

Radio News

VOLUME XIV

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NUMBER 7

THERE'S MONEY IN THE AIR

Just how is radio advertising accomplished and how does it affect radio broadcasting in the United States? Some interesting facts that bear importantly on these questions and their solutions are brought to light for the benefit of our readers by—

THE growth of broadcast advertising in the United States has been tremendous. Within the brief period of radio's existence the vast amount of time sold on the air and the large incomes derived therefrom have earned for broadcasting a secure footing under the classification of "big business."

This progress was by no means an easy achievement. Station operators and owners had a real job to develop and nurture the new field. There were no precedents to follow. Obstacles arose everywhere. And after the long-sought goal of a profit-making enterprise was achieved, the stations found that in addition to competition amongst themselves, they were looked upon by many news publishers as invaders in the field of advertising. Yet, broadcast advertising soared and, even through the depression years, the gross amount of time sold kept climbing consistently higher.

In broadcast advertising, America has obtained and maintained world leadership. In the few other nations where commercial broadcasting is permitted, radio authorities look to the United States for formulas and rules for making their own broadcasting systems successful.

Yet, despite this achievement in the commercial

Merle S. Cummings

world, the question has frequently arisen as to whether the broadcasters were neglecting public service, uplift, education, entertainment and general interest in their quest for the sponsor's dollar.

The United States Senate, through a resolution submitted by Senator Couzens, on January 7, 1932, ordered the Federal Radio Commission to make a survey and report to the legislative body on the use of radio facilities for commercial advertising.

The resolution sought information on the feasibility of Government ownership and operation of stations. It sought plans to reduce, limit, control and, perhaps, eliminate the use of radio for advertising. It also sought definite information on the use of radio for educational purposes. In addition, it requested a vast amount of statistical data.

On June 9, 1932, the Federal Radio Commission transmitted its report in accordance with the resolution. The Commission had previously mailed questionnaires to 607 stations and received replies from 583 that could be used for the report.

The report disclosed that actual investments in broadcasting as of December 31, 1931, totalled approximately \$48,000,000. During 1931, gross receipts amounted to \$77,758,048.79 and gross expenditures

BIBLIOGRAPHY OF BOOKS ON BROADCAST ADVERTISING

- BROADCAST ADVERTISING - THE FOURTH DIMENSION.
FRANK A. ARNOLD (JOHN WILEY & SONS, 1931)
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(ASSOCIATION OF NATIONAL ADVERTISERS)
- NEW EMPIRES - NEWSPAPER AND THE RADIO.
C.A. BICKEL
- RADIO AND ITS FUTURE
MARTIN CODEL (HARPER & BRO., 1930)
- WHAT ABOUT RADIO
RUTH CORNWALL (H.K. McCAIN CO. 1930)
- EXPERIENCE OF 127 FIRMS WITH RADIO BROADCASTING.
RADIO PROGRAMS FOUND MOST PROFITABLE BY RETAILERS.
(DARTNELL CORP.)
- RADIO WRITING.
PETER DIXON (CENTURY, 1931)
- RADIO ADVERTISING AS AN EVERYDAY SELLER OF GOODS.
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- THIS ADVERTISING BUSINESS.
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(ERWIN, WASEY & CO., 1928)
- USING RADIO IN SALES PROMOTION.
E.H. FELIX, (MCGRAW-HILL, 1927)
- TOMORROW'S ADVERTISERS AND THEIR ADVERTISING AGENCIES.
G.H. PHELPS (HARPER & BRO., 1929)
- THE RADIO INDUSTRY; AS TOLD BY LEADERS OF THE INDUSTRY.
(A.W. SHAW CO.)
- HOW TO WRITE FOR RADIO.
KATHERINE SEYMOUR & J.T.W. MARTIN (LONGMANS, GREEN, 1931)
- A STUDY OF RADIO ADVERTISING, REVISED STUDY 1930
DR. DANIEL STARCH
- THE ADVERTISING AGENCY LOOKS AT RADIO
NEVILLE ONEILL
- BROADCAST ADVERTISING IN LATIN AMERICA.
BROADCAST ADVERTISING IN EUROPE.
BROADCAST ADVERTISING IN ASIA, AFRICA, AUSTRALIA AND OCEANIA.
(UNITED STATES BUREAU OF FOREIGN AND DOMESTIC COMMERCE BULLETINS)
- RADIO ADVERTISING AND RADIO REGULATION.
DANIEL WHITING (EDITORIAL RESEARCH REPORTS, WASHINGTON, D.C., 1932)



