

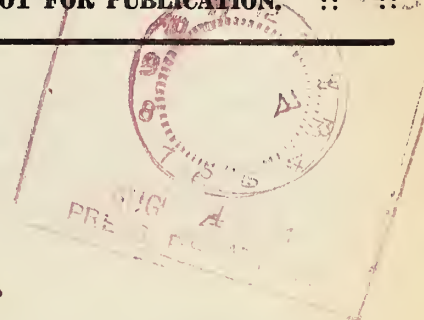
# HEINL RADIO BUSINESS LETTER

INSURANCE BUILDING

WASHINGTON, D. C.

ISSUED TWICE A WEEK AND CONTAINING THE LATEST INFORMATION REGARDING THE RULINGS OF THE FEDERAL RADIO COMMISSION, RADIO LEGISLATION, DEPARTMENT OF COMMERCE REGULATIONS, CHANGES IN WAVELENGTH, CALL LETTERS AND POWER, PATENTS, EXPORTS, FEDERAL TRADE COMMISSION RULINGS AND OTHER MATTERS OF INTEREST TO BROADCASTERS AND MANUFACTURERS. :: :: **CONFIDENTIAL—NOT FOR PUBLICATION.** :: ::

JOHN W. ELWOOD  
AUG 6 1931



## INDEX TO ISSUE OF AUGUST 3, 1931.

Columbia Completes Costly Advertising Survey.....	2
Boston Station Ordered Off The Air.....	4
Nearly 100,000 RCA Stockholders.....	5
Recommends Denial Of Ford Licenses.....	5
Paley Returns From Europe.....	5
Schuette Joins Industrial Counselors Board.....	6
Radio Count In Missouri and Washington State.....	6
Hotel Radio Is For Profit, Court Rules.....	7
WHBY Application Reported Unfavorably.....	8
New Chain Reported Forming In West.....	8
New N.E.A. Head Burns Up Announcers.....	8
Business Letter Briefs.....	9
New RCA China-American Link Opened.....	10
Fess Bill Would Wreck Broadcasting, Says Bar Report.....	11
Radio Only Half Grown, Says Klein.....	12
Applications Received By Federal Radio Commission.....	14

No. 457

## COLUMBIA COMPLETES COSTLY ADVERTISING SURVEY

One of the most elaborate compilations ever to find its way into the hands of advertisers and advertising agency representatives is "The Second Study of Radio Network Popularity Conducted and Audited by Price, Waterhouse and Company, Certified Public Accountants, June, 1931, for the Columbia Broadcasting System." Beautifully printed on heavy white vellum, the book is bound in white, with gold and black lettering.

Comment on the handsome presentation is only secondary, however, to the fact that this is said to be the most comprehensive statistical study of network broadcasting to date. Last October, Price, Waterhouse & Co., made the first survey of this kind, but this second job outstrips the first in heft, scope and significance.

The survey was carried out in the following manner:

A mailing company was selected to handle the addressing and mailing of questionnaires to the 70 cities on the Columbia network of radio stations. Telephone directories were used for securing addresses in these cities and double Government postcards were addressed to a total of 228,000 names taken from them. A further mailing of 172,000 double Government postcards was made, by the same method, to smaller cities and towns at varying distances from these cities wherever telephone directories were available.

The minimum number of cards mailed to any city was 500. The maximum was 30,000. The number of cards sent to each city varied according to population.

The cards requesting the information asked two questions:

1. What radio station do you listen to most? Its call letters are .....
2. What other station or stations do you listen to regularly?

The cards were keyed so as to identify the replies as genuine. The cards carried a return address to the Radio Research Bureau, P. O. Box 122, Wall Street Station, New York City, and no other identifying names.

The tabulation covered the returns during a period of ten days for each city commencing with the day the first returns from each city were received. The results of this tabulation are as follows:

	Cards Mailed to 70 Cities on Network	Cards Mailed to Smaller Cities & Towns
Total purchased	228,000	172,000
Deduct - Spoiled in multi-graphing and addressing	<u>679</u>	<u>403</u>
Total number mailed	227,321	171,597
Deduct - Number returned by Post Office indicating that they could not be delivered through change of address, etc.	<u>8,370</u>	<u>2,677</u>
Balance	218,951	168,920

The number received by us during the ten-day period beginning with the date returns were first received from each city

35,741	29,325
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In tabulating the replies to question 1, "What radio station do you listen to most? Its call letters are.....", we accepted only a direct answer. In cases where two or more stations were indicated as being the preference, we rejected these replies. Stations so mentioned were, however, including in tabulating the replies to question 2, viz., "What other station or stations do you listen to regularly?"

