



Personal Computers: Will Product Come on Fast?

PERSONAL COMPUTERS, which are unheard of but for a small band of hobbyists and businessmen as recently as two years ago, could reach a total sales level of 300,000 units in 1979.

That was the prediction of Gene Carter of Apple Computer Inc., adding that these basic systems would be in the \$600 to \$1,500 price range.

"And that's not counting attachments such as a \$500 floppy disk, a \$1,200 printer and a \$500 telephone interface," Carter said.

Apple, which found itself in a sold out position with a backlog of orders in mid-78, expects that the market will continue to grow as more product becomes available and the "fringing" effect sets in.

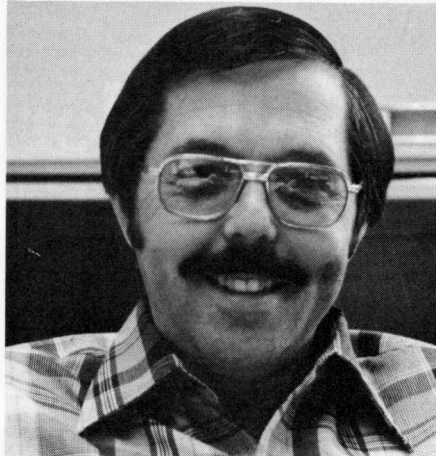
"What's happening now is that people are seeing these units, say, in a neighbor's home. They're curious about it. They talk about it to their friends. They may even decide to buy one. And then *their* friends and neighbors see that computer," Carter explained.

"People really want this type of product, and now they're starting to justify to themselves that they should own one, either because it will be a good educational tool for the kids, or because it will help them keep their financial records straight or whatever," he said.

Exidy Inc., maker of the Sorcerer computer, believes that 1979 will be the year for attachments to come on strong.

"I'd say that 40 percent of our customers are interested in sophisticated attachments to the basic unit," noted Paul Terrell of Exidy.

Such attachments as line printers, video screens, disk drive, color, and appreciations programs will be the



Gene Carter

"blades," to the basic unit which could be likened to a "razor."

Terrell predicted that mass merchandisers will hop on the personal computer bandwagon in the second half of 1979, as will audio/video stores and small business equipment stores.

Manufacturers credited Radio Shack for a "tremendous job" in promoting consumer acceptance of the personal computer with its extensive print and television advertising campaign.

"If they had the capability, they could probably produce up to 40,000 personal computers a month, with no problem. I've yet to talk to a Radio Shack dealer who has sold fewer than 100 computers a month since last January," Terrell pointed out.

But what about the high end programmable video games? Aren't they inching perilously close to becoming personal computers? Not according to Gene Carter.

"A computer is an interactive piece of consumer electronics. The video games are not; they are restricted in their appli-



Paul Terrell

cations. We are not competing with Atari, Bally or Mattel. If anything, we'll move up, not down, to suit the market," he said.

Carter is confident that once the consumer gets his/her hands on a personal computer, it won't be long before he/she begins to add attachments to increase the machine's capability. The firm's next generation of personal computer, Carter said, "would assume a certain level of understanding on the part of the buyer, and will go on from there."

With all the enthusiasm about this youngest consumer electronics "star," are other computer manufacturers about to enter the fray?

According to a spokesman for Texas Instruments, the answer is a definite maybe.

"There has been a lot of speculation about that," the spokesman said. "And it's true that there's hardly an area of electronic data processing that Texas Instrument, isn't interested in. But no decision has been made. It's open-ended

Continued on page 58



Video games: Big Business in 79?

IF LEADING VIDEO GAME PRODUCERS are right, then 1979 will be the year that game software will become a "giant" business, rounding out what has traditionally been a seasonal business.

"Now that the console base has expanded, I think the games business will be a 365-day-a-year business, with software comprising 90 percent of it," said John Donatoni of Fairchild Camera and Instrument Corp., maker of the Channel F video game. "For hardware, the market will continue to be seasonal," he added.

Fairchild is predicting that there will be between 700,000 and one million video games sold in 1979, while Magnavox (maker of Odyssey 2) is projecting sales of 850,000 to 900,000. Both manufacturers agree, however, that pricing for the \$100 and up video game market should remain stable in 1979.

Atari, too, expects that the software business will become increasingly important in 1979.

"It's similar to the relationship of the record industry to stereo components. Once the hardware base is there, there is a tremendous opportunity to sell software," explained Shirlene Foydl, manager of marketing administration of Atari.

Atari is introducing eight new cartridges this month, to retail at \$19.95. They include bowling; miniature golf, a "human cannonball," Casino™ (which will offer such games as blackjack, poker and solitaire), and other action-oriented games.

For Fairchild, best sellers have been bowling, baseball, a maze game and a "torpedo alley."

Fairchild expects that the bulk of its business will continue to be sold through chain stores, department stores, mass

merchandisers and some drug chains. The firm sells 100 percent direct to dealers, and has no plans for changing its distribution system.

Who will be the ultimate consumers for programmable video games in 1979? Manufacturers guess that the "typical" buyer will continue to be one with discretionary income, perhaps in the \$15,000 to \$20,000+ category, better educated, and male.

And, manufacturers feel that should there be a recession, the video game business will be pretty well insulated from it.

"Software particularly won't be affected, much as sales of items like razor blades or camera film won't be affected," observed John Donatoni.

Besides, they say, should American consumers feel the need to tighten their belts, they will look more toward products that will provide entertainment in the home.

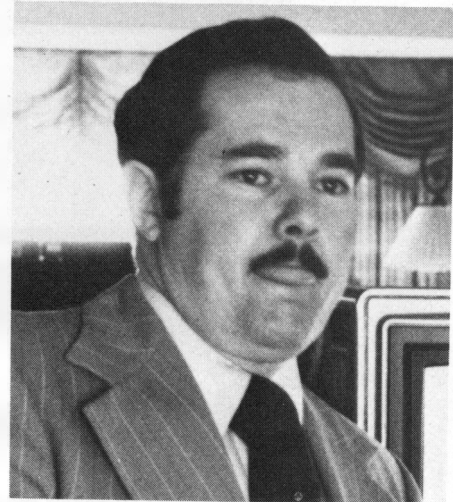
Edging into Personal Computers

"People want to be able to expand use of their programmable video games into a 'home computer,'" asserts Bally's Bob Wiles. "They want software that presents a challenge in terms of complexity and strategy."

This said, Wiles expects that 1979 will witness sales of up to a million video games with pricing remaining stable.

"The high-end programmable games will shift more into the arena of low-end computers," he said, adding that "software will be stressed heavily in 1979."

Bally will be showing at least a half dozen new game programs at the CES (including football), and notes that consumers have been purchasing more than the four to five cassettes per



John Donatoni

console that they had originally anticipated.

But won't the consumer become increasingly confused about the difference between high-end programmable games and personal computers such as the Apple, and PET?

"The consumer is going to have to do a feature by feature analysis of the different types of machines, and will have to determine what's the best buy," Wiles said.

Computers

Continued from page 56
right now."

One problem, the spokesman noted, is that the very term "personal computer" isn't all that clearly defined yet. The firm has a programmable calculator, for example, that does many of the same things as do personal computers. On the other hand, the firm makes computers with video screens suitable for small business use, but with more memory and at a higher cost, than do personal computers.!