MUSIC'S GOLDEN STREAM FLOODS THE ETHER

The tinkling sounds of money are musical to ordinary ears, but the radio advertiser has a different version; he knows that music—good music—means money in his pocket. Therefore the broadcast studios should be the source of the finest music in the air—if the advertisers' viewpoint is correct

amounted to \$77,995,405.68. The latter sum included \$20,159,656.07 for talent and programs, \$16,884,436.91 for regular employees, \$4,725,168.23 for equipment, and \$36,226,144.47 for miscellaneous expenditures.

With the exception of forty stations owned directly or indirectly by states or municipalities, all of the stations are privately owned and operated. The stations are divided into four general classes: "local," "low-power regional," "high-power regional" and "clear channel." Of the 607 stations, only 389 are authorized to operate simultaneously at night.

The report divides programs into two classifications—commercial and sustaining. The two types are defined as follows:

"A commercial program is a program presented by the station for profit. It is sponsored usually by a person or corporation engaged in either the wholesale or retail of merchandise with a view of gaining the good will of listeners and of making direct sales. The program content usually consists of either orchestra, song, drama, symphony, opera or variety, interspersed with sales talks or a description of the commodity advertised."

"A sustaining program is a program presented by the station without compensation and at its expense. Its purpose is twofold: (1) It serves as one method whereby the station can qualify under the public interest clause maintained in its license and (2) it serves as a method by which the station seeks to enlarge and hold its audience and thereby increase the value of time available for commercial programs. The program content usually consists of either orchestra, song, drama, sym-

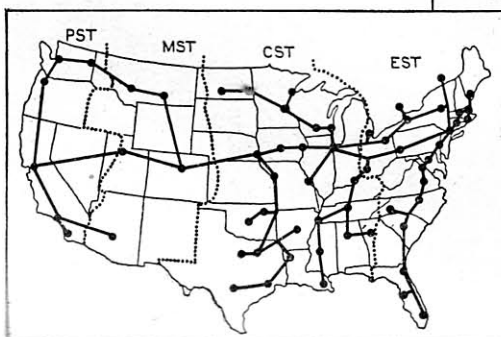
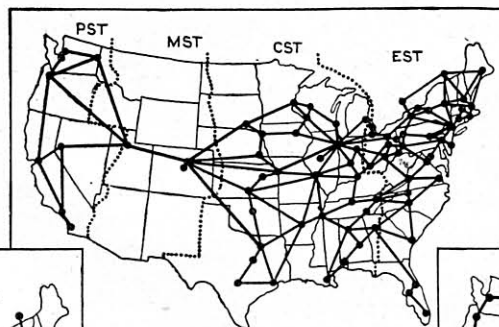
phony, opera, variety, literature, science, politics, news, sport or special events."

Of the total time used by 582 stations during the survey, 12.52 percent was used to broadcast educational programs of which 80.04 percent were sustaining. Of the total programs on the air over the 582 stations, 36.14 percent were used for commercial programs.

A group of 187 stations was affiliated with companies engaged in chain broadcasting. It is mentioned that, through chain affiliations, stations procure program material of national as well as local interest. This method also brings the best talent of metropolitan centers to local stations. The two largest chains are the National Broadcasting Company and the Columbia Broadcasting System, both maintaining headquarters in New York. Both the NBC and the CBS own, finance, lease or operate several stations in various parts of the country. The remaining stations are affiliated with the networks through special agreement.