In a summary of the habitual listener strength of the three major networks, the figures are:

	<u>10 Largest Cities in U. S.</u>	<u>21 "Basic" CBS Cities</u>	<u>69 Cities on Entire Network</u>
<u>Columbia:</u>	78.4%	78.6%	78.9%
<u>Red (NBC)</u>	71.7%	72.1%	74.0%
<u>Blue (NBC)</u>	77.7%	72.5%	76.4%

"Winning New York - A sweeping victory over the veteran ted network - a Tie for first place with the blue" is the way the result of the New York City survey is heralded. During the period of the survey WABC was using 5,000 watts power.

Characterizing New York as "the test-tube of radio networks", the compilation declares that it is the only city in which station popularity is literally network popularity. Because it is the only city in which each of the three networks operates its own key station, controls all of the time of that station, and originates all of the programs for that station.

There is not enough space in this letter to give the comparative figures in all the cities covered.

The table of contents follows:

- Section 1. Circularization Audit
  - Table of Mailings and Returns
  - 400,000 Postcard Questionnaires
  - New Scope and Objectives of Second Survey.
- Section 2. Ranking of Columbia Network vs. Red Network
  - Ranking of Columbia Network vs. Blue Network
  - Direct Comparison of Networks in Cities Where Two or More Networks Operate Stations in Direct Local Competition
- Section 3. Relative Ranking of Networks in Size of Habitual Audience
  - Percentage Table of Actual Votes Received by 451 Stations in 69 Cities.
- Section 4. Winning New York to Columbia
  - 12 Other Major Gains in Columbia's Audience
- Section 5. Extension of Survey to "Listening Areas"
  - Percentage Table of Votes Received by 511 Stations in 69 Listening Areas
  - A Statistical Summary of the Columbia Audience
  - Statistical Notes.
- Section 6. Critical Analysis of Methodology.

In a foreword, Price, Waterhouse & Company give credit to John Benson, President, American Association of Advertising Agencies; Roy S. Durstine, Vice-President-General Manager, Batten, Barton, Durstine & Osborn, Inc.; John U. Reber, Vice-President, J. Walter Thompson Co., Inc.; Charles F. Gannon, Director of Radio, Erwin, Wasey & Co., Inc.; Lloyd Maxwell, President, Williams & Cunmyningham, Inc.; Leonard T. Bush, in charge of Media, The Blackman Co.

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#### BOSTON STATION ORDERED OFF THE AIR

An outlaw amateur radio station has been ordered off the air by Federal officials at Boston, and its operator, Richard F. Fietz, has been fined \$2,000 and sentenced to three years in the penitentiary. He was placed on probation, however, in place of the prison sentence.

The operator of the station, which was located at Revere, Mass., a suburb of Boston, pleaded guilty to violating the Radio Act by operating an unlicensed station.

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## NEARLY 100,000 RCA STOCKHOLDERS

Stockholders of the Radio Corporation of America are now reaching in number toward the 100,000 mark; having increased from a total of 25,000 since 1928.

The number of RCA stockholders is now approximately 93,000. On June 30, 1931, there were 74,824 holders of the new Common stock, an increase from 50,160 in April, 1930. In April, 1928, there were 11,976 common stock holders. In addition to the holders of the new Common stock, there still remain outstanding some shares of the original Common and of the A Common which have never been exchanged, giving a total of approximately 77,000 Common stock holders.

On June 30, 1931, there were approximately 10,000 owners of A Preferred stock and approximately 6,000 owners of B Preferred stock. This makes the total number of RCA shareholders approximately 93,000. RCA has stockholders in every State and territory of the nation.

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## RECOMMENDS DENIAL OF FORD LICENSES

Licenses of the aeronautical radio station and the two airway radio beacon stations of the Ford Motor Company should not be renewed because their purpose is "primarily private", Examiner Ralph L. Walker has reported to the Federal Radio Commission.

The Examiner calls attention to the cooperative plan of providing radio facilities to aeronautical services and cites the scarcity of frequencies in his argument against the awards. The stations are WCQ, of Lansing, Mich., and WQDW and WFO, of Dearborn, Mich., the latter being beacon transmitters.

The report is subject to the action of the Radio Commission, now in recess, but it is expected that it will be approved because of the known policy against granting facilities to private interests.

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## PALEY RETURNS FROM EUROPE

William S. Paley, President of Columbia, is due back in New York after an extended continental trip studying radio conditions abroad. Mr. Paley was accompanied by one of his associates, Mr. Lowman, who is in charge of Columbia's broadcasting facilities.

