

Market Review: Nontheatrical Film and Audio-Visual — 1964

By THOMAS W. HOPE

This is the seventh in a series (consisting of the survey report of 1959 and the five Interim Reports which followed) reporting on selected financial and statistical developments of the non-theatrical motion-picture and audio-visual field in the United States. It brings up to date (as of January 1, 1965) this information, and accordingly supersedes "Nontheatrical Films — Interim Report No. 5," published in the August 1964 Journal (pp. 675-678).

EXPENDITURES FOR EQUIPMENT, materials and operation of the visual communication medium in the United States in 1964 reached an estimated total of \$667 million. An increase of \$29 million over the previous year marked the best gain since 1961.

The 1964 spending was up 4.5% over 1963, as compared to the 3.6% gain the year before. Except for the recession year of 1958 — when the steady climb leveled off (1958 was off slightly, -0.7% from 1957) — the field has seen continued growth since World War II, which marked the real beginning of nontheatrical film as a mass communications medium.

Information in this report is based primarily on six categories of expenditures: motion-picture and filmstrip production; motion-picture and filmstrip release prints; distribution of nontheatrical films; purchase by the public of motion-picture equipment; other audio-visual equipment and material buying; and administrative costs.

"Production" figures are primarily those for the making of motion pictures. A small portion — probably under 10% — is for filmstrip (sound and silent) production. Television program and commercial production costs are intentionally not included, although possibly a small amount of such activity may inadvertently be incorporated because some producers primarily specializing in business films also do a modicum of work on TV commercials.

"Release prints" figures basically represent the cost of motion-picture prints (chiefly 16mm, but including some 35mm and a growing amount of 8mm) and those of filmstrips. For the sponsored film field, the figures represent the amount that the film's sponsor pays for prints, cans, reels and shipping cases. For independent producers (i.e., those making classroom films, religious pictures, and others who sell prints), the figures represent the laboratory cost of prints.

"Distribution" includes three basic items. For sponsored films, it is the amount spent internally by a sponsor or paid by him to a commercial film distributor to circulate copies of the production. For independent producers it includes the total cost of marketing prints, not including production and printing. The last item is the cost within an organization, such as that of a school system for circulating A-V materials to individual schools and class-

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rooms, including the wages of personnel engaged in the work.

As outlined in the initial report, "Scope and Nature of Nontheatrical Films in the United States" (*SMPTE Jour.* June 1959, pp. 387-392), the "motion-picture equipment" column consists of expenditures for 16mm sound projectors, 16mm cameras, sound recorders, lighting equipment, editing equipment, and other studio and production equipment. For the past two years 8mm sound and silent projectors used commercially and professionally (as contrasted to home use) have also been included.

"Other audio-visual" covers more items than are practical to list here. Some of the major ones are filmstrip projectors, sound filmstrip (sound slidefilm) projectors, opaque projectors, overhead projectors, projection screens, 35mm cameras used for slide making, 35mm film (primarily color film), larger sizes of both black-and-white and color film for picture taking and for making overhead transparencies, devices for producing overhead transparencies, room-darkening materials, projection tables, record players, tape recorders, magnetic tape.

Several other major types of items are likewise partially included. They would raise the total expenditure estimated in this column when fully included. Eventually it is hoped that these factors may be included when further studies are made. They would cover such items as language laboratories, educational television installations (both broadcast and closed-circuit), television receivers, programmed-learning devices, etc.

The remaining set of figures is for "administration" and operating costs not included elsewhere in this report. These figures mainly come from the school, church, government, and business segments of the field and represent the wages,

salaries and travel expenses for an estimated 7,000 full time A-V directors and secretaries, plus 70,000 part-time A-V persons. The administrative costs of film producers, for example, are already a part of the production figure. In the case of film laboratories, their administrative costs are an overhead factor that is part of the release print figure.

During recent years, as the audio-visual field has expanded, the servicing of equipment has been growing into a statistically important phase of the audio-visual business. In recognition of this, the National Institute for Audio-Visual Selling at Indiana University has recently inaugurated a course in Service Department Management. Audio-visual dealers reported that last year, in some cases, the repair and service phase represented as much as 25% of their year's income. For most dealers, however, 10% to 12% seems to be a better median. Also large school systems are setting up small repair services internally.

Film Productions Pass 10,000 Mark

An estimated 10,080 nontheatrical motion pictures were produced in the United States in 1964, a gain of 4.1% over 1963's 9,680 films. Business film output reached about 6,200, a 5.1% increase over the 5,900 turned out in 1963.

