

268. Most of the chain stores which have submitted evidence have no desire to handle imported valves mainly because they wish to avoid carrying similar ranges of valves in a multiplicity of brands, thus increasing the dangers of overstocking and obsolescence. One agreement holder, however, told us that he would "like to have a free hand for the importation of valves as foreign valves are much cheaper and therefore would help to keep prices down" (see paragraph 191). Two more would like to handle imported equipment containing foreign valves in the same way as radio retailers without an agreement who are free of any obligation to sell only BVA valves. Furthermore, the knowledge that BVA members themselves import valves and tubes is an added irritation to these two chain stores. Three rental and relay companies respectively made the following comments about imports:

"At present we are purchasing from BVA companies tubes and valves known to be made in Holland . . . labelled with the name of a British company, e.g. Mullard and Mazda and sold under the terms of the BVA agreement. It would appear that these companies are doing exactly that from which we are restricted by our BVA agreement."

"Some types of current television and radio valves are being supplied from the Continent but [we] are unable to identify them."

"We have no means of knowing whether any of the valves supplied to us by these [U.K.] manufacturers are in actual fact imported from other countries or not."

We have received several complaints of a similar nature from members of the public who have been chagrined to discover that receivers bought in good faith as "British made" contained either valves or tubes of foreign manufacture. All imported valves and tubes are, however, marked with the country of origin or marked "foreign". Imports handled by the BVA members also bear the BVA monogram and the members' trade names; they are sold alongside valves and tubes of British manufacture and, apart from the mark indicating foreign origin, undistinguished from them. They carry the BVA members' guarantee.

CHAPTER 11. GUARANTEES

269. The BVA has told us that valves and tubes are subject to faults in spite of every possible precaution taken during manufacture and subsequent tests before the products leave the works, and consequently some claims from users are expected and are provided for by its guarantee system. We understand that Edison Swan was the first BVA valve manufacturer to give a 3 months' guarantee on valves. This it began to do towards the end of 1933, and in 1934 a common form of 3 months' guarantee on equipment valves, offering free replacement if valves were found faulty, was introduced by the Association. In 1935 the Association's guarantee was extended to valves sold for maintenance purposes. Cathode ray tubes were originally sold subject to the same guarantee but in 1946 the Association extended the period to 6 months.

270. We were told that in the case of valves the period of guarantee of 3 months from date of purchase by the ultimate user "is not an arbitrary one but is based on technical or engineering experience over many years which leads to the belief that failures due to bad workmanship or material will almost certainly be revealed within that period." The Association told us that a similar argument applied to tubes but "the period was deliberately

made longer, namely six months, particularly because the hours of television broadcasting were so much fewer than those for radio at that time and also to give some measure of encouragement and security to the buyer of a necessarily higher priced article." The Association added that "in practice, the guarantee period of 6 months [on tubes] has been very greatly increased, firstly by the extension of television broadcasting hours and secondly by reason of members' inability to check the data provided in support of claims, quite apart from the fact that members give sympathetic consideration to hardship and borderline cases." It also said that although agreement on the periods of guarantee is related to the Association's price arrangement, the prime purpose of the agreement is to protect the members from the cost of wasteful competition through guarantees, and "a uniformity of system is desirable."

271. The cost of free replacements under the Association's guarantees is separately recorded by the members, and our Accountants' examination shows that as a percentage of the total cost it has varied between the individual members from less than 1 per cent. to 5½ per cent. in the case of valves, and from 2 per cent. to 16 per cent. for tubes.

272. On several occasions the set makers' association has pressed for the guarantee periods for both valves and tubes to be extended to 12 months. This is the period for which most sets are guaranteed, and from time to time individual set makers have given a comprehensive guarantee on their sets, for 12 months or longer, and have included the valves in the guarantee. The BVA has always refused to modify its policy. It states that "members reserve to themselves exclusively the right to decide at any time whether any product made by them is faulty within the terms of the agreement and they are not prepared to delegate their responsibility to an equipment manufacturer or other third party." The following clause is included in the equipment makers' agreement:

"The responsibility of members in respect of the guarantees on electronic valves shall be limited to the terms of the standard BVA guarantee. If a set maker/apparatus manufacturer gives a guarantee on his complete sets, chassis and/or apparatus which is to remain in force for a period in excess of 90 days, he shall state clearly in all his publicity relative to that equipment that the guarantee which he gives does not extend to the BVA valves incorporated, which are subject only to the standard BVA guarantee."

