

Racusin Probes Disk Future At NARM

(Continued from page 7)

views known to their respective Congressmen on both State and Federal levels. Legislation has already been passed in New York prohibiting the unauthorized manufacture and sale of recordings — with resultant enforcement steps being taken — while California is currently considering similar legislation, steps which Racusin felt should be brought about in each and every state by NARM and industry members presenting a solid front before the law-makers.

As bad as this problem is, he felt that an even more dangerous situation has been brought about by the low-cost availability to the consumer of the cassette cartridge. While he felt that cassettes were perfectly acceptable as commercially pre-recorded music or as home voice recording equipment, he painted a picture of major problems resulting from the cassette business.

"Recently," he said, "several of our largest record retailers has offered such a device as part of a radio so that all one has to do is switch on the radio and then push a button to record the music 'off the air'. Their advertising has made the purpose of these machines crystal-clear to every teenager and adult. And Mr. Consumer can do this less expensively than you and we since he doesn't charge himself for his labor — nominal though it is — his overhead is non-existent, and he pays no performers, publishers, composers, etc."

Cassettes Offer Competition

He mentioned that the reasons why the problem was only just beginning to reach major proportions was because of convenience and expense factors involved for the consumer. Previously these two factors had held the problem to only a limited basis, but the low cost and the convenience afforded by the cassette has brought about major competition to sales of recordings, be they disks or pre-recorded tapes.

Although many might feel that the cassette will open new vistas for the sale of pre-recorded, Racusin said that "with the many millions of tape recorders sold during the past decade, our experience shows conclusively that purchasers of tape recorders have never represented a significant market for recorded music. As a matter of fact, we believe that they have always deprived us of more sales than they have generated." He pointed out a prime example in England, where the sales of cassettes have been, to date, "overwhelmingly of the blank variety."

Asserting that the greatest part of those who have been the most aggressive promoters of cassettes are those firms whose prime interests are aimed at the sale of recording equipment and/or the licensing of entertainment created by others, Racusin warned the record industry to take a much closer look at the cassette concept before "betting our bankrolls on it." Especially, in the light of the success that the business has already enjoyed with the Stereo 8 cartridge idea.

The rapid and burgeoning growth of the "roll your own" format, caused him to wonder what the future held for writers, producers, publishers, and merchandisers, if they were deprived of the income which the recording business affords them — and the situation might well develop along those lines, he felt, should consumer "piracy" continue to go unchecked.

"I wish I were wise enough," he said, "to propose solutions to this problem this morning. But my knowledge of the ingenuity inherent in both (the record manufacturing and merchandising) groups raises hopes that a solution will be found, whether it be through some further technological development, legislation or marketing concept. I am sure that none of us wants to jeopardize the three billion dollar potential attainable by 1978."

Conglomerate Boom

Touching on another major point of interest in the music business today — the mergers and the acquisitions by

distributorships by labels, Racusin felt that the trend toward conglomerates brought up several questions. "Is acquiring rack merchandisers and distributors," he asked, "the answer to the problems of the record manufacturer? Will such subsidiaries move more of the company's product to the detriment of others? Will the other manufacturers sit by and watch their distribution pass into the hands of their competitors? Can or will they devise other alternatives?"

"What of conglomerates? Can they succeed in welding diverse distributors and personalities into an efficient, smoothly functioning merchandising entity through the application of computer technology and 'scientific' management methods? (And what of the former independently successful merchandiser? Will he be happy working on his new employment contract and submitting to the discipline of new management?) More important, will he devote the same time and energy to the nuts and bolts of his business as he did before? This is, after all, the key question. The ability to buy and pay for goods is certainly essential to the continued health of any distribution business. But equally essential are those qualities of personal responsibility which have played such an important part in the growth of record merchandising."

Racusin felt that the new distribution alliances have yet to prove themselves, and that the independent merchandiser (or manufacturer) is in no way an obsolete entity in the business, although the latter operations may have to adapt themselves to changing times. He also felt that the entire industry had a stake in their survival, considering the theory that records are a commodity as varied as the diverse tastes of the country's 200,000,000 population, and cannot be merchandised by any one given formula.

Trends Also Present Problems

In addition to those already mentioned, Racusin highlighted a few of the other problems which have been generated by modern trends and which effect the merchandising and the sale of records. Among these being the "long" single, which frequently cannot receive maximum airplay, the censorship problem which the industry has come up against of late, the rise in popularity of groups, which increases the problem of in-person promotion, and the new packaging concept of gimmick covers, which results in poor identification, a hindrance to self-service.

In conclusion, Racusin stated, "I know that these have been cold sobering notes placed in counterpoint against the optimism expressed earlier for the future. I think you have always shown a willingness to face your problems realistically, and I would hope that you will attack these with the same vigor you have always shown."

RIAA Certifies 5 LP's For Gold

NEW YORK—The Record Industry Association of America (RIAA) has awarded gold records to five albums. A gold record for an LP signifies sales in excess of \$1 million.

Elvis Presley's "How Great Thou Art" represents the RCA Victor artist's 42nd domestic gold record, 32 for singles and 10 albums. Presley won a Grammy Award recently for the Best Sacred Performance of 1967 for the "How Great Thou Art" LP. Currently on the charts with the "Elvis' Golden Record, Vol. 4" album, and the single "Stay Away," from his new MGM picture, "Stay Away, Joe," Presley has been awarded gold records for his three previous Gold Records LP's Volumes I, II, and III.

Warner Bros.-Seven Arts Records garnered three gold records from the RIAA. Two of them are by Dean Martin: "Welcome To My World" and "Houston." The third is "Are You Experienced?" by Jimi Hendrix.

