are they intended to portray any one specific operation. In fact it would be mere coincidence if there is any one operation in existence that mirrors this profile. Rather, these figures represent the sum total of all of the operators who responded to the survey. They are norms around which all of the individual operators tend to congregate.

Second, it is very important to remember that it is not the fact that any one operator deviates

from these figures that is important, but it is the reason why he deviates. A deviation, either up or down, may be good as well as bad. The purpose of a deviation is merely to serve as a red flag that says, "Here is a place that should be studied, or why do I differ from the industry?"

If the reason is good, then it should be reinforced; if it is bad it should be changed. In most cases the operator can start with the idea, "If I change my operation so that it more closely corresponds to the industry will I make more profit" and follow this with "can I change or how do I go about changing."

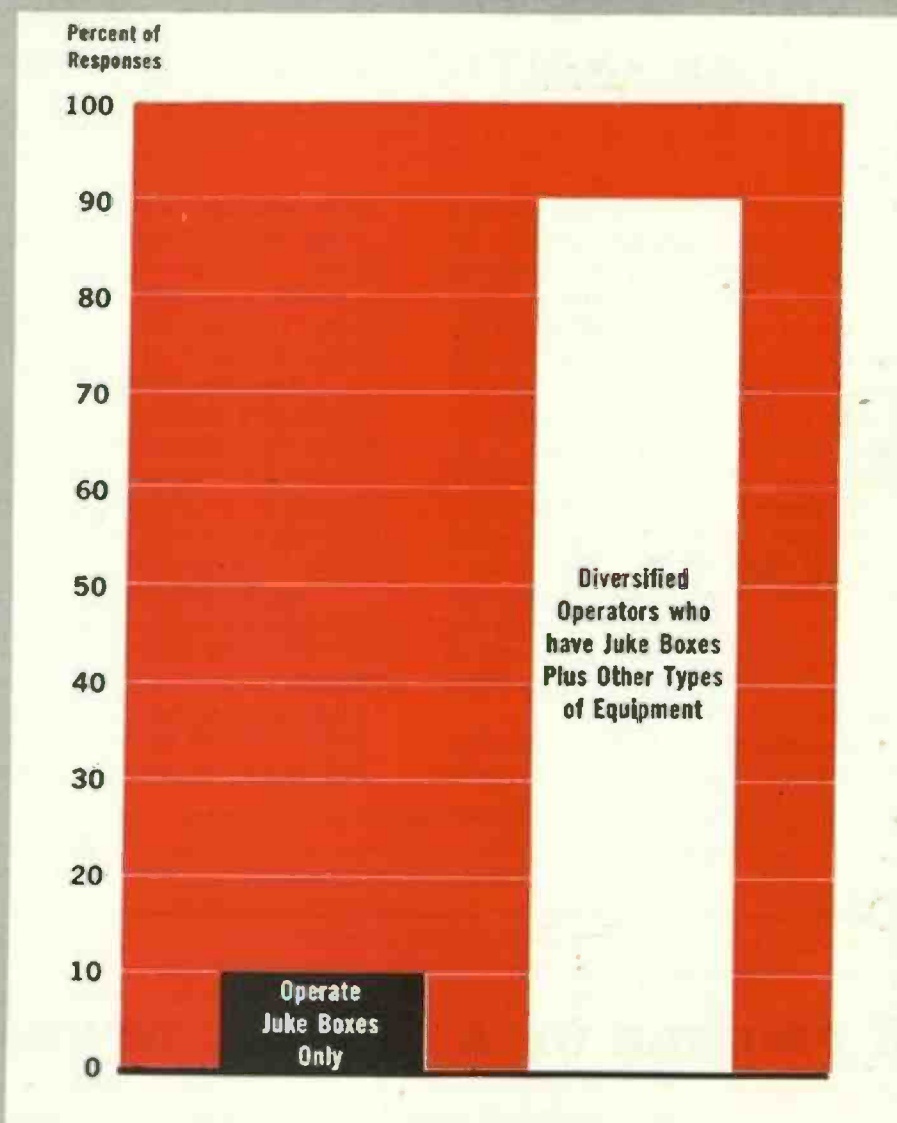
Finally, one must remember that these figures were derived from a sample. Therefore small differences are not significant. In this study a difference of approximately six percentage points could be mere chance. This margin of error is relatively small and was achieved only because of the high rate of returns from the control group.

THE PROFILE OF A TYPICAL OPERATOR

RATE YOURSELF

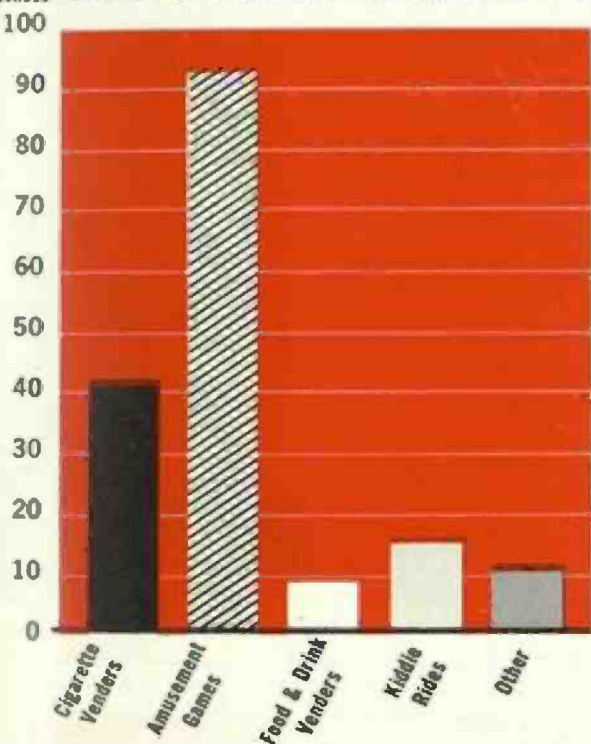
- 1. Operates jukeboxes, amusement games and one other type of coin equipment.
- 2. Has 64 locations
56 monaural
eight stereo
These locations are
28 taverns or bars
18 restaurants
Five soda shops
Three diners
Two other
- 3. Bought nine new boxes in 1950
Five were stereo and two were used.
- 4. Added six new locations.
- 5. Plans to buy several types of equipment in 1960 including stereo and amusement games.
- 6. Bought 5,916 new records, 5,560 of which were singles; 2/3rds were from one-stops; this amounts to 92 records per machine.
- 7. Employs the equivalent of three full-time persons.
- 8. Finds about \$17 in an average coin box per week of which he gives \$8.50 to the location and gets to keep \$8.50.

diversification



The juke box operator who sticks strictly to music machines is a rarity. Nine out of ten operate other types of coin equipment. Of this 90 per cent, 94 per cent operate amusement games, and an amazing 41 per cent operate cigarette machines, generally the first step toward diversified vending. Food and drink machines, once rare among juke box operators, are now operated by 9 per cent of those who have diversified. Kiddie rides are operated by 15 per cent of the diversified group. Also mentioned in the poll were photo machines, scales, tube testers and coin-operated radios.

