

BROADCASTERS' NEWS BULLETIN

Reporting accurately and promptly current happenings of special interest to Broadcasting
Stations in the Commercial, Regulatory, Legislative and Judicial Fields

Issued by

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THE NATIONAL ASSOCIATION OF BROADCASTERS

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EXECUTIVE PERSONNEL

PHILIP G. LOUCKS
Managing Director
EUGENE V. COGLEY
Assistant to Managing Director
OLIVINE FORTIER
Secretary

April 27, 1931

COMMERCIAL COMMITTEE REPORT

Station owners and commercial managers are urged to give careful study to the report of the Commercial Committee of the NATIONAL ASSOCIATION OF BROADCASTERS which is the subject of this Special Bulletin.

The Committee held its meeting on February 12 and 13, 1931, and this report is based upon the discussions had at that time. The report has been carefully checked by every member of the Committee and in its final form is now submitted to the entire membership of the Association. Your comments are requested by the Committee.

Attached to the report is a copy of a questionnaire which was recommended at the joint session of the Commercial Committee of the NAB and the Radio Committee of the AMERICAN ASSOCIATION OF ADVERTISING AGENCIES. STANDARD RATE AND DATA has agreed to publish the information sought by the agencies and approved by the NAB. You will probably receive similar questionnaires from Standard Rate and Data at an early date.

Members of the NAB are requested to note their affiliation at the top of the questionnaires. This is important. Standard Rate and Data will be supplied with a revised membership list showing all stations in good standing as of May 1, 1931, so that the questionnaires may be correctly checked.

Executive Committee: William S. Hedges, Chicago, Ill., Chairman; Henry A. Bellows, Minneapolis, Minn., and Frank M. Russell, Washington, D. C. Directors: William S. Hedges, Chicago, Ill.; H. K. Carpenter, Raleigh, N. C.; George F. McClelland, New York, N. Y.; Dr. Frank W. Elliott, Davenport, Ia.; A. J. McCosker, Newark, N. J.; Edgar L. Bill, Chicago, Ill.; A. B. Church, Kansas City, Mo.; J. G. Cummings, San Antonio, Tex.; Don Lee, Los Angeles, Cal.; E. P. O'Fallon, Denver, Colo.; C. R. Clements, Nashville, Tenn.; Henry A. Bellows, Minneapolis, Minn.; John J. Storey, Worcester, Mass.; E. B. Caney, Butte, Mont.; and Leo Fitzpatrick, Detroit, Mich.

REPORT OF THE COMMERCIAL COMMITTEE MEETING

A meeting of the Commercial Committee of the National Association of Broadcasters was held at New York, N. Y. on February 12 and 13, 1931. Those present were: H. K. Carpenter, WPTF, Chairman; Harry Howlett, WHK; M. Campbell, WHAS; John Karol, WABC; John Shepard 3d, WNAC; E. H. Gammons, WCCO; W. S. Hedges, WMAQ; P. W. Morency, WTIC; Mr. Biard, KFJF.

The Commercial Committee of the NAB believes that broadcasting in America is the finest in the world, that programs of the highest quality are available to the radio audience of the United States without cost either in fees to broadcasters or tax to the government. The committee believes it the duty of broadcasters to exercise every effort to still further improve broadcasting.

Despite the great progress and high standards of American broadcasting, criticism has been directed against current practices - such criticism being inspired largely by various advertising media which fear broadcasting and choose to regard it as a competitor rather than as an additional medium for mass communication. Such critics have no concern for the welfare of the 60,000,000 people in the United States who constitute the radio audience, nor for the effect that their hostility may have on the broadcasting structure of the United States.

It must be appreciated by the radio audience that it costs approximately \$75,000,000.00 a year to maintain broadcasting in the United States and that this revenue is provided by program sponsors each of whom is competing for the attention of the radio audience, and is offering as an inducement programs of high quality.

In view of this situation and to further improve broadcasting in America, the committee recommends that broadcasters conform to the following standards:

That when broadcasters engage in the sale of time, broadcasting should be treated as a business, and in placing the business on a sound economic basis, the following principles be recognized:

- (a) That service to the listener is a primary requisite to commercial success.
- (b) That quality of production should not be sacrificed to commercial expediency.
- (c) That each advertiser be required to make a contribution to the entertainment or education of the listener, for the privilege of reaching the radio audience with his message.
- (d) That it should be the objective of each commercial station to maintain itself on at least a self-sustaining basis, since any other basis may be characterized as unfair competition with other stations or other advertising media.
- (e) That a consistent effort be made by the members of the NAB to improve the technique of broadcast advertising.

The commercial committee of the NAB is composed of members from every part of the nation, who likewise represent each class of broadcasting station. Nevertheless, the committee desires to leave no stone unturned in its effort to secure the benefit of the experience and advice of individual members of the NAB. For that reason, copies of this report are being sent to all members with an urgent request that each member immediately send to the chairman, H. K. Carpenter, WPTF, Raleigh, N. C. his views on this report, together with suggestions for the further consideration of the committee.

- I. The committee recommends to station managers and commercial managers that in order to make radio campaigns most effective, they give close study to the use of additional merchandising tie-ups, and that they recommend to

clients use of such tie-ups as will best promote the success of broadcast advertising.

