

NARM, BARD Forge Ties At Recent Talks

■ BY DOMINIC PRIDE

LONDON—A trans-Atlantic alliance that will work to address issues such as standardized source tagging, packaging, and product codes was forged between British and American retailers when they met here Jan. 28.

The Anglo-American entente between the British Assn. of Record Dealers and the National Assn. of Recording Merchandisers marks the first step in what could be a global network of retailers' federations, with international power that could potentially match that of the major record companies.

BARD's ties with NARM will add weight to retailers' arguments when NARM meets the six international chiefs of the majors Feb. 24 in Los Angeles.

NARM has invited BARD mem-

bers to its convention March 6-9 in Orlando, Fla.

"In going to the U.K., we found there was much more commonality with retailers there than we expected," says Pam Horovitz, executive VP of NARM. "We found that we face many of the same issues as they do in the U.K."

The wider issues of international retailer/distributor relations, as well as specifics such as source tagging, packaging, product codes, and new audio formats, were among the topics discussed.

A chief concern of both trade groups was arranging for accepted practices by the majors in one territory to be adopted in others. "We are aware that NARM has been investigating a single method of security to be attached in the factory, and that the research is almost com-

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Launch Lunch. Attending this year's T.J. Martell Foundation kickoff luncheon in New York, from left, are Tony Martell, president of the T.J. Martell board of directors; Dr. James Holland, scientific director of the foundation; Recording Industry Assn. of America president Jay Berman, who was recently named as T.J. Martell's 1993 Humanitarian of the year; and Floyd Glinert, chairman of the Martell board of directors. (Photo: Gary Gershoff)

LIVE Sees Limited Stay In Chapter 11 Bankruptcy

■ BY DON JEFFREY

NEW YORK—LIVE Entertainment Inc. has finally been forced into Chapter 11, but executives believe its stay in bankruptcy will be only a month or two.

The entertainment software supplier and retailer made a prepackaged bankruptcy filing Feb. 2 in federal court in Los Angeles.

LIVE had warned investors and suppliers that the move would be taken if 95% of its bondholders and preferred stockholders did not agree to a debt restructuring. The company says about 90% of the creditors approved a plan by which their old debt would be replaced by new, lower-interest bonds and preferred stock.

Now LIVE will ask the bankruptcy court judge to require all the creditors to agree to the debt exchange.

Michael White, LIVE's general counsel, says the company will save \$11 million a year in interest and dividend payments when new debt is exchanged for the old.

White and other LIVE executives have taken pains to reassure their

suppliers and customers that the Chapter 11 filing will not affect any of its businesses, which include the video distributor LIVE Home Video and the music chains Strawberries and Waxie Maxie.

"The operating subsidiaries are not affected at all by this," says White. "Our lender, Foothill Capital, has reaffirmed its support of Strawberries and confirmed that they're unaffected by this filing."

However, a \$50 million financing package that the banks and major investors put together for LIVE Home

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Time Warner Sells \$3 Billion In Bonds

NEW YORK—For three weeks in a row, Time Warner Inc. sold \$1 billion worth of bonds in order to redeem some of its preferred stock, the high dividends of which have caused big net losses for the company.

The New York-based operator of Warner Music Group and Warner Home Video took advantage of a

Vid Dealers In Step With 'Dances' See Action On Orion's \$14.98 March Title

■ BY SETH GOLDSTEIN and EARL PAIGE

NEW YORK—Video dealers, who have never embraced sell-through with the fervor expected of them by Hollywood, could be the salvation of Orion Home Video's "Dances With Wolves," which has been tentatively scheduled for release March 24 at \$14.98 suggested list.

The date comes four months after the start of the controversial—and wildly successful—McDonald's promotion that moved at least 7 million copies of "Dances" for \$7.99 each plus the cost of a sandwich. Infuriated retailers predicted the title would flop when Orion went through normal channels of sell-through distribution.

Now, it appears the mass merchants are the least inclined to buy "Dances," one of only three major sell-through titles due in the first quarter.

If current attitudes hold, Disney's "Pinocchio" and Hemdale Home Video's "Little Nemo" stand to benefit in the race for open-to-buy budgets.

Mass merchants, normally responsible for about 70% of sell-through sales, are making it clear they consider "Dances" spoiled goods. David Stevens, video purchasing VP at rackjobber Handleman Co., says, "100% of the account base feel they don't need the product," including K mart.

As for Orion's sales forecast of 2.5 million copies, Stevens adds, "I think that might be an over-estimate even without the McDonald's situation."

Target Stores, which buys direct, reportedly has told Orion it will not purchase "Dances" for the same reason it avoided Paramount's "Indiana Jones" titles after an earlier McDonald's offer. Other chains likely will buy but won't actively promote "Dances," further dampening sales.

In marked contrast, several video chains contacted by Billboard voiced enthusiasm. "We're going to take a pretty good position" with a purchase of 1,500-2,000 cassettes, says Peter Margo of Palmer Video in Union, N.J. "It's on a par with [Paramount's] 'Ghost,' maybe a little less. We're not letting this McDonald's thing influence us. We think it's a viable title, and we're supporting them." Steven Apple, VP of West Coast Entertainment (formerly West Coast Video) in Philadelphia, agrees: "We're not involved in politics, we're involved in commerce." Blockbuster's position isn't known.