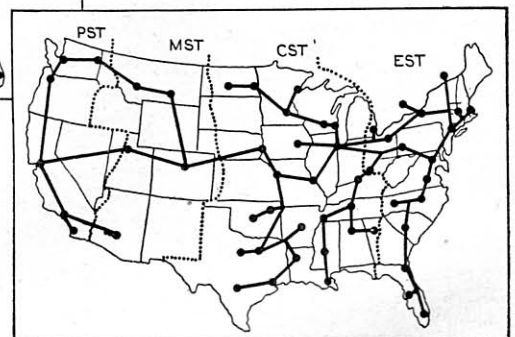
The report states that any plan for the elimination of advertising from the air would, if adopted, destroy the present system of broadcasting. The statement is based on the premise that the present system of broadcasting will be retained. It was

explained that any plan to reduce, limit and control the use of radio facilities for advertising to a specific amount of time or to a certain percentage of the total time used by the station, must have its inception in new and additional legislation which either fixes and prescribes such limitations or specifically authorizes the Commission to do so under a general



BROADCAST COVERAGE

Above is a map of the Columbia Broadcasting System chain throughout the United States. At left and right, respectively, are the Red and Blue chain networks of the National Broadcasting Company



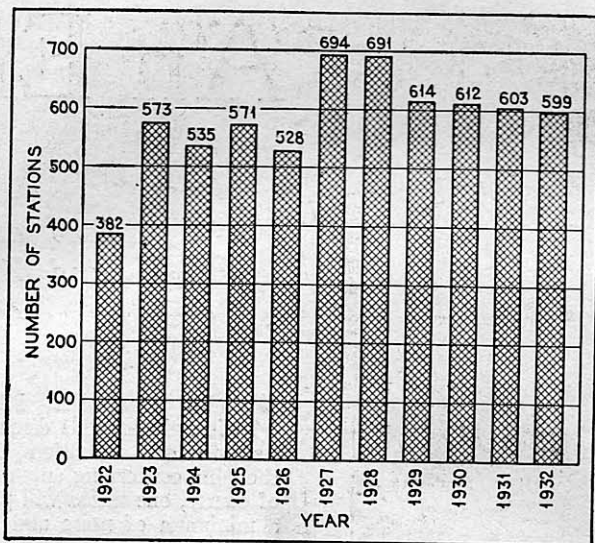
standard prescribed by that legislation. The report explains this point as follows:

"While the Commission may under the existing law refuse to renew a license to broadcast or revoke such license because the character of program material does not comply with the statutory standard of public interest, convenience and necessity, there is at present no other limitation upon the use of radio facilities for commercial advertising."

In order to find whether it would be practicable and satisfactory to permit only the announcement of sponsorship of programs by persons or corporations, the Commission wrote to agencies placing time on the two networks, asking for their opinions on this matter.

The Commission's comment, in part, on this matter follows:

"The American system of broadcasting is predicated upon the use of radio facilities as a medium for local and national advertising. Upon this use depends the quantity and quality of commercial and sustaining programs. The competition between advertisers insures the employment of the best talent available and a variety in kind of commercial programs. The commercial programs furnish the principal source of revenue to stations. The quality and character of sustaining programs are dependent upon the revenue received from the sale of time for commercial advertising purposes. The daily newspaper furnishes a parallel: A newspaper can be sold to the subscriber at a cost greatly under the cost of production because it is used as a medium for advertising, and what it contains of a news, educational, literary and entertaining value depends almost entirely upon the revenue received from the sale of space for advertising purposes. Similarly, a radio broadcast station can present sustaining programs that are of great



BROADCASTING STATIONS IN THE U. S.

This chart prepared by the Federal Radio Commission shows the varying numbers of broadcasting stations from 1922 to 1932, inclusive

educational value and rich in entertainment only in a degree measured by the revenue derived from the sale of time for purposes of commercial advertising."