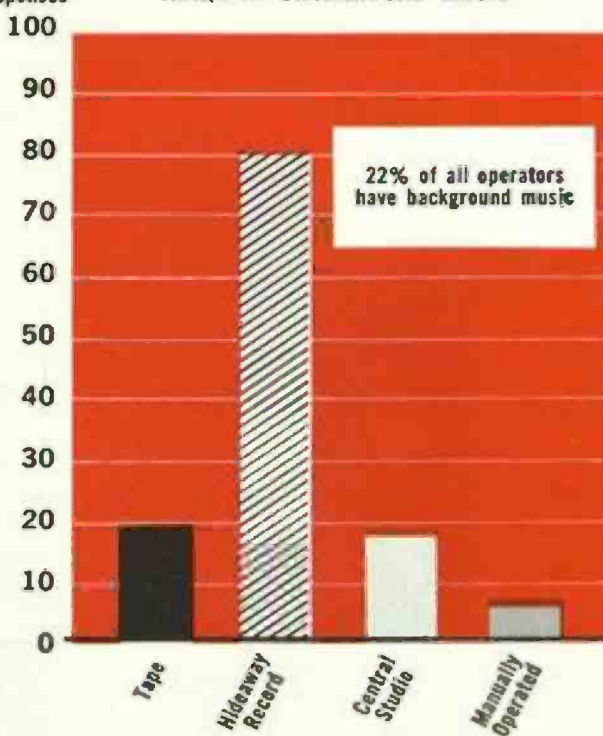
Percent of Responses
DIVERSIFIED OPERATORS — EQUIPMENT BY TYPES



The entry of music machine and amusement game manufacturers into the vending field, coupled with mergers and pending mergers between game and music machine people on one hand and vending people on the other hand has stimulated phonograph operators to explore vending. Cigarettes are generally the first step, as cigarette machines can generally be placed on the same locations as juke boxes. The next step—to food and drink vending—is the difficult one. Yet in spite of the new problems offered by this type operation, 9 per cent of diversified juke box operators are already in this field.

Background music still has a long way to go among juke box operators, but it has come a way during the last year. In 1959, some 22 per cent of juke box operators operated background music of some sort. Of this, 22 per cent, hideaway units were by far the most popular form, with 80 per cent of background operators using this method. Tape and central studios were about neck and neck, with 19 per cent using the former and 18 per cent using the latter. Six per cent used a manual background system. Many, of course, used combinations of these systems.

Percent of Responses
KINDS OF BACKGROUND MUSIC

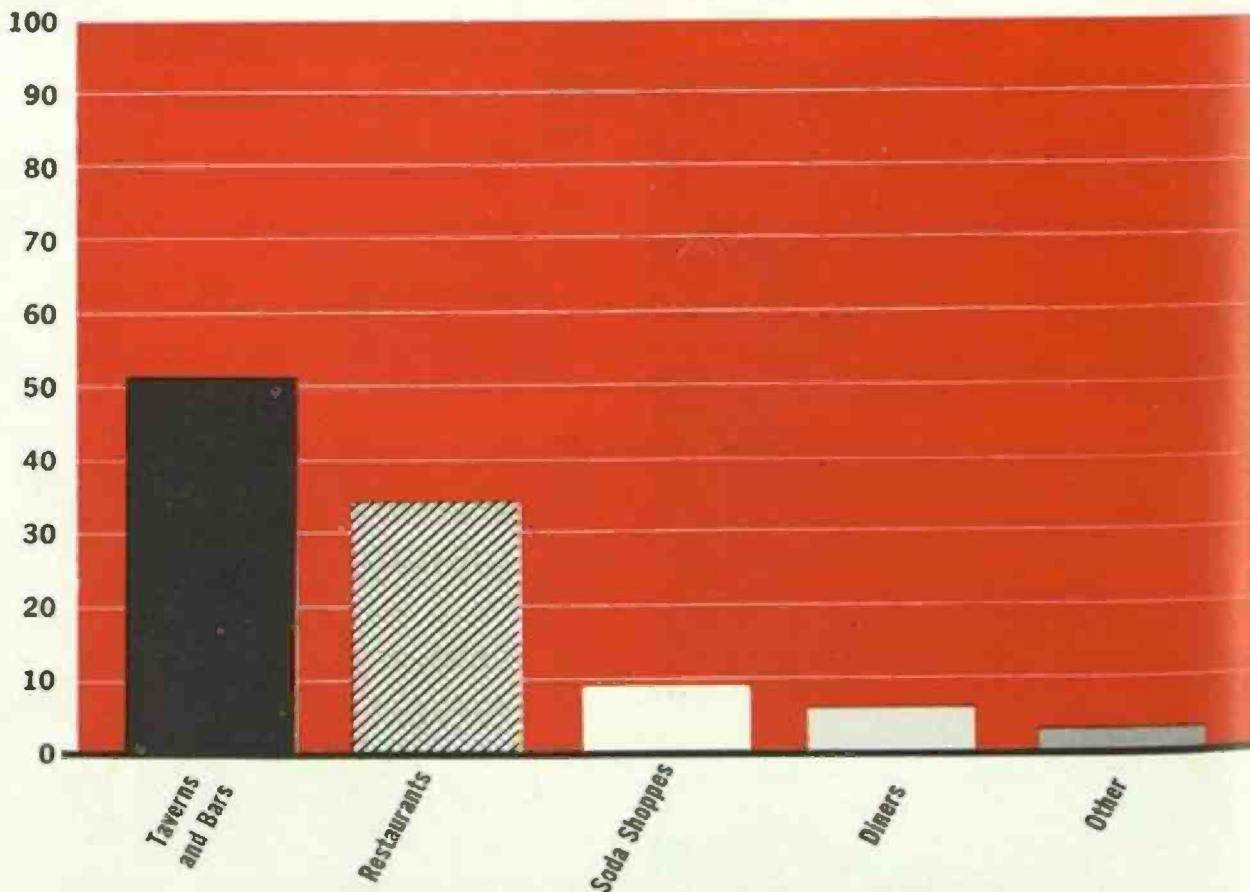


juke box locations

Taverns and bars still continue to account for a majority of juke box locations, but a bare majority at 51 per cent. Restaurants are next with 33 per cent. And while much of the juke box record programming is done with teen-agers in mind, only 9 per cent of juke boxes on location are in soda shops, the traditional blue jeans hangout. By any yardstick, the juke box industry caters to a predominantly adult audience.