Statistically, the greatest increase was in religious films — up 11.1%, but the total increased only about 20 titles to an estimated 200. Nontheatrical entertainment films (formerly called "experimental and avant garde films" in this series of reports) had an estimated 7.1% gain, reaching 150 films. Motion pictures sponsored by (and in some cases made by) community agencies were estimated at 190, which represents a 5.6% increase over the preceding year.

Classroom films had a modest gain of

Table I. Who Spends Audio-Visual Money (in millions).

	1963	1964	Change
Business and Industry	\$280	\$299	+6.8%
Education (Schools and Universities)	228	237	+3.9%
Government (Local, State, and Federal)	84	85	+1.2%
Religion	19	19.5	+2.6%
Community (Civic, Social Welfare, etc.)	19	19	no change
Medicine and Health	8	7.5	-6.3%
Total	\$638	\$667	+4.5%

Table II. Estimated Number of U.S. Nontheatrical Motion-Picture Productions.

	1963	1964	Change
Business and Industry	5900	6200	+ 5.1%
Government (Local, State, and Federal)	1800	1850	+ 2.8%
Education (Schools and Universities)	1180	1200	+ 2.0%
Medicine and Health	300	290	- 3.3%
Religion	180	200	+11.1%
Community (Civic, Social Welfare, etc.)	180	190	+ 5.6%
Entertainment (Nontheatrical)	140	150	+ 7.1%
Total	9680	10,080	+ 4.1%

2.0%, totaling an estimated 1200 subjects for 1964. Several single-concept films came onto the market in 1964, but many were made by cutting and editing existing longer films. If each single-concept film were to be counted as an individual title, then the increase in educational pictures would be up considerably. Many single-concept films are silent. It is hoped that a count of such films can be included in the 1965 report.

The only segment which declined was the medical and health field, which produced about 290 titles, a drop of 3.3% from the 1963 output of 300 titles. This subject is discussed later in this report in the section on Medicine and Health.

The shift to color film continued through 1964. Although no accurate count is available to indicate the degree of the increase in color productions, it may be assumed that color was up between 5% and 10%. Television documentaries made by the networks were practically all in color; local TV documentaries still often utilized black-and-white. TV commercials moved more to color as did program production, in response to a marked increase in the sale of color television sets. This spurt in color television influenced nontheatrical production, as producers and sponsors wanted to be prepared in case a film might find a television application.

More Color Release Prints

Just as color production moved upward, the trend to color was felt in release printing. This factor, plus a general increase in the number of release prints ordered by producers and sponsors, brought about an estimated 6% increase in this phase of the nontheatrical film and audio-visual field.

Improved methods of using color inter-negatives made it possible to turn out lower cost color release prints.

Schools continued to purchase a greater percentage of color prints than black-and-white. Although color prints normally cost about twice as much as black-and-white, educational A-V buyers were willing in many cases to spend the additional amount in order to have color.

8mm silent printing had a sizable increase, whereas 8mm sound printing remained even or rose slightly.

Distribution Gain Good

Again in 1964, as in the previous year, film distribution for the nontheatrical film field had a strong gain of 6%, reaching an estimated \$115 million. Commercial film distributors on the whole had an excellent year.

Summer roadshow film circuits had a strong comeback in certain areas of the country. They were concentrated in popular resort regions.

Greater effort was made by distributors to get sponsored films shown in theaters — with good success. The continued lack of short subjects prompted this trend. On the other hand, television use of sponsored films with little or no advertising slackened during the year.

Motion-Picture Equipment

In 1964, an estimated 42,500 16mm sound projectors were sold in the United

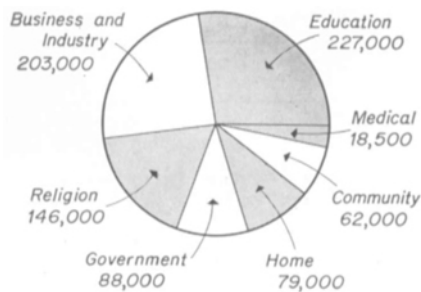


Fig. 1. Ownership of 823,500 16mm sound projectors in use in U.S.A. (estimated as of January 1, 1965).

States, an increase of 1,000 over 1963's sales. Other items of motion-picture equipment likewise had a modest gain. Overall, the increase over 1963 amounted to approximately one million dollars, or 2.5%.