Kirk Kirkpatrick, VP of distributor WaxWorks/VideoWorks, maintains most of his 4,000 accounts will buy "Dances" because "there is profit to be made. I think there's still some appetite to be satisfied." He wants to help retailers "take advantage of a big, big title." At the same time,

roaring corporate bond market to sell \$3 billion in debt securities.

But Wall Street sources say that the underwriters for at least two of Time Warner's bond offerings were left holding millions of dollars worth of unsold securities. Flooding the market with its bonds, the company reportedly put pressure on the

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though, most sources consider Orion's 2.5 million-tape goal out of reach. "It sounds real high," according to one distributor executive. "Some retailers are going to remember what happened and refuse to buy, but others may look at it as an opportunity."

"Little Nemo" should have an easier time reaching a number half as large. Hemdale president Eric Parkinson thinks the feature-length cartoon, which had limited theatrical exposure, will add 300,000 units to the 1 million already on order.

Wholesalers don't dispute the number. "There is significant money behind it," says one, who calls the number realistic, although the title "may be tough for some buyers because they don't see the Disney logo."

"Pinocchio," expected to do in the 6 million-8 million range, will be helped along by aggressive retailer pricing. West Coast Entertainment has alert-

ed franchisees that it will promote the title at "a net price" of \$9.99, including a \$4 Colgate rebate and a \$2.50 in-store certificate applied to other sales or rentals. The actual selling price is \$16.49.

West Coast's stance, rare for a video retailer, has helped prompt calls from other video retailers for a return to minimum advertised price policy, known as MAP, that studios tried and then dropped a couple of years ago. The idea originally was to peg co-op support to suggested list.

"We and other retailers are talking in earnest to Disney [about] bringing back MAP," says Musicland merchandising VP Peter Busch. "The retail community at large cannot bring order to the market. Maybe the vendor can. It makes no sense for us to see this product discounted below our cost. It's not something you make up on volume."

A*Vision Works Out Label Deal With Kathy Smith

■ BY CATHERINE APPLEFELD and SETH GOLDSTEIN

NEW YORK—A*Vision Entertainment is shaping up to be a heavyweight in the fitness video arena. After muscling into the market with the Jane Fonda line last year, the Time Warner subsidiary is bringing aboard another exercise queen, Kathy Smith, and crowning her with an exclusive distribution deal and her own label.

The imprint, expected to be given a formal name in the next few weeks, will encompass a variety of new Smith cassettes, a line of motivational and fitness audiotapes, plus workout videos by other exercise specialists to be selected by her, according to Smith and A*Vision president Stuart Hersch.

Smith, who released her first video 10 years ago, has been distributed by Media Home Entertainment for most of her career. Three years ago, Media licensed the titles to Video Treasures in Troy, Mich., for the sell-through market.

As for intramural competition between two fitness stars, Hersch likens the scenario to a record label having more than one top-selling act in a particular genre.

"Kathy has her audience. Jane has her audience. I see no conflict whatsoever," he says. "Our research and experience in the fitness business shows it is very much like the music business. Fans have a favorite star, but they still get tired of their tapes and want to replace the software... There's always room for more people."

The Fonda titles are marketed by Warner Home Video, while the Smith line will be handled by the WEA sales force. Hersch says there are no present plans to cross-promote the two stars.

Wholesalers generally salute the idea of having the pair under one roof. "They both sell really well," says one rackjobber executive. "A good exercise department has to have both." He considers the Fonda

line "the benchmark," more expensive than the Smith tapes, which are "good, solid product." A second source thinks A*Vision will benefit from "a critical mass."

However, says another racker, "I'd be concerned about how A*Vision handles" the Fonda cassettes, which he contends have "suffered for a while. The margins are poor, and so are the terms and conditions. They don't put a lot behind the product." He expects Kathy Smith to get the marketing emphasis.

Smith's new label is adopting an aggressive release slate, with plans to ship two new mainstream titles each year as well as perhaps two specialized programs (e.g., a tape on fat burning or step exercises). Hersch says the first video will bow early next fall—timed for promotion at the July convention of the Video Software Dealers Assn.

Smith and A*Vision also plan to broaden into a variety of age demographics with videos for children and seniors and what she refers to as a "cardiofunk" workout that would target teens. The new label may expand into the health genre with programs addressing such ailments as lower-back pain and stress.

"It's very clear that there are two types of exercise and fitness product," says Hersch. "We're interested in the quality product that serves the long-term interest of the people who are buying it over time."

A*Vision also has been busy elsewhere. It will distribute the next six installments of New York-based Scholastic's "Baby-Sitters Club." The first seven, licensed to GoodTimes Home Video, sold in the neighborhood of 1 million units combined, helped by the sales of 70 million books of the same name.

Scholastic VP Deborah Forte says the publisher "wanted someone who has strength beyond the mass merchants," GoodTimes' specialty. "We wanted something new" to reach book and video stores.