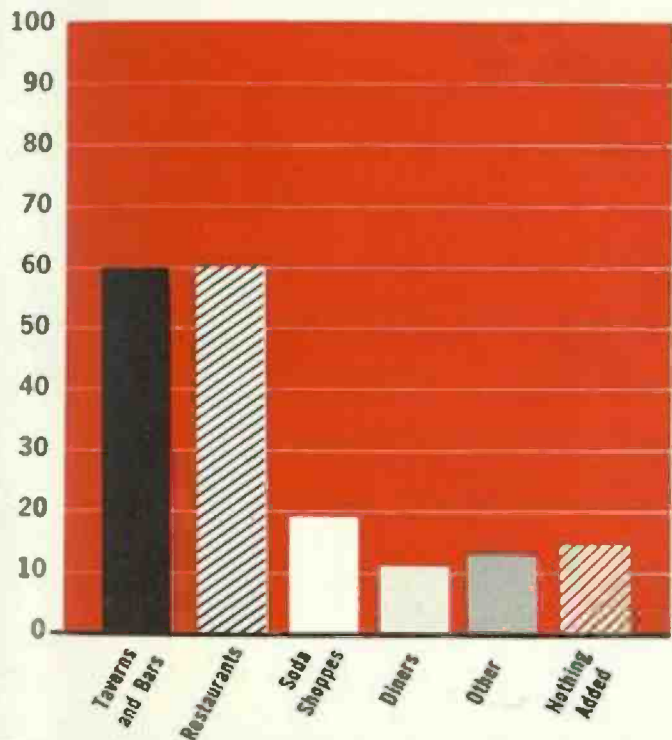
Percent of Responses

WHERE JUKE BOXES ARE LOCATED



Percent of Responses

WHERE JUKE BOXES ARE LOCATED



Last year, 86 per cent of juke box operators surveyed added new locations. Tavern and restaurant locations dominated the openings, with 60 per cent of those who opened new locations placing their equipment in each of these two categories. Soda shop locations were added by 19 per cent of the group, while 11 per cent added diner locations. Other locations named were clubs, schools, military installations, swimming pools, arcades, dance halls and American Legion halls.

Straight commission is still, by far, the most popular method of operator-location arrangement, with 78 per cent of all locations falling in this classification. Some 10 per cent pay front money (the operator keeps an agreed-upon sum and the commission begins after that sum is deducted), and 9 per cent have a minimum guarantee arrangement (with the operator keeping a designated sum, the location keeping the next sum to match, and the commission going into effect thereafter). Only 3 per cent of the machines were rental units. While many operators used combinations of these methods, 31 per cent used straight commission exclusively. Most common arrangement was 50-50, but 60-40, with the operator on the long end, is not uncommon. One operator has an 80-20 deal.

HOW LOCATIONS ARE PAID

STRAIGHT COMMISSION 78%

FRONT MONEY 10%

MINIMUM GUARANTEE 9%

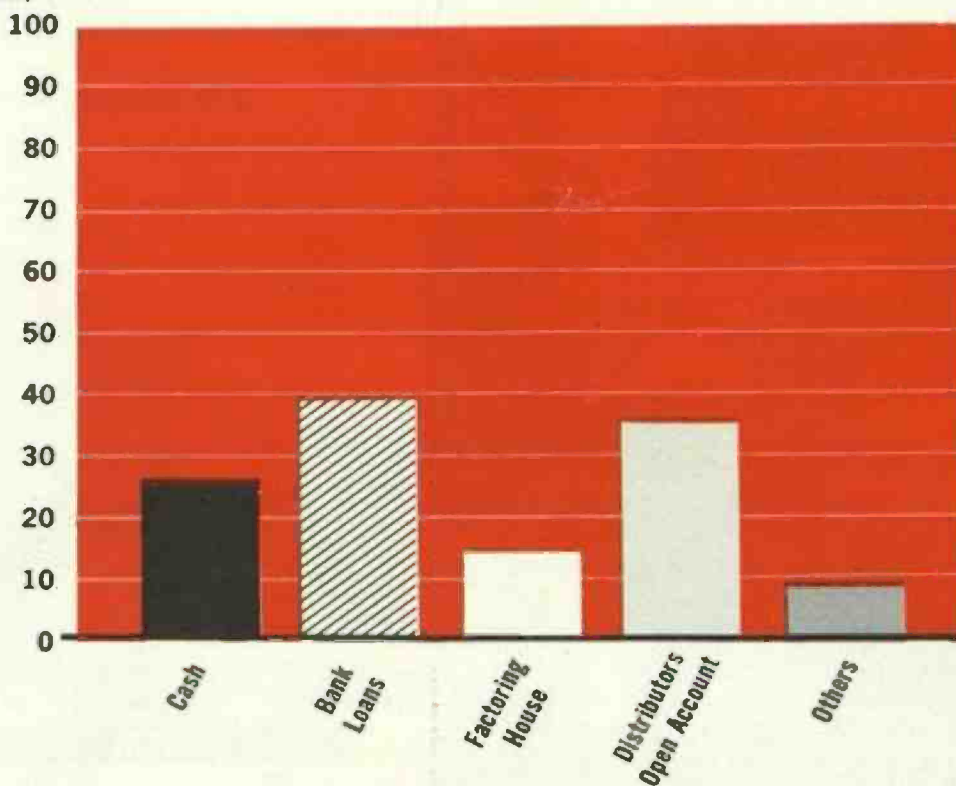
RENTAL 3%

equipment

Operator credit must be pretty good. Some 35 per cent of operators generally buy on distributor open account, and 39 per cent are able to get bank loans. Factoring houses handle the paper for some 13 per cent, and 24 per cent pay cash for their equipment. The high percentage representing bank loans indicate that many juke box operators are considered solid businessmen in their communities and are able to get capital in much the same manner as does the operator of the local hardware store. The fact that more than a third of all operators have open accounts with their distributors would indicate that they pay their bills.

Percent of Responses

METHODS OF FINANCING



records

The juke box record market was almost wholly a monaural single market in 1959. Some 93 per cent of all purchases for juke boxes fell in this category. EP's accounted for 3 per cent of sales, and stereo records accounted for 4 per cent of sales. The relatively poor showing of stereos is misleading. Many more would have been bought had they been available. Many an operator complained that he would order stereo and fail to get delivery. This picture is changing radically in 1960.



records

Two thirds of all juke box record sales came from one-stops, and 31 per cent from record distributors. Other methods of record buying were from retail record stores, with a special trade discount, and from foreign sources. The assistance given operators in programming by alert one-stops was a major factor in their share of the market.