The static sales situation of 16mm sound projectors still exists. It was noted previously in this series ("Nontheatrical Films — Interim Report No. 5," *SMPTTE Jour.*, August 1964, p. 677), that since the early 1950's the annual sales of sound projectors had hovered around 40,000, varying above or below that figure only by two or three thousand units.

The number of trade-ins of 16mm projectors was up decidedly from the previous year. It is estimated that almost 12,000 old machines were turned in, as compared to about 7,000 the year before. There seemed to be no consistent pattern across the country. Some dealers found the trade-in rate as low as only one old machine for each ten new ones. Others took in one used projector for the sale of every two new ones. There was no consistency in school sales either. Some sales were made with very few trade-ins and some were practically one-for-one.

The sale of second-hand projectors seemed to be off a little from 1963. This

coupled with the increase in trade-ins, meant that the net gain in 16mm sound projectors for 1964 was estimated at only 35,350, as compared to a probable 40,000 in the previous year. Some projectors were sold to special dealers who purchase the unsold units from regular audio-visual dealers, put them into workable condition by cannibalizing, and then, in many cases, ship them abroad.

It is estimated that there are now about 823,500 16mm sound projectors in use in the United States (as of January 1, 1965).

Analysis of the sale of projectors showed some shifts in buying. Schools again accounted for approximately 56% of all new projectors sold or 23,700 machines. Business and industrial purchases dropped slightly, from 21% to 20%, although unit sales were equal to those of the previous year — 8,700. Government purchases likewise were off a little, representing 10% in 1964 as compared to 11% the year before. Local, state and federal government agencies purchased about 4,300 units, while in 1963 they bought an estimated 4,566.

The biggest percentage gain was in the sale of projectors to churches — 7%, up from 5%. Sales were probably 2,800, compared to 2,075 previously. Community agencies purchased a larger quantity of projectors — 4.5% of the total market — while in the preceding twelve-month period they accounted for 3.5% of total sales. The agencies collectively bought an estimated 1,900 machines.

Medical and health purchases of projectors dropped to half — 500, compared to 1,000 the year before. This amounted to 2.0% of total sales. Home purchases of 16mm sound projectors surprisingly enough held up. Probably 100 new machines were purchased with about 2,000 secondhand sales being made.

No statistics are available to indicate the volume of 8mm projector sales. It is felt,

Table III. How The Money Was Spent (in millions).

	1963	1964	Change
Production	\$135	\$141	+5.2%
Release Prints	81	86	+6.0%
Distribution	109	115	+6.0%
Motion-Picture Equipment	40	41	+2.5%
Other Audio-visual	84	88	+4.8%
Administration	189	196	+3.7%
Total	\$638	\$667	+4.5%

Table IV. Analysis of 16mm Sound Motion-Picture Projector Sales for 1964 (as of January 1, 1965).

	% of 1963 New Sales	% of 1964 New Sales	Net Gain	Total End 1964
Education (Schools and Universities)	56%	56%	17,800	227,000
Business and Industry	21	20	4,650	203,000
Government (Local, State and Federal)	11	10	4,300	88,000
Religion	5	7	4,300	146,000
Community Agencies	3.5	4.5	1,700	62,000
Medicine and Health	3.5	2	500	18,500
Home	0	0.5	2,100	79,000
Total	100%	100%	35,350	823,500

Table V. Estimated Expenditures by Categories (in millions).

	Pro- duction	Release Prints	Distri- bution	Mot. pic. equip.	Other A-V	Adminis- tration	Total
Business and Industry	\$ 91	\$52	\$ 51	\$13	\$31	\$ 61	\$299
Education (Schools and Universities)	15	15	32	19	38	118	237
Government (Local, State, & Federal)	27	13	15	4	14	12	85
Religion	3	3	6	1.5	3	3	19.5
Community (Civic, Social Welfare, etc.)	3	2	10	2	1	1	19
Medicine and Health	2	1	1	1.5	1	1	7.5
Total	\$141	\$86	\$115	\$41	\$88	\$196	\$667

however, that possibly 33,000 sound and silent 8mm projectors were purchased for business, school and other professional uses (as contrasted to home use). Using the "guestimate" approach, there are probably between 75,000 to 85,000 regular sound and silent 8mm projectors in use today outside of the estimated 5,000,000 in homes. It can be assumed that the greatest portion of those used for visual communications are of the silent, cartridge-loading type.

Since Super 8 and other new format 8mm projectors were not introduced until May of 1965, they are not covered in this report.