The fifth gold record went to the Byrds for their Columbia Records album, "The Byrds' Greatest Hits."

Petersen Subsid In Expansion Move

LOS ANGELES—Robert E. Petersen Productions, an outgrowth of the Petersen Publishing Co., has embarked on an expansion program for its TV and motion picture activities as a preparation for entering other areas of the entertainment industry. The firm has also announced the appointments to three newly created executive posts as a part of the same expansion.

Robert E. Petersen, president of the firm, said: "Our plans call for producing more specials and series for TV and more films for theatrical distribution, and we will expand our trade and consumer-show activities. In addition we intend to start, or will acquire, music publishing and recording divisions, as well as go into the personal management of talent, especially in the popular-entertainment field. Many of these activities will interlock, and it is my intention, in working with Bob Dellinger (the production outfit's group vice president), to make the production company a total entertainment organization.

Though continuing as vice president and director of communications for the publishing company, Dellinger's new responsibilities as group vp will include the development and management of all entertainment projects.

Other production company appointees for Petersen are: Ed Pazur, administrative manager and Gene McCabe, production director of the production firm.

The Petersen firm has been involved in the production of the "Malibu U" TV'er and is currently working up a "Superteen" talent search to be culminated with a 1-hour color TV'er for the Singer Co. in Aug.

Hazlewood-ABC Join Forces In Major Honey Ltd. Promo

BEVERLY HILLS — Lee Hazlewood and ABC-Paramount Records, are joining forces to give Honey Ltd. the strongest promotional campaign ever mounted for an artist with his LHI label. LHI is distributed nationally by ABC.

After introducing the all-girl quartet with two page ad spreads, a joint LHI-ABC venture, the campaign moved into a double mailing service, with photos being included the second week, on Honey Ltd.'s first single, "Come Down."

Hazlewood retained four independent regional promo men and ABC added nine promotion men to give the new group national penetration.

Additional promotional activity has stemmed from the group's management, Bernard, William & Price. An extensive TV schedule is underway, opening with an appearance on the Jerry Lewis Show March 26.

West Coast promotion trips are being made in conjunction with regional TV appearances and other special events scheduled by the management agency, LHI, and Hazlewood's public relations firm.

In addition, the campaign has included the mailing of 500 jars of honey to deejays and radio and TV personalities.

Hazlewood said the promo drive will continue into April at which time the group—Laura Polkinghorne, Marcia Jo Temmer, and sisters Sandy and Joan Sliwin—will cut their first album. The girls, all former coeds at Wayne State University in Detroit, were signed by Hazlewood early this year after they flew out to audition for him.

NARM Prexy's Panel Tackles Major Issues

(Continued from page 7)

eral. Larry Newton also lent support of sorts to this approach, stating that, although ABC was, for all practical purposes, out of the mono business, the cost of processing returns could be extensive to both merchandiser and label. Jerry Moss also went with the conservative approach, stating that very little mono product has been produced by major companies in the past few months, and that most of the mono product now out was catalog material which would continue to sell for a while in the mono form. Amos Heilicher, speaking from the floor lent support to the "saleable product" idea, offering the theory that the merchandiser, in this case, is selling to a buyer who doesn't exist in the stereo market — the "\$1.98 buyer" who won't go for higher-priced stereo product.

In commenting on the situation, with specific regard to returns from merchandiser to manufacturer, Irving Green commented that the "tendency of rackers is to return product to manufacturers and get it off their hands." He stated that product, if saleable, will sell regardless of whether it is stereo or mono, and that the best way to solve the problem of the mono product now out would be not to return that product to the manufacturer, but to re-package it in such a way as to make it easy to merchandise. He compared the music business to other businesses, stating that "no other industry sends its goods back to the manufacturer every time the shoe pinches. . . . Since when are we your bankers. If you have to take a markdown, take it like a man."

Will Stereo Market Increase?

When asked is they felt that the stereo market would increase commensurate with the loss of the mono business, the panel seemed to feel confident that it would, with the proper utilization of marketing techniques, advertising and aggressive merchandising. Clive Davis stated that, thus far this year, Columbia Records had already sold more stereo product this year than the combined mono-stereo output of the same date last year. Norman Racusin felt that the merchandiser now received the extra benefit

of being able to expose more varied product to the consumer with the lack of mono product cluttering the shelves, while Stan Gortikov also felt that merchandisers could now retrieve and utilize the extra space for greater sales benefit.

Standardizing Accessories

A number of other points were also put before the panel, including a proposition to re-activate and revitalize the 45-speed portable phono which was so popular some years back, and the idea of standardization of needles and accessories in order to reactivate phonos which have become inactive due to worn out parts. On the latter subject it was noted that the consumer, looking to replace a worn-out cartridge for his phono, was generally overwhelmed with such diversities as manufacturer's name, the year of manufacture of his set, the model number, etc. At this point, some felt, the consumer's confusion led to a "no sale" on the cash register, which, in turn, led to an inactive phono and then to a subsequent loss of record sales. It was generally agreed that the answer would come in the form of a standardized needle by phonograph manufacturers.

Several other standardization points were also touched on, including one calling for a universal system for tape configurations and another suggesting the manufacture of 33 1/3 rpm singles. While it was felt that a 33 1/3 stereo single would eventually be an accepted thing, most panelists questioned were of the opinion that this was a problem of the future and not of the present.

The constant mention of standardization prompted Norman Racusin to offer the opinion that standardization was the "nemesis of creativity." Racusin suggested that, in many cases, universality retards the creative process, thus offering a severe handicap to innovation and progress.

In closing the discussions, Racusin also suggested the possibility of a standing NARM committee to meet with the RIAA at regular intervals, thus creating even stronger ties between the two factions.