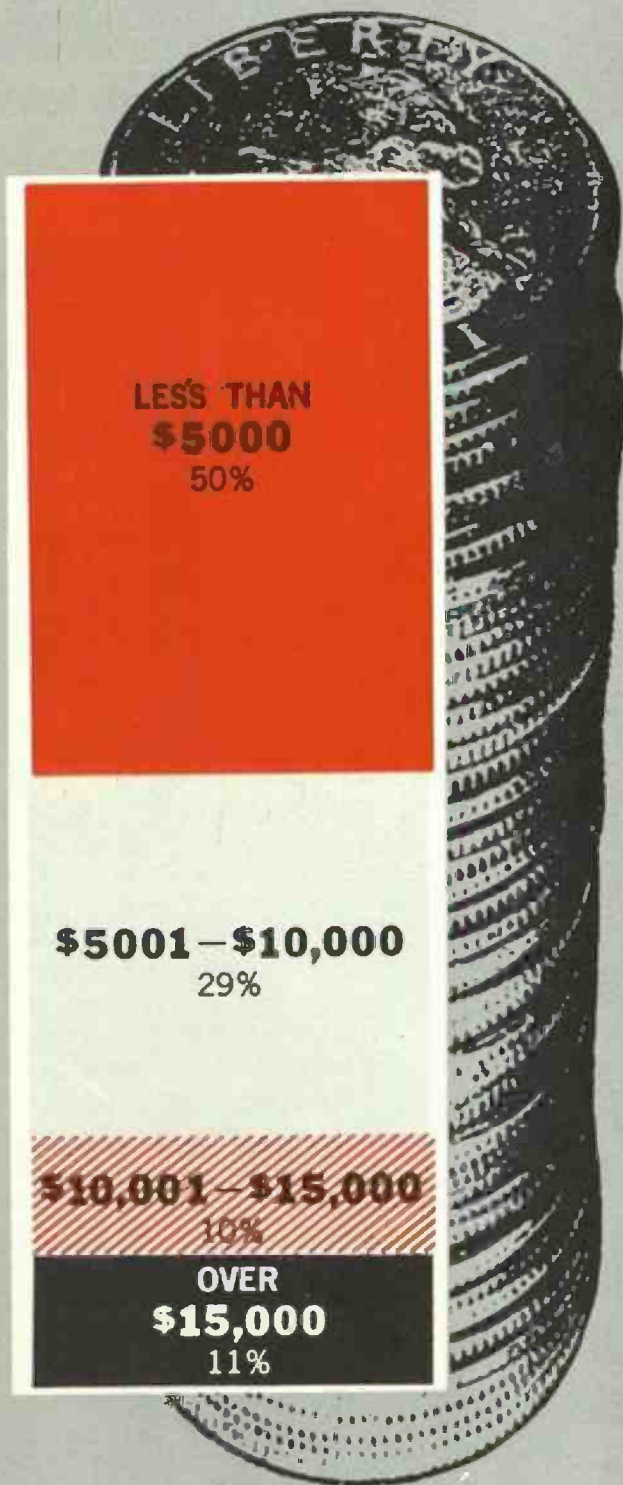
**GROSS INCOME PER MACHINE
BEFORE LOCATION COMPENSATION
BY SIZE OF OPERATION**

The overwhelming majority of juke boxes on location grossed between \$10 and \$20 a week before commission. A third of all machines in the survey grossed between \$10 and \$15 a week. Another 28 per cent did from \$16 to \$20 a week. A quarter of all phonographs grossed more than \$21 weekly, while 14 per cent took in less than \$10. Many machines in this classification are installed on a no-commission basis at the request of the location.

ome

NET INCOME ALL OPERATORS FROM JUKE BOX OPERATIONS

Just about half of the juke box operators in the survey had incomes of less than \$5,000 a year from their phonograph operations. However, as the great majority of these operators had game or cigarette routes in addition to their phonograph business, their total incomes were substantially higher. Some 29 per cent reported juke box operating incomes of from \$5,000 to \$10,000, and another 10 per cent reported incomes of from \$10,000 to \$15,000. In the over-\$15,000 bracket were 11 per cent of the operators. With diversification on the increase, juke box income probably represented a lesser portion of total income than it did a year ago.