Sales of lighting, sound and other production equipment showed only a slight increase of about 2.0%. Sales of 16mm cameras rose to about \$5 million compared with \$4.5 million the previous year, a 10.0% gain.

The figure of \$4.5 million was one-fifth the Census of Manufacturing figure released by the U.S. Bureau of the Census for 1963. In the Interim Report published in the *Journal* a year ago, it was decided not to use the Government figure, but to use instead the one arrived at with the panel of field reports upon which most of the material in this series is based. (It was discovered in mid-1965 that a major error had occurred in the published Government figures; and instead of approximately 25,000 16mm cameras being sold in the U.S. in 1963, the correct figure was slightly under 5,000. In fairness to the U.S. Bureau of the Census, the error was not its own.)

Other Audio-Visual Equipment and Materials

The estimated total of \$88 million for all the other audio-visual equipment items and materials is a 4.8% increase over 1963, as compared to the 7% gain enjoyed the previous year.

Overhead projectors continued to be a leader on the upward climb. Reports by dealers indicated that total overhead projector sales for 1964 probably exceeded 75,000 units. Eight out of nine dealers reported dramatic increases—ranging from three times to up to seven times their 16mm projector sales for 1964. In some cases, overhead sales equalled those for filmstrip projectors. More ready-made transparencies were available for purchase by schools.

Automatic 2- by 2-in. slide projectors had an exceedingly good year, although no actual data are available. Filmstrip projectors possibly sold in the quarter-of-a-million range. One figure privately computed estimated sales at 280,000 units.

Projection screens enjoyed a better year than during the previous one. Projection tables had an especially good year—up probably 15%. Powered lecterns, room-darkening shades and blinds and a multitude of other A-V accessory items had generally good sales in 1964.

A new trend was becoming apparent at the end of the year in the form of the development of sophisticated projection systems utilizing magnetic or paper tape, to mention but two methods, for controlling entire presentation programs. Prior to this time many of the complicated systems utilized in the more sophisticated marketing programs of large companies were custom built. It now appears that standard equipment is becoming available for these sophisticated presentations. Schools and universities are even experimenting with them for advanced instructional technique purposes.

Sound filmstrip projectors (also called sound slidefilm) had a poor year in 1964 for the second consecutive twelve-month period. Sales were off possibly 4 or 5%.

Administration

Although no accurate information has been developed on the number of additional persons entering the nontheatrical film and audio-visual field, probably more individuals were employed in 1964 than in several prior years. The net increase of 500 could hardly be challenged.

Considering the net gain of new persons in the field plus increased wages and salaries, the approximate administrative outlay was up at least 3.7% to an estimated total of \$196 million.

Other operating costs certainly increased. For example, attendance at national conferences and conventions was up decidedly, indicating more travel expenses. Attendance registration at the largest educational A-V convention in 1964, that of the Department of Audiovisual Instruction of the National Education Association (DAVI), was double that of the previous year.

Business and Industry

It is estimated that, in 1964, \$299 million was invested by business and industry, the largest gain in the field—up an estimated 6.8% over the previous year. Film producers reported that they were turning out fewer high-budget institutional-type motion pictures for clients, but instead were making more sales promotion, sales training and generally hard-hitting and direct selling films.

Production outlay was up 5.8% for an estimated total of \$91 million. Release printing reached an estimated \$48 million, which is an 8.3% increase over 1963.

Film distribution had an unusually good year, rising 11% over the previous figure of \$46 million, to reach an estimated \$51 million. The drop in public relations institutional pictures, as noted over the past few years, could have been a dampening factor on distribution. This trend, however, did not seem to deter business firms from hiring commercial film distributors to circulate their films. In fact the opposite was the case. Bigger budgets were available for distribution.

Expenditures for motion-picture equipment were up 8.3%, for a total of an estimated \$13 million. While projection equipment buying was identical to that of the previous year, spending for production equipment was up. Buying of other audio-visual materials and equipment nudged up slightly from \$30 million to \$31 million. Budgets for operating and administrative expenses were up about 5.2% in 1964.

Education

Expenditures for production of class room teaching films remained about the same as last year, although the number of titles was up. The spending was about \$15 million. The 7% increase in expenditures for release printing not only reflects the growing school market, but the gain was partly caused by an increasing number of single-concept films, many of which were merely edited and split up versions of longer pictures.