This comparison with newspapers is not readily relished by publishers who cannot see a fair basis for such comparison. Firstly, a newspaper is published entirely at private expense. The ink, the paper, the mechanical plant and all circulation facilities must be handled privately, entirely financed by the publisher and not infringing on publicly owned rights or property anywhere. The radio station, on the other hand, produces programs at its own (or sponsor's) expense and broadcasts into the publicly owned and government-controlled atmosphere. The stations' only expense is "getting the program out." The station must make no provision for seeing that the programs are received. The newspaper, however, must be distributed

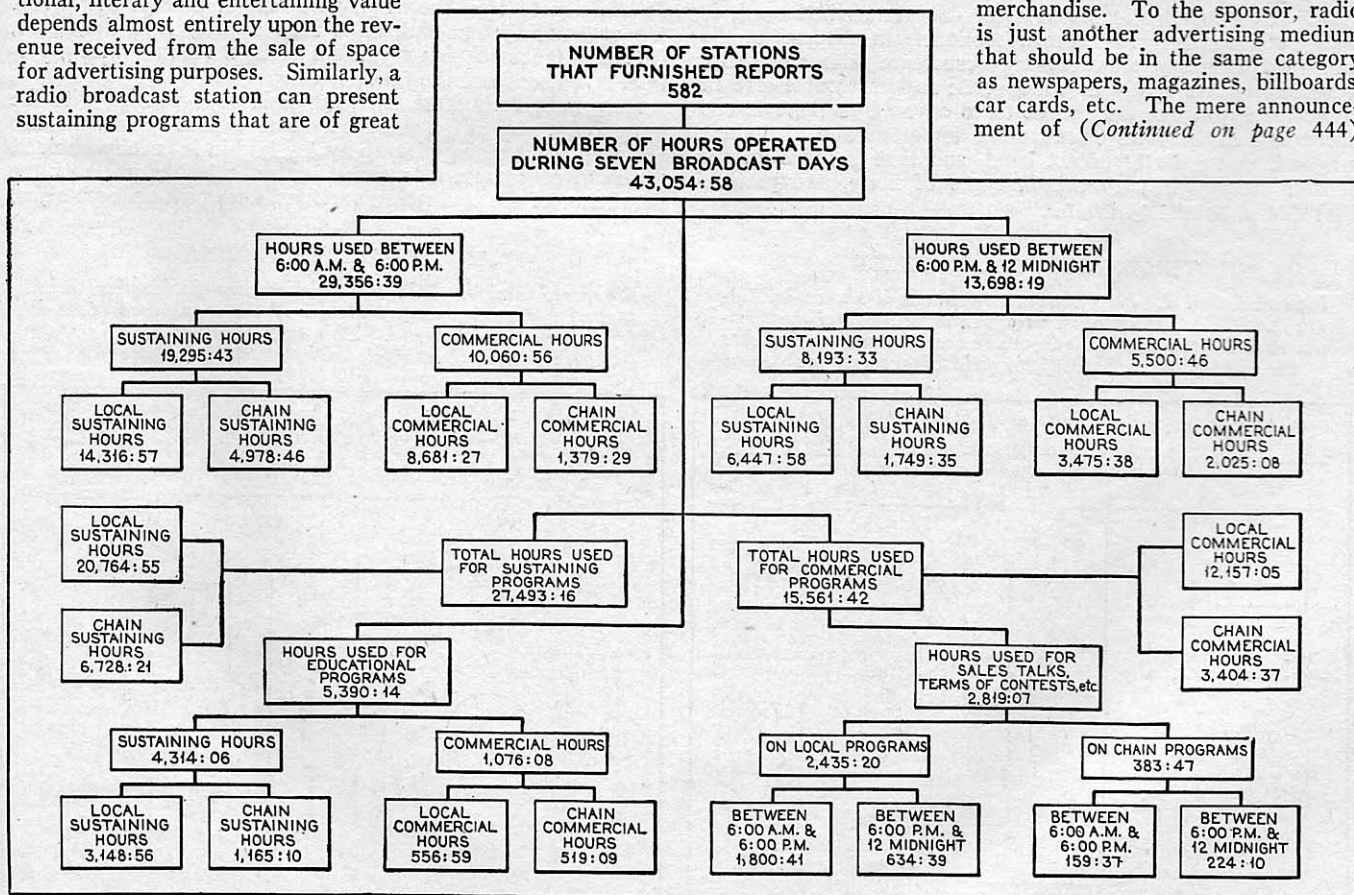
through well-organized channels in order to be successful.