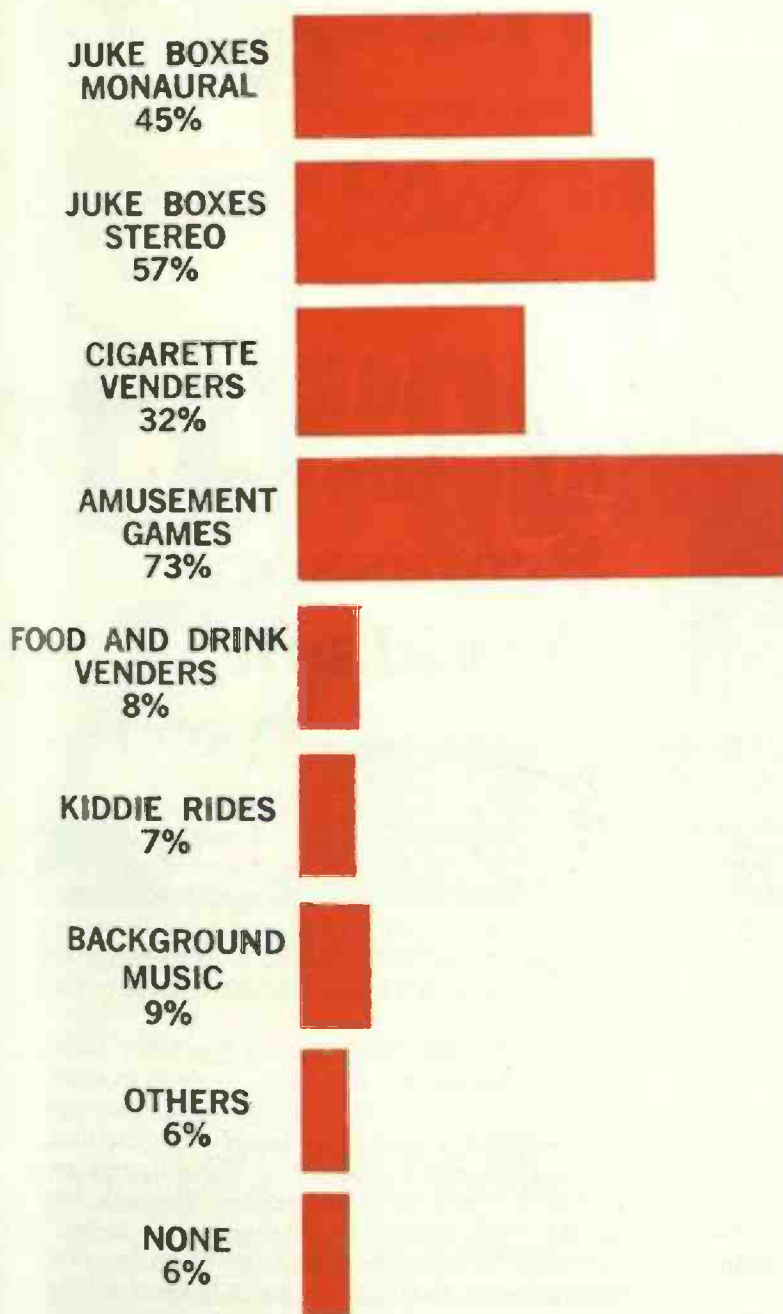


employees



Operators with less than 25 juke boxes on location average one employee each. Those with 26 to 50 machines on location average 1.5 employees, while operators with 51 to 100 machines average 3.5 employees. As the size of the route increases, the number of employees per machine decreases. The magic number seems to be 100. On a 101-200-machine operation, one employee is used for each 27 machines. For 100 or less machines, the figure drops to 22 machines per employee. Also, the larger operator is apt to have less call for outside service help, so the gap might be even larger than indicated. The larger operation is generally the more economical one when figured on a per-machine basis.

planned purchases



Juke box operators still plan to remain very much in the amusement machine business, with 73 per cent set to make game purchases this year. Nearly a third of the juke box operators say they will buy cigarette machines, and 8 per cent plan to buy food and drink machines. Kiddie rides will still be a factor in the industry; 7 per cent of the operators plan to buy some. Another 9 per cent are slated to buy background music units. Surprisingly, only 57 per cent of the operators plan to buy stereo juke boxes, although the 1961 Music Machine Survey will probably show that a much higher percentage actually will buy this equipment. Another 45 per cent plan to buy monaural phonographs, but a good percentage of this figure will probably represent used equipment. In this group, about 10 per cent plan to buy equipment they do not already operate, mostly stereo phonograph and food and drink machines.



the man who did the job: Professor Davidson

Organizer, executor and driving force behind The Billboard's 1960 Music Machine Survey is Thomas Lea Davidson, assistant professor of marketing, School of Business Administration, University of Connecticut.

Professor Davidson holds a B.A. and an M.B.A. from Dartmouth College and is currently working for his doctor's degree from Northwestern University. He was project co-ordinator in a survey of growth of planned and controlled shopping centers on a grant from the Small Business Administration and was a consultant for the Stanford Research Institute.

He has also served as marketing and economic research consultant for Standard Oil of Indiana and the Advertising Producers Association.

Professor Davidson organized the Annual Market Survey and Analysis of the Amusements-Recreations Industry for Funspot Magazine and has directed that survey since its inception. He

was technical consultant for economic research to the Outdoor Recreation Resources Review Commission (Rockefeller Commission). Professor Davidson is a member of the American Marketing Association, the American Economic Association and the American Association of University Professors.

Professor Davidson took on the 1960 Music Machine Survey with a solid background in entertainment business statistics. His Funspot surveys covered such a wide range as arcade operations, concessions and public parks. These figures are gospel in the outdoor amusement business. His article, "The Effects of Leasing on the Seller," published in Connecticut Industry Magazine, won first prize as the best article submitted during 1959. Professor Davidson has frequent commissions from American industry for market surveys and analyses.

TIC TOCK POLKA

DOT RECORD #16065

A NEW *Dot* SINGLE

Presented by



LAWRENCE WELK

and his Champagne Music Makers

featuring **MYRON FLOREN**



Dot ALBUMS PRESENTED BY
LAWRENCE WELK and his Champagne Music Makers

MR. MUSIC MAKER

DLP-3164 DLP-25164 (Stereo)

VOICES AND STRINGS OF LAWRENCE WELK

DLP-3200 DLP-25200 (Stereo)

A GUEST CHAMPAGNE LADY — BETTY COX

DLP-3252 DLP-25252 (Stereo)

GREAT AMERICAN COMPOSERS

DLP-3238 DLP-25238 (Stereo)

THE GREAT OVERTURES IN DANCE TIME

DLP-3247 DLP-25247 (Stereo)

BEST-LOVED CATHOLIC HYMNS

The Lennon Sisters

DLP-3250

SONGS OF THE ISLANDS

DLP-3251 DLP-25251

DANCE WITH LAWRENCE WELK

DLP-3224 DLP-25224 (Stereo)

RAGTIME PIANO GAL

Jo Ann Castle

DLP-3249 DLP-25249 (Stereo)

STRICTLY FOR DANCING

DLP-3274 DLP-25274

LAWRENCE WELK GLEE CLUB

DLP-3218 DLP-25218 (Stereo)

I'M FOREVER BLOWING BUBBLES

DLP-3248 DLP-25248 (Stereo)

the popular vote.

JUKE BOX FAVORITES

SINGLES

LOVE LETTERS IN THE SAND	15570
APRIL LOVE	15660
AIN'T THAT A SHAME	15377
TUTTI FRUTTI	15443
FRIENDLY PERSUASION	15490

EP's

TENDERLY	1082
SIDE BY SIDE	1076
THE LORD'S PRAYER	1068
JOURNEY TO THE CENTER OF THE EARTH	1091

CURRENT BEST SELLING ALBUM

MOONGLOW 3270 (M), 25270 (S)

CURRENT SINGLE

SPRING RAIN

c/w

I'M WALKIN' THE FLOOR OVER YOU

16073

PERSONAL
MANAGEMENT

RANDY WOOD-
JACK SPINA,
INC.

TELEVISION

THE
PAT BOONE
CHEVY SHOWROOM

ABC TV NETWORK

MOTION
PICTURES

JOURNEY TO
THE CENTER
OF THE EARTH

20th CENTURY-FOX

EXCLUSIVELY

Dot
RECORDS

from coast to coast

*many
thanks
Operators...*

*...for all
those plays*

PAT BOONE

set on a sliding scale, with the operator determining his classification.

Goal of the Coin-Machine Council to set up a permanent public relations organization, and, over a period of years, correct the common misimpressions about the industry. It is estimated that the cost of such a program will be at least \$70,000 a year and that it will be several years before its full impact is felt.

The CMC will attempt to supply editors and reporters with accurate information about the industry and will act as industry spokesman when a news report or feature story contains unfounded charges with regard to the industry.

It will also attempt to depict people who earn their living from the industry as they are—no better or no worse. CMC officials point out that the public relations effort will not attempt to whitewash any irregularities which occur within the industry. They feel that if the American public is informed as to the functions of the music machine and amusement game industries—to provide low-cost entertainment to the public—that the major part of the problem will have been solved.

The Coin-Machine Council will set up a news bureau, issue regular releases to the consumer, trade and business press; eventually set up a schedule

of promotions and awards to gain favorable publicity for the trade, and counsel local operator associations in public relations techniques.

