

SPECIAL REPORT NO. S-33.

Shanghai, China, November 17, 1939

Subject: "PRINCIPAL EUROPEAN RADIO SET AND TUBE COMPETITION"

Submitted by: A. Viola Smith, Trade Commissioner.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

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(Required Report: Questionnaire dated September 5, 1939 from Electrical Division of Bureau of Foreign and Domestic Commerce).

A considerable portion of the subject matter of this questionnaire has been covered fully in Special Report No. S-6, dated August 15, 1939, entitled "World Radio Markets--China". To avoid repetition specific references will be made to pertinent sections of that report, and the present report will be confined to the stating of material which has become available since August last.

1. (a) Name of Principal European Competitor:

Refer to Page 12 of Special Report No. S-6 dated August 15, 1939, entitled "World Radio Markets--China."

(b) Relative Importance in Your Territory:

Refer to Page 12 of Special Report No. S-6 dated August 15, 1939, entitled "World Radio Markets--China".

(c) Is Representation a Branch or an Agency?

Refer to Page 3 of Special Report No. S-6 dated August 15, 1939, entitled "World Radio Markets--China".

(d) Is Product Locally Assembled or Manufactured?

29
18
25
23
The British COLUMBIA; Dutch PHILLIPS, and German TELEFUNKEN radios have their own workshops in Shanghai. They frequently import chasses and assemble sets here, using all original component parts. Cabinets are manufactured locally, though the larger percentage of imports are of "complete" sets.

2. (a) Does Competitor Control Importations or Production through Patents?

Refer to pages 27, 29-a and 30 of Special Report No. S-6 dated August 15, 1939 entitled "World Radio Markets--China."

(b) Does He Grant Licenses for Local Manufacture or Importation?

NO.

(c) Has He Used the Courts against Competitors?

No specific Court cases are known of, though in 1935, Shanghai broadcasting stations were menaced by the local representative of the International Federation of the Phonographic Industry, who attempted to demand royalties from operating stations, using records made by leading record manufacturers. Considerable agitation occurred at the time but nothing came of it.

Refer to "Economic and Trade Note No. E-3, dated July 8, 1935, entitled "Royalty Demands on Broadcasting Stations Using Phonograph Records", and to Economic and Trade Note No. E-9 dated July 22, 1935, entitled "Broadcasting of Phonograph Records".

While court action was threatened no case actually came before any Shanghai tribunal.

3. (a) Has There Been Any Legal Action Indicating Fraud on the Part of Competitor as Regards Clearing Customs or Country of Origin Markings?

NONE

(b) What Has Been the Trade Comment Regarding Selling Methods, Advertising Guarantees, or Efforts to Influence Tariffs or Legal Regulations?

Refer to Special Report No. S-6 dated August 15, 1939, entitled "World Radio Markets--China" as follows:

Page 2, Section 2, "Selling Methods"
Page 6, Section 3, "Advertising"
Page 49, Section 31, "Advertising"
Page 50, Section 35, "Regulations"

4. (a) Send Samples of Literature with List or Retail Net Prices by Model Numbers, also Discounts to Dealers if Readily Obtainable. Send also Technical Data (as distinct from sales literature) if available.

Refer to Pages 8 and 9, Section 5, "Terms and Discounts" and pages 17 and 18, Section 10, "Tubes" in Special Report No. S-6 dated August 15, 1938, entitled "World Radio Markets--China." Price Lists accompanied that report. European radio sets prices have now come into line with those of American makes.

With respect to prices of receiving sets, it should be noted that it is extremely difficult to give prices on radio sets of American and Continental makes on a comparative basis or on parallel sets, as each manufacturer has their own peculiar or special patented hook-up. While there are similarities or parallel sets among American makes, a British made set cannot be compared with an American set, because the British hook-up and tube arrangement are entirely different. The main difference is the number of tubes. The British tubes (which only fit British sets) have special features, such as MULTI-PURPOSE, while the American made tubes are generally made in such a way that one tube is used for one specific purpose, such as amplification, detecting, low or high frequency. A British tube has several combinations. One important Shanghai dealer states that an 11-tube Superhet American set can be matched with a 6 or 7 tube British or German set. The only real comparison is by means of a hook-up plan, which is very difficult to obtain. Unsuccessful efforts were made to secure hook-up plans for "Phillips" and "Marconi" sets. On some of the American sets the hook-up is attached to the

base of the set in order to facilitate servicing. On the other hand some American manufacturers have modified their hook-ups in order to put a set on the China market at a "price". In such cases the nature of the "hook-up" is closely guarded, as they do not wish it revealed that such sets are not standard models. Again, each national set sold on the China market has at some time or other indulged in existing cut-throat competition, with the result that no price list is considered correct. Price lists are merely a guide for the basis of bargaining! At other times sets are disposed of in the market at almost below cost in order to move certain models, or liquidate stock. Violent fluctuations in Chinese currency in relation to foreign exchange also plays an important part. Dealers securing a shipment at a favorable exchange are enabled to offer their stocks of same models at prices below dealers who may not have brought in their stocks at such favorable rates.

Model numbers on standard American sets sold in China are stated to be identical to similar sets sold in the United States. Sets for China market may have special humidity protective materials used on condensers or other parts, which may be affected by climatic conditions, but the hook-up and model number on standard sets are the same.

Price List of "COLUMBIA" British-made radios as of April 4, 1939 (still current) is attached. "PHILLIPS" Dutch-made radio price lists are not available, as there are no stocks in Shanghai at present. Formerly a 9 tube set sold for approximately Pounds Sterling 24.0.0.