Costs for marketing films to schools were up probably 3.2%, or \$32 million. Although there was a small increase in projector purchases (about 400 units), the total outlay was probably about the same—\$19 million. School spending for other audio-visuals was up an estimated 11.8% for \$38 million as the Federal government continued to emphasize the need for more educational support. Administrative expenditures were probably \$118 million, or up a modest 2.6%.

Local, State and Federal Governments

The effect on the audio-visual field of the Johnson Administration's tighter Federal spending was felt as direct government spending went up only one million dollars, reaching \$85 million. It is thought that most of the increase occurred in state and local buying of equipment and materials. Many major Federal government agencies held even, while one or two large programs were slightly curtailed. Only one had a significant increase.

Although statistically the production figure shows a one million dollar increase, it was actually considerably less. In 1963, it was estimated that budgets for production totaled under \$26.5 million. A modest increase in 1964 was just enough to put it into the next bracket.

Release printing was an estimated \$13 million again; and distribution remained at \$15 million. Motion-picture equipment purchases remained constant at \$4 million, while buying of other A-V materials and equipment dropped slightly to \$14 million. Administrative costs were up slightly to \$12 million.

Religion

The church market had the best year in several years, although the gain only

amounted to an estimated half million dollars. The total was an estimated \$19.5 million, for a rise of 2.6%.

Projector purchases were up an estimated 725 units over the previous year, for a total of 2,800. The church market took 7% of the total U.S. domestic projector sales in 1964 compared to 5% in 1963.

Remaining constant were production at \$3 million, release printing at the same figure, and distribution at \$6 million. Other audio-visual expenditures and administration both stayed even at \$3 million. Actually there was a slight increase in spending for film production but not enough to move into the next bracket.

The church market continued to be a good one for filmstrips, both sound and silent. Some producers concentrated chiefly on this area very successfully.

Community Agencies

In civic, social welfare and recreational agencies, there was little change from the estimates for the previous year: production — \$3 million; release prints — \$2 million; distribution — \$10 million; motion-picture equipment purchases — \$2 million; other A-V — \$1 million; and administration — \$1 million.

Actually, in certain areas, such as some youth agencies, the number of titles released was down slightly. Overall, however, the output for community agencies was up a little.

Medicine and Health

As indicated earlier, the medical film field had a relatively poor year. It dropped

while all other segments of the A-V field either increased or held even. Film production was spotty. Many of the grants made to medical schools by pharmaceutical firms were not renewed, which probably was a dampening factor. An estimated \$2 million was spent on medical films.

Four items remained constant at one million dollars each — release prints, distribution, other audio-visual, and administration. Purchases of 16mm projectors were estimated at 500, a drop to half of the 1,000 purchased in 1963. (Note: As of mid-1965, the current year seems to be improving slightly, although for the first time in several seasons the American Medical Association does not have a single film in production.)

1964 Reflected a Growing Economy

The high plateau of the American economy has had its influence on the non-theatrical film and audio-visual field. During the seven years that these reports have been published, the audio-visual field has increased an estimated 32%. At an average of 4.6% per year, this represents a growing and healthy industry.

At year's end (December 31, 1964), enough new Federal legislation was in the offing to demonstrate tremendous confidence in the visual communication medium. (Note: Several bills have been passed by Congress, the effect of which will be reported here next year.)

The field appears to be maturing. More money was spent to improve present systems. The New York World's Fair was a contributing factor and in itself represented several millions of dollars spent for so-

phisticated display systems incorporating chiefly the motion-picture and the 2- by 2-in. slide. Some pavilions had as many as 40 or more motion-picture projectors in use. Several depended almost wholly on the motion picture. One, the Johnson's Wax presentation, deserves to be singled out for the fine contribution it has made to the art of cinematography. Many Fair visitors have voiced the opinion that the film, *To Be Alive*, is the finest at the Fair and the Johnson's Wax pavilion, the best.

To many professionals in the nontheatrical film field, the Fair proved somewhat disappointing because it did not produce any major breakthroughs in the use of the visual medium, although widescreen and 360° film presentations were in abundance. What the Fair has contributed is a sophistication of programming and tying together of many kinds of projection systems. The influence of this will probably be more apparent in coming years than it is today.

Morale among people in the film and A-V field was high in 1964. Dealers showed more enthusiasm and exerted more effort toward better selling than was the case during the past several years. Although there were no unusually great financial strides forward, there was little crying. Most producers had a good year. Most laboratories had a good year. In many situations, profit margins became tighter. Business firms were making greater use of the medium. Schools were definitely moving ahead, although their A-V expenditures were not sizably increased.

The year 1964 was a good one in most respects.