Herbert M. Kraus, the CMC's professional public relations counsel, emphasizes that so-called "crash programs" to cope with specific situations are virtually worthless.

He added that the only worthwhile program is a long-range one, calculated to tell the story of the industry at every opportunity and supported by the rank and file of the industry as well as the top brass.

And that's the reason for the booth of the Coin-Machine Council at the 1960 MOA convention.

Royalty Exemption Fight

. . . continued

Subcommittee on Copyright comes closer to getting majority reports thru to the verge of full committee action, or to bring a bill to voting stage. The names of Kilgore, Langer and O'Mahoney have haunted operators dreams.

In contrast, the House Copyright Subcommittee, for several Congresses under the chairmanship of Willis (D., La.), is almost openly hostile to juke box exemption legislation. Their attitude toward Celler's H.R. 5921, during the first session of the 86th Congress, was the coolest.

Aside from the Celler trustee proposal, the most startling development in juke box exemption history was the double-penalty bill put thru the Senate Copyright Subcommittee by Chairman O'Mahoney in 1958. This one, S. 1870, which died in the 85th Congress, but has been reintroduced in the 86th, not only imposed performance royalty, but would have doubled the mechanical royalty on records for juke box play.

Ranking GOP committee member Wiley (Wis.) had pushed hard for legislation to raise mechanical royalty in preference to performance fees, and was just as stunned as the operators, when a fighting mad O'Mahoney added doubled mechanicals to performance exemption in his bill.

Senator O'Mahoney suffered a stroke last summer, but has kept an active interest in copyright affairs while convalescing. Whether or not he returns to do battle in the 87th, someone in that subcommittee will be persuaded, as in the past, to carry the juke box exemption torch.

The old arguments remain substantially unchanged during hearings over the years. The juke box industry

claims it is a small business operation, with operators surviving on marginal profit, dependent for its very existence on the performance exemption. Operators claim that with federal and State and local tax fees they could not stand the additional performance take. The industry maintains that the 1909 Congress knew its business when it exempted them from the performance royalty—and that subsequent Congresses over the years have decided similarly.

Operators claim they pay a uniquely high amount of mechanical royalty, because the boxes require such volume of disks, paying upward of \$2,000,000 a year in mechanical royalties alone. Still, the industry says it prefers to see this figure go up, since it would be a set, predictable rate, rather than face possibly escalator-type collection of performance royalty.

Also, the juke box industry feels mechanical fees would mean fairer and more direct distribution to songwriters producing the current pop tunes, than distribution by a society like ASCAP, where the old guard would be cut in heavily on the juke box collection, operators believe.

ASCAP's recent and still disputed consent terms have still not corrected inequalities in distribution for its smaller and newer writers and publisher members, many on-lookers, and members of ASCAP themselves, believe. The consent terms are being challenged by publisher Fred Fox, of Sam Fox Publishing Company, who has asked for a Supreme Court decision on re-opening the negotiations on the grounds of an unfair bypass of small-business member interests.

Songwriter proponents of anti-exemption legislation say the 1909 exemption never contemplated the present juke box industry of more than 500,000 boxes on location. Proponents quote aggregate take of the industry to prove it can afford to pay songwriter for the use of songs, while opponents quote individual operator income. Similarly, juke box interests quote the \$20 million in performance fees for ASCAP, in a recent year, but the Society breaks down statistics to prove the average individual songwriter makes less than \$3,000 a year.

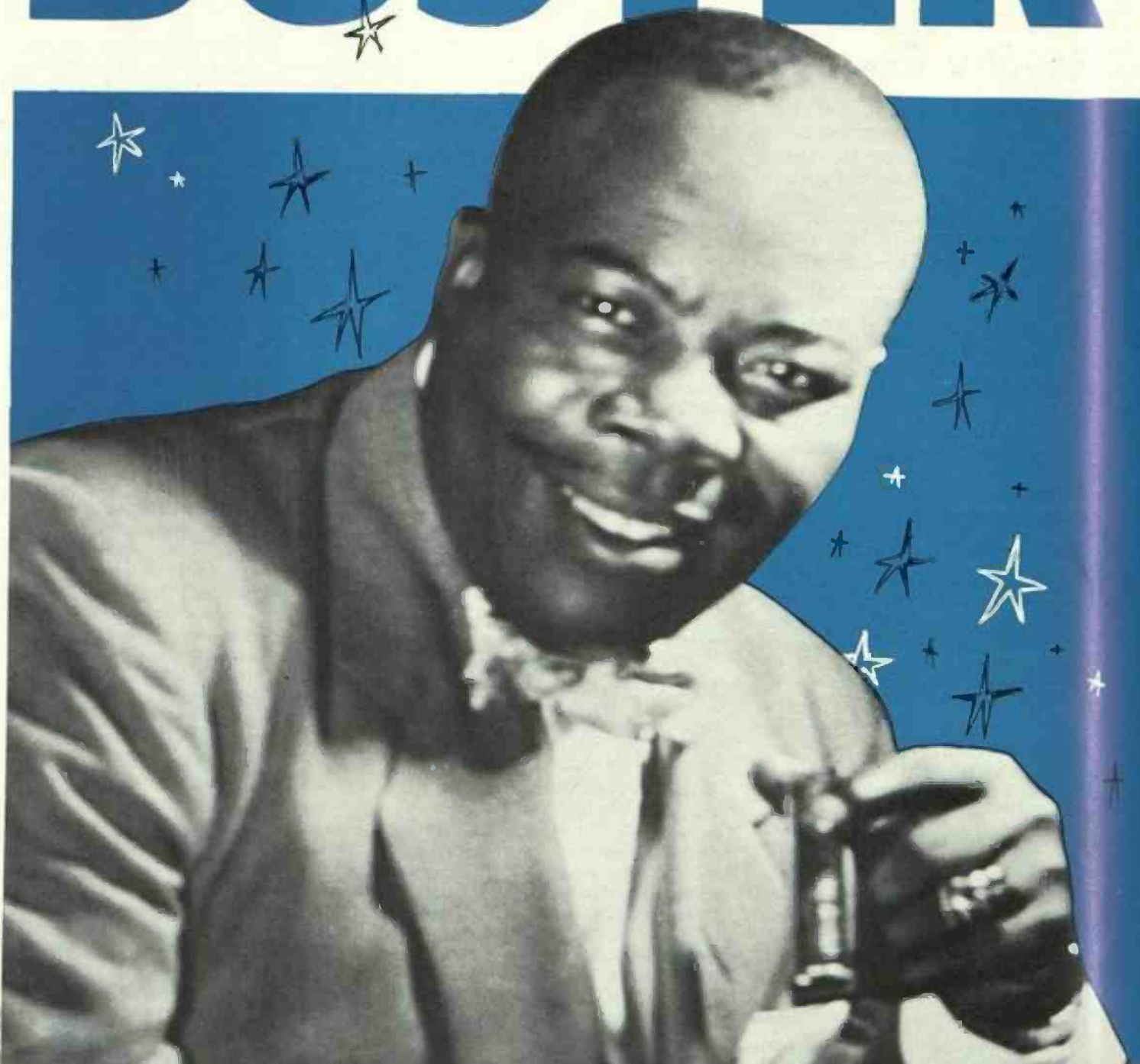
Proponents, backed by the Copyright Office and the American Bar Association, say the statute established the right of a copyright owner to receive performance royalty aside from and in addition to any from mechanical reproductions. They point out that everyone else using music for profit pays performance royalty, except juke boxes. Proponents deny operator claims that juke box play popularizes tunes, and claim that juke box play over-exposes and kills tunes already popular.