If a reader dislikes a newspaper, he can cease buying it. If a listener dislikes a program or station, he can tune it out. But the unwanted program or station may continue to function on the public channel that may be used for better programs as far as public welfare is concerned.

Of course, the agencies were virtually unanimous in opposing any limiting or curtailing of commercial announcements. Their reasons were based on good business logic and sound common-sense reasoning. It was pointed out that the object of the air advertiser is to sell more merchandise. To the sponsor, radio is just another advertising medium that should be in the same category as newspapers, magazines, billboards, car cards, etc. The mere announcement of (Continued on page 444)

HOW THE AIR IS USED

The chart below shows classifications of the uses that the ether is put to hourly, day and night, during a representative week at the height of the season last winter. The chart is based upon reports from 582 broadcasting stations in the United States



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Grant Radio Laboratories

6521-N South Halsted St., Chicago, Ill.

Money in the Air

(Continued from page 395)

sponsorship, they believe, would tend to make the "ad" a good-will gesture rather than a strong sales effort.

Since the time of the Commission's report to the Senate, many changes have taken place in broadcast advertising.

The most important change of 1932, perhaps, was the abolishing of restrictions against price announcements on CBS and NBC programs. The chains first lifted the ban on daytime programs and shortly after lifted the ban on evening programs as well.

William S. Paley, president of the CBS, prepared a limitation schedule which follows:

"(a) Not more than two price mentions on a 15-minute program provided that the total length of all sales talk shall not exceed one and a half minutes.

"(b) Not more than three price mentions on a thirty-minute program provided that the total length of all sales talk shall not exceed three minutes.

"(c) Not more than five price mentions on a sixty-minute program provided that the total length of all sales talk shall not exceed six minutes."

The CBS executive emphasized that the mentioned prices must be of the article or articles advertised and must be in no sense competitive or comparative.

In addressing the 1932 Convention of the Advertising Federation of America, Roy C. Witmer, NBC vice-president in charge of sales, urged that all commercial credits on programs be checked against the following list of essential requirements:

"1. If straight commercial announcements are used, do they give the listener some interesting and worthwhile information about the product?

"2. Do they tell the story in a pleasant manner?

"3. Are they positive, or do they have a tendency to belittle a competitor's story?

"4. Do they ring absolutely true?

"5. If you were actually calling on the listeners personally, would the same story be used in the same way?

"6. Are they sufficiently untechnical so that the layman understands and is interested?

"7. Are they in good taste? Human nature does not like to hear or discuss disagreeable things unless compelled to.

"8. Does the commercial part of the program harmonize in spirit and tone with the rest of the program?

"9. Is the result of the foregoing checking, a program, or a program "with" commercial credits? It should be a program full of entertainment and interest from first to last."

In the writer's opinion, one of the greatest abuses in radio advertising is the disguising of commercial "plugs" as entertainment.

Commercial theme songs and dialogue advertising lines in dramatic programs often hamper otherwise well-conceived programs. When intelligently handled, the advertising plug can be put across inoffensively. The average radio listener is a good sport and is willing to give his attention to a decent commercial announcement as his payment for the entertainment given him. But a sponsor must not work against his intelligence, lest he forsake the program, the product and even the station.

At the time of this writing it is quite certain that the CBS and NBC will surpass their 1931 high incomes in 1932. Reports of numerous independent stations likewise show increases. Even though the CBS and NBC had fewer accounts in 1932 than in 1931, the amount spent by the individual advertiser was great enough to help surpass the

Read Classified Advertising—It Pays

Advertisements in this section twenty-six cents a word for each insertion. Name and address must be included at the above rate. Cash should accompany all classified advertisements unless placed by an accredited advertising agency. No advertisements for less than 10 words accepted. Objectionable or misleading advertisements not accepted. Advertisements for these columns should reach us not later than 1st of 2nd month preceding issue.

