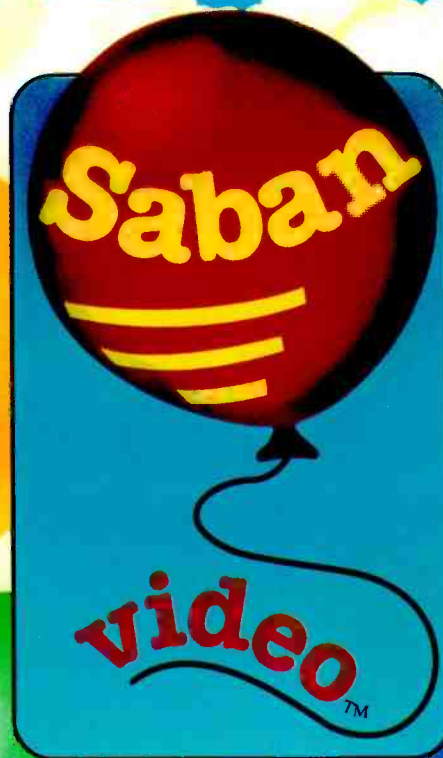


## WE'RE FLYING HIGH NOW!

**Timeless Titles,  
Exceptional Animation,  
Priced to Sell!**



**Saban Video**  
is soaring with a new line of  
quality children's video.  
Catch us at your local  
mass merchant and  
video retailer!

A Division of SABAN ENTERTAINMENT, INC.

**U.S.**

(Continued from page V-21)

trafficked supermarkets. Ads on tape, popular in the mid to late '80s, however, have not lived up to expectations, primarily because no one has developed a way to measure the impressions and agencies haven't figured out how to charge back clients. To date, only about 50 theatrical feature films carry them, according to Ira Mayer, president of Brooklyn-based EPM Communications.

Now that duplicators can manufacture videos for under \$2, however, the use of home videos as premiums is skyrocketing, with one duplicator putting last year's overall premium business reached at about 20 million units. This year, he says, negotiations are under way for individual orders of 30 million units.

Sell-through activity by the majors juxtaposed against flat rental has all but wiped out the B-movie video suppliers. Hence, output deals like Prism's arrangement with Paramount, and moves by others—Vidmark chief among them—to acquire or produce A-title programs for theatrical release, if only limited. Even platform theatrical release correlates to higher home video sales.

At the same time, new channels of distribution are finally giving hope to special-interest video tape producers. Rank's Cuyler estimates 20% growth in sell-through this year, and Dick Kelly of Cambridge Associates Inc. in Stamford, Conn. estimates the entire home video market will move 270 million units this year. Of those, 220 million will be sell-through titles, and 75 million of those will be special interest. Despite their overall resistance to sell-through, video-specialty stores account for a little more than 30% of special-interest sales, says Kelly. Kidvid and fitness tapes tend to cluster at retail, however; direct response marketing, which represents another 30% of special-interest sales, could actually account for as much as 50% of sales if children's and exercise tapes are included, according to Kelly.

Although video-specialty stores have been slow on the sell-through uptake, mass merchants knew a good thing when they saw it. Today, almost 18,000 discount and department stores sell prerecorded videos, according to Joseph Annechino, VP of business development at Orion Home Video. In specialty stores, however, even though rentals are down, consumers will have spent over 6.6 billion for rentals this year, still nearly three times what they spend on purchases, according to Entertainment Business Research, a market data service of Video Store Magazine.

With the index of leading economic indicators falling consistently for four straight months, the U.S. is clearly headed into a recession, and home video retailers are feeling the pinch. However, as Paul Caravatt, president of Specialty Video Marketing, reiterated at the SIVA Convention, during recessions, consumers spend more on entertainment. And, as the U.S. faces an economic downturn, sell-through is taking off in worldwide markets, so home-video suppliers poised for participation in the global marketplace have a good shot at success.