No one seriously doubts that these same claims will be aired again, very likely in the upcoming 87th session. No doubt there will also be the same strong feelings on each side. But there have at least been a few occasions when spokesmen for the two sides were able to sit down and discuss with some calm, issues that once brought only invective.

Senate and House Copyright groups have issued repeated pleas for the songwriters and the operators to come to some working agreement, to prevent legislation that could mean headaches and heartaches all around. Old-line legislators and attorneys are strongly aware of the dangers of rigid copyright legislation, and hope for a millenium in this case, when a flexible agreement can be reached.

A NEW STAR

BUSTER



ON THE HORIZON!

BROWN

thanks fellas for making it all possible

The Big Smash Hit

FANNIE MAY

b/w

LOST IN A DREAM

FIRE #1008

Current Best Seller

**JOHN
HENRY**

b/w

THE MADISON SHUFFLE

FIRE #1020

Exclusively:

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CORP.**

10 Tax Tips For Operators

While, in many respects, the tax problems of the juke box operator differ little from those of most other small businessmen, the automatic merchant is faced with several peculiar situations when the time to fill out the returns rolls 'round. According to Leo Kaner, CPA and head of the Music Operators of America's Tax Council, these situations primarily involve depreciation, salvage and location expense.

The following questions and answers do not purport to cover the complete tax situation for juke box operators. They do, however, pinpoint some of the more common problems faced by operators. Answers are those of Mr. Kaner.

Q.: During the course of the year, I spend hundreds of dollars buying drinks when visiting locations. This expenditure is necessary for good will. Receipts are difficult to get. How do I enter this figure on my income tax form?

A.: Keep accurate records. Everytime you spend money at a location's bar—providing the expenditure is a business rather than a social one, jot it down in a notebook or even on a scrap of paper. List the place, date, amount and most important of all, on whom the money was spent.

You must be able to produce these records for the Internal Revenue Service. And these expenditures must be reasonable ones, based on the custom of the trade.

Q.: I've just landed a new location, and to show my appreciation to the location owner, I take my wife and kids there for dinner. Is the tab deductible?

A.: If you went there to dinner alone, for promotional purposes, the amount in excess of what you normally would have paid for a dinner would be deductible. But any expenses incurred by your friends or

family comes under the heading of social and personal, not business activity.

Q.: I often take location owners to football games and plays. Is that deductible?

A.: Yes. If such expenditure helps you in the conduct of your business, it is allowed. But it is not allowed for social or personal reasons.

Q.: My wife does the firm's book-keeping in the den, and I often use the den for business. Can I deduct any portion of my mortgage or rent payments as a business expense.

A.: Only if you specifically set aside a room for this purpose and if the room is used primarily for business. You then may take the room area, determine its percentage to the area of your home and deduct that percentage as a business expense.

Q.: I'm a joiner. I belong to the Elks, Moose, Masons, Chamber of Commerce, American Legion and a local community business club. Can I

deduct these dues as a business expense?

A.: Yes, if these dues are paid for by the company and if your purpose in belonging is primarily to promote your business and not for social reasons.

Q.: I wear overalls to work. Is their cost, and the laundry cost deductible?

A.: Yes, so long as these overalls are used primarily for business and cannot be used for ordinary wear.

Q.: What's the best way to depreciate a juke box?

A.: That's a large order. The MOA Tax Council favors the 150 per cent declining balance, but it's tough to give a hard-and-fast rule. Let me explain:

Assume you pay \$1,000 for a juke box and are figuring the normal five-year depreciation of \$200 a year so that at the end of five years, the machine is fully depreciated.

Or you can take the 200 per cent or double declining balance depreciation. In other words, the first year's depreciation under straight-line would be \$200. You take 200 per cent of that figure, or \$400. That leaves a balance of \$600 the second year. The second year you take double the \$120 (based on the \$600 balance) depreciation, or \$240, leaving, \$360, and so on thru the balance of the depreciation period.

Advantage of this method is that you take your biggest depreciation the first two years. Disadvantage is that after two years, when your earnings may be up, and when you can use the depreciation, it is mostly used up.

The 150 per cent declining balance is a compromise between the

continued on page 90

METHOD OF COMPUTING DEPRECIATION

150% Declining Balance, Useful Life—5 years

Cost of Phonograph, \$1,000.00

Depreciation 1st year (1½ times 20%)	at 30%	\$300.00
Depreciation 2d year \$1,000.00 less \$300.00—\$700.00	at 30%	\$210.00
Depreciation 3rd year \$ 700.00 less \$210.00—\$490.00	at 30%	\$147.00
Depreciation 4th year \$ 490.00 less \$147.00—\$343.00	at 30%	\$102.90
Depreciation 5th year \$ 343.00 less \$102.90—\$240.10	at 30%	\$ 72.03
Accumulated Depreciation		\$831.93
Salvage Value (\$1,000 less \$831.93)		\$168.07

Rock 'n' Roll On the Sedate Side

By ELTON WHISENHUNT



MEMPHIS—A check with a typical Mid-South phonograph route and the men who buy the records which go on it disclosed that altho rock 'n' roll is not dead it is gradually being replaced by a sort of semi rock 'n' roll most recording companies are now putting out.

The route checked has about 250 locations, about 40 per cent of them colored, where rock 'n' roll is the most popular. On the white locations, the big beat is toned down a good bit with semi rock stuff and a good bit more popular type music of the kind we used to hear in the 1930's, the glorious age of popular music.

(Remember Cole Porter, Irving Berlin, Jerome Kern, George and Ira Gershwin, Richard Rodgers and Larry Hart?)

That the colored customers still like rock 'n' roll confirms what the recording king of it told this correspondent a few years ago. The reporter asked Elvis Presley to define rock 'n' roll music.