There is a similar provision with regard to the 6 months' guarantee on tubes.

273. Almost all the manufacturers of domestic radio and television sets who gave evidence found the present guarantee period for both valves and tubes unsatisfactory and the majority of them considered that to extend the period to 12 months would not cost the valve and tube manufacturers much since faults are prone to show in the first few weeks of operation. Only two of the witnesses amongst the set makers considered the present periods satisfactory. One of them stated:

"As replaceable items we do not think it fair to expect valves and tubes to carry the same period of guarantee as does the receiving set."

The view expressed by another large set maker is as follows:

"We have always used the BVA form of guarantee for valves and tubes and have experienced no difficulty in this direction. The main reason for this to our mind is not that the length of guarantee is sufficient, but that the actual life of valves and tubes is, in fact, so much longer that no dissatisfaction is caused to the user. Inconclusive discussions have taken place on a request to modify the guarantee on cathode ray tubes on the lines applied, e.g. to some motor car batteries, and if some agreement could be reached on the subject it might be advantageous to the industry."

Several manufacturers of non-domestic equipment told us that they ignored the BVA's guarantee period, and some of them give a 12 months' guarantee on the equipment including the valves. One said that this has "not proved unsound commercially".

274. The Radio and Television Retailers' Association, representing over 4,000 retailers, states:

"We feel the guarantee should be the same for valves and tubes. As tubes are guaranteed for six months valves should have a similar guarantee. We have discussed the subject with the BVA and it seems, and reasonably so, that to extend guarantees would involve additional cost, which would increase prices, which manufacturers have no wish to do. We have also raised the question of a twelve months guarantee on both valves and tubes, but the cost of this is a point we understand."

The majority of chain store dealers with agreements have told us that they would prefer valves and tubes to be guaranteed for the same period as the set, and several stated that their customers found the varying periods of guarantee in respect of different parts of a television set a source of irritation. Two of these dealers guarantee complete sets which are sold on hire-purchase for as long as the hire-purchase period lasts (usually one year) and the cost of this service is incorporated in the hire-purchase terms.

275. The wholesalers claim replacements for valves and tubes which are found to be faulty when in stock and manufacturers are free to make such replacements. The wholesalers are not affected by the periods of guarantee, since the guarantees only begin to operate from the date of sale to the ultimate user. At the manufacturers' request faulty valves and tubes are returned to them direct by the radio dealer and not through the wholesaler. Similarly equipment makers may claim replacements for valves and tubes found to be faulty. We understand that at least one of the manufacturers gives some of the larger set makers an extra discount on valves, usually about 3 per cent., in lieu of free replacement, and an independent exporter of BVA valves has told us that he also receives a similar discount on valves sold for export.

CHAPTER 12. MULLARD LTD.

276. As Mullard accounts for more than one-third of the total trade, we have given separate consideration to its position. Mullard has two wholly-owned subsidiaries making valves, The Mullard Radio Valve Co. Ltd. and Mullard Blackburn Works Ltd. Another wholly-owned subsidiary, Mullard Overseas Ltd., handles export sales. Two other wholly-owned subsidiaries, Mullard Equipment Ltd. and Marine Telecommunications Ltd., use valves and tubes for the manufacture, sale and servicing of electronic equipment. We refer to Mullard Ltd. together with its wholly-owned subsidiaries as "Mullard" since the group may be regarded as one unit making and selling valves and tubes. Figures of production and sale given for Mullard do not include the figures for its associated companies, Philips and British Tungsram.

277. Accurate figures of production and sales are not available for the pre-war period but the rough figures we have received from the BVA and from Mullard indicate that before the war Mullard accounted for roughly 40 per cent. of the total trade. After the war the proportion supplied by Mullard increased and in 1954 Mullard supplied nearly 60 per cent. by