



"Takes the Resistance out of Radio"

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THE BROADCAST INDUSTRY

An Editorial by HUGO GERNSBACK

IT IS a mistaken idea of many radio people that radio began about 1920-21 with radio broadcasting. As a matter of fact, the radio industry goes back to 1903, when it was still called wireless. Even before the area of broadcasting, the radio industry had become well established and millions of dollars of radio apparatus were turned out annually in America alone.

But when radio broadcasting came along, the industry took a tremendous upswing, and it is difficult today to give an exact figure of the financial turnover of the entire radio industry per year. One thing is certain and that is that it is well over 500 million dollars a year! Of this amount, the broadcasting industry gets the lion's share. When the term "broadcasting industry" is mentioned, it should be understood that this includes everything that goes with broadcasting, from the broadcast transmitter down to the radio receiving set, and from copyrights to advertising fees. In between, we have many other subdivisions of the industry, each of which forms a distinct unit.

But for the present discussion, we will confine ourselves strictly to the broadcasting industry as such. In the United States today, we have, to begin with, some six hundred broadcast stations which cover the entire country. This figure has not changed materially during the past eight or ten years, since those stations which were discontinued were nearly always replaced by others. The stations themselves are made up into so-called networks, whereby certain key stations are affiliated with a number of broadcast stations throughout the country. There are three major nation-wide networks, the "Red" and "Blue" of the National Broadcasting Company and the one controlled by the Columbia Broadcasting System. In addition to these, we have numerous minor networks, usually linking several stations to cover limited areas.

In this country, the broadcast stations are reimbursed for their financial outlays by advertising or sponsored programs, and the amount thus spent by advertisers has reached truly gigantic figures. As an example, the Columbia Broadcasting System, in a single month, (October, 1934), had billings of over \$1,700,000 for time on the air. Bear in mind that this figure is only what the advertisers paid for station time in a single month.

Why do advertisers spend such gigantic sums for broadcasting purposes in offering their various wares on the air? The answer is found in two words, *radio listeners*. A recent estimate shows that we are approaching the 20 million mark of radio sets in this country alone! Twenty million radio sets, with an average of three listeners each, make an average of 60 million listeners. In other words, approximately one-half the entire population of the country can be reached by a coast-to-coast network, and from past results obtained by advertisers, their investment to the tune of approximately \$14,000 for an hour's program appears to be a good one; so good in fact, that at the present time the three major chains have little evening time to sell, all of them being practically sold out. Of course, these figures, high as they are, do not include talent. For instance, if Ed Wynn goes on the air he is reputed to get \$5,000 for

his services alone. A crack orchestra commands \$1,000 an hour, and famous singers as much. The advertiser, of course, has to foot the bill for the talent in addition to the time consumed on the air.

Considering that a page advertisement in the country's largest weekly magazine, which distributes less than three million copies per issue, costs \$8,000 for one time, the broadcast time of \$14,000 for one hour does not seem unreasonable, and indeed, probably is not for most advertisers, many of whom have continued their advertising on the air for years.

What are the broadcasters doing to help the radio-set industry put over their wares and to make it possible for the listeners to get sets? Strange to say, actually they do very little, with the exception of a half-dozen radio manufacturers who are also broadcasters. Over 95% of the broadcast stations do nothing but broadcast. They take it for granted that somebody will supply the sets, and in this they are correct, since the market is supplied, independent of the broadcast stations themselves.

One would think that the great majority of the broadcasters would be selfishly interested in seeing to it that there are more listeners to their stations, since their rates are based upon numbers of listeners, but strangely enough, this assumption is erroneous and the broadcasters, at least the overwhelming majority, trust to luck that someone will provide the sets to the public.

The feeling is very general that there are too many broadcast stations in this country. Take a city the size of Chicago, for instance. In that city, we have alone 16 broadcast stations. Several of these, not more than four, are used by the various networks and give excellent programs—the best that may be had. What about the rest of the local stations? With few exceptions, they have little reason for existing! As a rule, they supply mediocre programs, and if the program is good, it is usually of the phonograph variety. Unknown singers, amateur speakers, poor bands and poorer orchestras fill-in the commercial gaps that these stations have. As for the time sold on the air by these stations, such commercial programs are usually the world's worst. Patent medicines of doubtful value, and many other ventures equally doubtful are broadcast day in and day out. Some of the stations blanket a certain neighborhood and are, therefore, heard better in that neighborhood than other stations. A number of legitimate stores and merchants broadcast their products over these local stations, but few advertisers have made a profit by doing so. And—because the results to the advertiser are usually mediocre or nil, the little station must perforce get new advertisers all the time, and the rates which the merchants pay are *whatever they can pay*.

This is a deplorable state of affairs from the standpoint of the neighborhood station, but it has to keep up the racket or go out of business, because it has no other income—unless the station is sponsored by a rich concern using it for its own propaganda; or by newspapers; or by churches, or other institutions (when it is not necessary to take on questionable advertising on the air).