He termed it as a sort of projection of Negro rhythm and blues songs with a strong beat.

The route checked was that of Canale Amusement Company, combined with Service Amusement Company a few years ago which Canale and a silent partner bought out.

The two routemen who do the record buying estimate that they use 60 per cent rock 'n' roll and semi rock 'n' roll on the route, about 25 per cent popular music and about 15 per cent country and western.

Altho c.&w. is slowly losing popularity here, there are still some ardent die-hard fans who would rather hear this down-to-earth, rural-type American folk-type singing than any other kind.

The two routemen, Jack Barlow and Phil Cooper, say their job of keeping current records on the phonographs which the customers will play is quite a busy one. One reason is that some years ago the average life of a hit song was three months. Now it is about half that on the average, maybe a little more.

Barlow and Cooper say this is their weekly routine:

Saturday they buy records for Monday, Tuesday and Wednesday. They work out the programming for various locations and during those three days they are put on. All new records are moved to the "A" section of the juke box.

Those replaced are moved to a lower position on the box and the record receiving the lowest number of plays on the popularity meter is replaced,

continued on page 90

Operators' Stake

... continued

Therefore, it is being pointed out, operators should attempt in every way possible to become music men as well as vending men. They should keep on top of whatever sources of information are available to them on what records are moving in what territories, so they can be first to get the new hit on boxes. These sources, of course, would include such trade charts as The Billboard Hot 100 and "bubbling" charts every week.

Another programming hurdle facing every operator in the nation, is the vast volume of new records being released every week. The business, in a word, continues to be a chaotic whirlpool of new material. Boorstein, of the local Leslie operation, advises operators to turn to what he called "the responsible one-stops in the important market areas across the country.

"Our own company and a number of others in other cities," Boorstein said, "have staffs of trained music people who make it their job to know what's going on in the business. They screen many records every week in all categories. They can do much of an operator's programming for him. Our men know what's important for the teen-age locations, foreign spots, the smart restaurants, any kind of location.

"Legitimate one-stops, like good record stores, offer service which a consumer can't get from the fast-buck discounter anymore than an operator can get from the fly-by-night one-stop who has to sell quick from the buck of his truck. And the records they push hardest to sell may not be the good hits. They are more likely to push the big type records on which they have the biggest number of freebies. These are the only records they can make money on and they're not particularly worried about the operator's problems."

Another important programming consideration today is the matter of stereo. A number of operators have invested money in new stereo equipment. Operators say they can't get stereo records for these boxes. On the other hand, one-stops will insist they get few calls for stereo disks and therefore they do not make a point of handling them. Somewhere in between these points of view lies the truth.

The fact is, however, that whenever a stereo version of a single is available, an operator should try to get it on his stereo boxes. Operators

Tax Tips for Ops

... continued

straight-line and double-depreciation-balance systems. (See accompanying chart.)

Q.: Most of my equipment is pretty old. I turn over my machines every seven years. Can I take five-year depreciation?

A.: No. Depreciation is based on past performance. You can only use the five-year depreciation schedule if your replacement policy is normally based on a five-year turnover.

Q.: I have been using straight-line depreciation. On some of my equipment, I would like to use the double-declining balance system. Can I use both on new purchases?

A.: Yes. You have the option of as many methods as are available and when you use one method for a particular piece of equipment, you are not bound to use that method for your entire operation. But remember, the depreciation period must be based on your replacement policy.

Q.: Tax forms have always been a headache. Are they going to get more complicated?

A.: Cheer up. The Internal Revenue Service is simplifying its forms, and they are a lot more realistic. And this statement issued early this year by the IRS sounds encouraging: "We have instructed our field offices to continue the long-standing policy of reasonableness in connection with requiring substantiation of items relatively small in amounts."

are missing the boat when they are content to program a monaural single on a stereo box with the excuse that "even the monaural record sounds better." If they have been willing to invest the extra money required for a stereo box, they should do everything they can to make the box sound as excellent as possible. Playing monaurals on a fine piece of stereo equipment, in a way, is like playing old 78 disks on a good high fidelity set, according to one trader.

In this vein, ops will be glad to learn that henceforth RCA Victor will simultaneously release all singles in both mono and stereo versions. Other record manufacturers are gradually climbing on the same bandwagon. Meanwhile, there will be continuing interest in juke circles in the stereo 33 r.p.m. single, introduced by Columbia last fall, and playable on new Seeburg units with the help of a special speed-selector device. It is now reported that 15 disk firms are planning release of singles in the stereo-33 version.

Rock 'n' Roll

... continued

unless it is a record that the location owner especially likes and want to keep on.

Barlow and Cooper use plastic strips and a portable typewriter for title strips. They say they buy 2,700 records a month, or 35,000 a year.

The men point out that they cannot change records on each location each week, or even in a month. They make changes on each machine an average of once every two months.

About 95 per cent of all records are 45 r.p.m. with the remaining 5 per cent extended play. (One reason operators generally do not use many EP records here is because of the reasoning that they take too long to play and tie up the machine from getting more play from singles. Also, EP's cost 80 cents each wholesale and singles 60 cents each.)

The routemen are left to use their discretion in selecting records for the boxes. Here they depend on requests, the golden ear of Joe Coughi, partner in Poplar Tunes Record Shop, a one-stop, radio ratings, Hooper ratings, route supervisors determination of what records are moving and location owners' requests.

After Barlow and Cooper work the first cycle of the week on Monday, Tuesday and Wednesday, they buy records Wednesday night to perform the same task of record replacement on Thursday, Friday and Saturday.

"Poplar music is definitely on the upswing," said both Barlow and Cooper. "We can tell because of the requests we get and the volume of plays popular music gets on the popularity meter. This has been the trend for several months."

(Most operators attribute the trend to the distaste the public in general felt during the Congressional hearings exposing payola. Because the inference was clear that many disk jockeys pushed rock 'n' roll songs into popularity which never would have gained it otherwise, the public felt a fraud had been perpetrated on them.)

(Operators say that since the expose, most radio stations have played little rock 'n' roll and are using far more popular music than juke box operators.)

As an end to the cycle, Barlow and Cooper say that they bring the old records into the office. They are separated by Dell Parker. Those that cannot be used again he boxes and ships to a record-pressing plant, which buys them at 10 cents each and melts down for re-use in pressing new records.

A Bullseye every time!

SONNY JAMES

Riding High on
all the Charts!

JENNY LOU

NRC -50

*Thanks fellows
for all your help.
Watch for my
upcoming release
on NRCO.*

Sonny

Exclusively



A black and white close-up portrait of Johnny Cash. He has a serious expression, looking slightly to the left. His hair is dark and styled in a pompadour. He is wearing a light-colored, ribbed sweater. The background is a plain, light color.

Many Thanks,

Johnny Cash



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