- II. The committee recommends that member stations look with suspicion on any so-called "free services" - such as "educational talks," "institutes," and other propaganda with which every station is now being deluged. While the material may be authentic and acceptable in itself, it nevertheless constitutes advertising copy for some enterprise, and should therefore be accepted only on a commercial basis. Income is the life blood of broadcasting stations - they should be self-supporting.
- III. Discussion is increasing on the matter of group representation of stations in non-competing territories, although no definite action has been taken up to the present. There is an indication, however, that several of the larger stations outside of New York and Chicago are seriously considering the establishment of a definite office to represent them in metropolitan centers. The committee recommends that member stations watch this movement very carefully.
- IV. In the matter of station surveys, the committee is of the opinion that they may be of some value to the individual station, but that results obtained in any one locality do not indicate that the same results will hold true in other localities. In other words, the matter of station surveys is still one for individual stations to handle.
- V. There is quite a discussion on the matter of paying a 15% commission on talent as well as time charges, and while Agencies seem to feel that nothing should be done which will give the advertiser the impression that the agency and the station are combining to increase his cost of talent, there nevertheless is the feeling, quite prevalent, that the securing of commercial broadcasts will be made somewhat easier if the Agency knows it

will get a 15% commission on its entire expenditure.

This is another question which will possibly be settled within the next year or two. One point, however, cannot be disguised, and must be borne in mind by the broadcaster - that in the end, it is the advertiser who pays.

- VI. The committee recommends that, where it is expedient or necessary to place a local dealer announcement immediately preceding or following a chain program, a rate should be set for that announcement - whether it be a spot rate, or a full rate covering the time of the program to which it is connected. But the committee does not feel that there should be any objection to local announcements on transcription programs, where the program is sold at a national rate, and time for the announcement is included in the time sold.
- VII. The committee recommends that a transcription program which is made for a national client should carry the national rate, even if it is placed on the station by a local firm handling the national client's products.
- VIII. Any station wanting information on agency rating or lists of agency clients should write to the National Register Publishing Company, 853 Broadway, New York City. This information can be obtained from them at a cost of \$25.00 per year, we are given to understand.
- IX. New time brokers or station representatives are entering the field constantly. We suggest that any member who is asked for a 15% commission from one of these firms with which he is not familiar, write the Washington Office of our Association where an attempt will be made to obtain the information desired.

In conclusion the committee again reiterated its stand with references to rates and card rates - use the standard AAAA form, and by all means quote

the same national or local rate to everybody. If your rates are wrong, change the rate card, but cutting rates has never proved other than disastrous.

- X. The committee definitely recommends opposition to the policy of accepting broadcast advertising on a commission or percentage basis. Such a policy will prove disastrous to the station; it is admission that the station itself doubts its own ability to produce returns commensurate with the expenditure of the advertiser.

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JOINT MEETING WITH THE RADIO COMMITTEE OF THE AAAA

ST. REGIS HOTEL - - FEBRUARY 13, 1931

Mr. Mims of the AAAA outlined a tentative plan for a study of the radio audience, by offering a series of worthwhile prizes to those who would do the best work in filling in a questionnaire referring to the listening habits of his family over a certain period of time. Such a study would be nation-wide, and all stations probably would be invited to participate.

The plan, which is in but a very elementary stage of development at the present time, was discussed at some length. Mr. Hedges seemed to express the sentiment of those broadcasters present, when he said that he did not believe the broadcasters felt the need of such a survey nearly so much as the Agencies. While the proposed plan is undoubtedly the best so far proposed, it has certain fundamental weaknesses which must be first ironed out. Among these is the fact that a participant in the contest probably would believe he was showing a better use of radio by the family studied, if his report showed a large number of stations, and a great variety of programs. Such a tendency would be diametrically opposed to the efforts of all stations, who strive to further the habit of listening to one station only. The plan nevertheless looks toward

the possibility of something very interesting in the future, in the line of a national survey.

Mr. Benson of the AAAA then presented a list of items which are not now contained in Standard Rate and Data in information concerning stations. He said that Standard Rate and Data had agreed to carry this information if stations would furnish it. It is the recommendation of the committee that member stations furnish this additional data, if and when Standard Rate and Data asks for it.

Following is the suggested questionnaire form which has been approved by the NAB and AAAA:

City

Call Letters

Member NAB

I. Ownership Data

Owner -

Owner's business -

Owner's address -

If affiliated with newspaper, state name and whether
newspaper owns and operates station -

Length of time under present ownership -

Date present call letters assigned -

II. Location and Operation Data

Studio Location -

Transmitter Location -

Type of channel -

Operating power - Day -

Night -

Wave Length -

Frequency -

Time Limitations -

Time used -

Hours of Operation - Morning
Afternoon
Evening

Network Affiliations - National -
Regional -

III. Transcription Information

Can Handle 78 RPM
Can Handle 33 1/3 RPM
Makes of single turntable equipment -
Makes of double turntable equipment -
Time Restrictions -
Service Charge -

IV. Commission and Discounts

Cash Discount -	Cash Discount Date -	On Gross or Net?
On Time?	On Talent Charges?	
15% Commission to recognized agencies on time -		On Talent Charges-
Time Discounts?		

V. Contract and Other Requirements

State whether rates include artists' services -
State whether local talent available -
Prices upon application?
Facilities for handling programs originating outside of
studio, by remote control -
Prices on application?
Contracts for longer than one year?
Closing time -

VI. Features now available for complete sponsorship

Name	Type	Time	Frequency of appearance	Rate
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VII. Features now available for Participating Sponsorship

Name	Type	Time	Frequency of appearance	Rate
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VIII. Rates and Schedules - Rates effective when? Are Rates here
published National? Local Rates on application?

IX. Salaried Representatives - Names Addresses
Exclusive Brokers - Names Addresses

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