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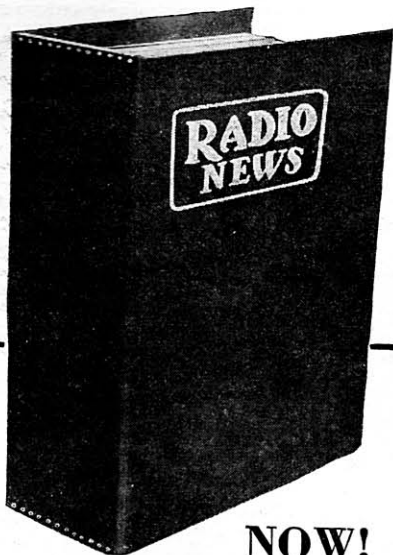
CUTTING & SONS, 13-B St., Campbell, Calif.



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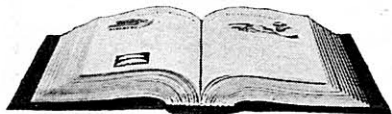
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City.....State.....

Canadian Subscriptions \$3 one year—\$5 two years.

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1931 total income. The 1931 income of NBC was \$25,607,041. The same year, the CBS income was \$11,895,039. Both of the totals should be surpassed in 1932, on the basis of income the first nine months of the year. The much larger NBC earning as compared to the CBS is largely due to the fact that it includes the "red" and the "blue" hook-ups, one keyed by WEA, the other by WJZ. The CBS chiefly functions as a single network keyed by WABC, although there are some exceptions when the chain is split for conveying more than one program simultaneously.

As far as the broadcasters are concerned, there is certainly money in the air! But to keep on getting it out of the air, the programs must improve in interest so that listeners will continue to listen!

Modern Auto Radio

(Continued from page 413)

quality of what otherwise would be good amplifiers.

Returning to the circuit again, we find the output of the -85 tube is fed through a coupling condenser and the volume control to the grid of the -37 tube. This tube is used as a driver for the two -38's, operating as a Class A amplifier. This type -38 tube supersedes the LA type which was used in the model 7T474 receiver.

While the LA type tube had some excellent characteristics, including a very low plate impedance, which was an important factor in adjusting the load impedance for minimum third harmonic distortion. It was a filament type Pentode tube and was more costly to use in conjunction with a vibrator type power pack. The -38, using a cathode heater, eliminates the use of additional filtering which is necessary in a filament tube such as the LA.

The maximum output of this receiver is about 2½ watts. This is a far cry from the first automobile receivers, which with their little horns strained and squeaked under 700 milliwatts.

The model 61 differs from the 88 only in the audio circuit, as shown in Figure 4. The r.f. circuit is identical with the 88. The output circuit of model 61 consists of a single -41 tube. This is a new pentode which has been developed by the Everready tube division of the National Carbon Co., with the co-operation of the Motorola engineers.

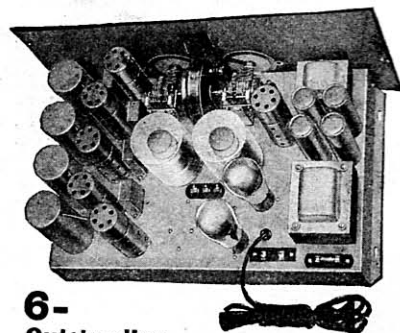
The model 61 receiver is designed to sell at a lower price and to meet the needs of those who do not require a receiver with the output of the 88.

Both models are remote controlled by a unit clamped to the steering column. The tuning condensers are driven by a flexible shaft with a pinion gear on both ends. One end of this shaft meshes with the large gear on the condenser shaft in the receiver. The other end engages with the toothed celluloid scale in the control unit. As the gear ratios are the same at both ends, the scale is always in exact step with the condensers.

Volume is controlled by a 500,000-ohm variable resistor in the control unit. The power is controlled by a lock switch also in the control unit. All external wiring of the receiver is shielded 100 percent.

Before being presented to the public these receivers have been tried out in practically every known make of automobile in this country. These installations have been studied and observed by factory engineers and considerable information collected on the peculiarities of the different makes of cars. This information is available to Motorola servicemen and gives the necessary steps to be taken to insure quiet operation in every make of car.

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