"MARCONI" tubes are selling on Shanghai market at present at:

VMS	7/6d.
NH4	7/6d.
U12	8 sh.
Ph4	8 sh.

S-33. "Principal European Radio Set and Tube Competition". Shanghai. Page 5.

A drastic cut in the price of "RCA" American tubes was made during the first week of September, 1939, amounting to almost 40% off their last price list. Other American tube importers reduced their prices in an attempt to bring them into line with "RCA", but in order to do this they have shaved down their profit to a reportedly infinitesimal sum. Dealers in American tubes find it very difficult to compete against the "RCA", whose products are being obtained from their Japan factory.

4. (b) Maximum Credit Terms to Distributors and Dealers:

Refer to Pages 8 and 9 of Section 5, Special Report S-6 dated August 15, 1939 entitled "World Radio Markets--China."

(c) Period of Warranty Extended to Consumer:

All new sets are sold with a guarantee of 12 months free servicing, but not on breakages or tubes, unless it can be proved that fault is traceable to bad construction and inferior material used. No warranty is given on second hand sets. However, Chinese dealers give three to six months free servicing. Locally constructed sets are sold by Chinese dealers with 6 to 12 months guarantees for free servicing but not on replacement parts.

(d) Advertising Mediums Used:

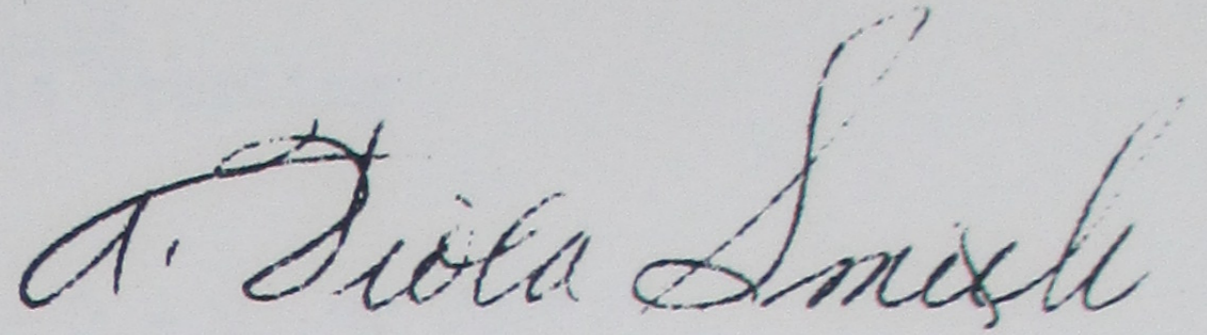
Refer to Page 6, Section 3, "Advertising" and Page 49, Section 31, "Advertising" Special Report S-6, dated August 15, 1939, entitled "World Radio Markets---China".

(e) General Reputation as to Quality and Performance, as Compared With American Makes:

Refer to Page 12, Section 7, "Types of Sets," and Pages 17, Section

S-33. "Principal European Radio Set and Tube Competition". Shanghai. Page 6.

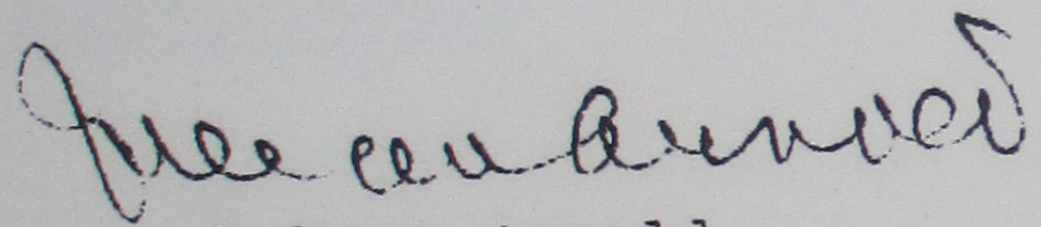
10, "Tubes", of Special Report S-6, dated August 15, 1939, entitled "World Radio Markets--China."



A. Viola Smith,

Trade Commissioner.

Approved for Transmission:



Julean Arnold,
Commercial Attache.

Enclosure: Price List.

April 4th, 1939.

PRICE LIST

COLUMBIA RADIOS

are manufactured in England in the largest plant of its kind in the British Empire.

RADIO RECEIVERS (all wave)

PRICE
Pounds Sterling

Table models:

Standard model No. 656	17 - 5 - 0	or US\$69*
De Lux model No. 496	25 - 10 - 0	" 102
All world radio grand No. 650	32 - 10 - 0	" 130
AC/DC model 473	20 - 5 - 0	" 81

Armchair models:

All world de Luxe No. 655	45 - 15 - 0	or US\$ 183*
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Radio receivers are guaranteed six months

Console model:

All world de Luxe No. 659	44 - 5 - 0	or US\$177*
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Radio Gramophone combination:

De Luxe model No. 661	34 - 0 - 0	or US\$136*
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Automatic record changing Radio Gramophone

De Luxe model No. 498	51 - 10 - 0	or US\$206*
Hypersensitive model No. 664	76 - 0 - 0	" 304*

RECORD PLAYERS

Standard (swing type)	4 - 0 - 0	or US\$16*
De Luxe (drawer type)	4 - 10 - 0	" 18*
Automatic	15 - 5 - 0	" 61*

Make your own programme. Ask for round the world Station log and for Catalogue of records

DISTRIBUTED IN CHINA BY ELECTRIC & MUSICAL INDUSTRIES (CHINA) LTD.

SHOWROOM: 878 Bubbling Well Road, Shanghai.
Tel. 36865.

* These equivalents are based on the London/New York Cross-rate of Pounds Sterling 1-0-0 to US\$4.00.