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## SCHUETTE JOINS INDUSTRIAL COUNSELORS BOARD

The following has been issued by the Board of Industrial Counselors:

"Announcement has been made in New York that Oswald F. Schuette, Executive Secretary of the Radio Protective Association, has become an Associate of the Board of Industrial Counselors, Inc., with offices at 21 East 40th Street, New York City.

"Mr. Schuette is well known to the radio industry as the head of the organization of independent manufacturers whose four year fight against the combination of the Radio Corporation of America, the General Electric Company, the Westinghouse Manufacturing Company and the American Telephone and Telegraph Company has culminated in the agreement of those companies to make their contracts conform to the Government's objections and to aid in the creation of an open patent pool for the benefit of the industry.

"The other members of the Board of Industrial Counselors, Inc., are Harry W. Alexander, Herman S. Rosenbaum, Joseph Stagg Lawrence, William Biel and Harry E. Stocker. Mr. Schuette's participation in the Board will deal with the field of Public and Governmental relations. The new organization serves as consultant in management, production, merchandising and transportation, and furnishes research and economic surveys for corporations, banks and mercantile institutions. Mr. Schuette will retain his offices at 134 South LaSalle Street, Chicago, and the National Press Building, Washington, D. C., and will make his New York headquarters in the offices of the Board."

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## RADIO COUNT IN MISSOURI AND WASHINGTON STATE

The Census Bureau announces that out of 941,821 families in Missouri, 37.4 per cent, or 352,252, had radio receiving sets in 1930.

The radio industry and the Department of Commerce estimated that there were 433,000 in Missouri.

Washington State fell far short of expectations of the radio industry and the Department of Commerce in its number of families equipped with radio receivers.

The Census Bureau has just announced that 180,229, or 42.3 per cent of its 426,019 families in 1930 possessed radio sets. The trade estimate was 351,000.

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## HOTEL RADIO IS FOR PROFIT, COURT RULES

Hotels which make available to their guests in public and private rooms, by means of a central receiving set, broadcasts of copyrighted musical compositions perform such compositions in public and for profit, within the meaning of the Copyright Act, the United States Circuit Court of Appeals for the Eighth Circuit at St. Louis has just determined.

This ruling was made in the cases of Buck, etc., v. Jewell-LaSalle Realty Co., in which the Supreme Court of the United States, by a decision handed down on April 13, held that the transmission of broadcasts of copyrighted musical compositions by hotels to their guests constituted a "performance" of such compositions within the meaning of the Copyright Act.

The Supreme Court, in answering a question which had been certified to it by the Circuit Court of Appeals in these cases, did not pass upon the question of whether such hotels "perform for profit", the cases as presented to the Supreme Court not calling for a determination of this issue.

Guided by the ruling of the Supreme Court, the Eighth Circuit Court of Appeals has now determined, however, that such performances are public performances and for profit. The lower court, therefore, held that the defendant company, owner and operator of the LaSalle Hotel in Kansas City, Mo., could be liable for infringing the copyright of a musical composition broadcast from a radio broadcasting station and transmitter to the hotel's guests by means of a central receiving set and loud speakers.

"It having been thus determined", the opinion of Judge Booth states, referring to the decision of the Supreme Court answering the certified question, "that the specified acts of the hotel proprietor constituted a performance, we are of the opinion that the record discloses that the performance was a public one and was for profit. The words 'public performance for profit' have received a liberal interpretation."

The decree of the trial court dismissing the bill for copyright infringement as to the Jewell-LaSalle Realty Company was reversed by the Circuit Court of Appeals and the cause remanded for further proceedings consistent with its opinion and that of the Supreme Court.

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## WHBY APPLICATION REPORTED UNFAVORABLY

Denial of the application of Station WHBY, West De Pere, Wis., for a change in frequency from 1200 to 950 kilocycles and an increase in power from 100 to 500 watts night and 1,000 watts during the day was recommended to the Radio Commission this week by Examiner R. H. Hyde.

The applicant sought a reduction of power for KMBC, of Kansas City, Mo., from 1,000 to 600 watts to permit the change. While the shift would better equalize the quotas of Missouri and Wisconsin, the Examiner contended that it would add 0.2 units to the quota of the Fourth Zone, which has now more than its share of facilities.

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## NEW CHAIN REPORTED FORMING IN WEST

The North American Broadcasting Company, organized at Los Angeles by Guy Earl, is reported to be taking over a number of stations formerly in the United Broadcasting System and the American Broadcasting Company.

The chain is said to have a tentative lineup of 12 stations, but it will not go on the air until September 1st. Louis Davis, who financed the United System, and Naylor Rogers, manager of KNX, are associated with Earl. Programs will be handled out of KNX.

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: BUSINESS LETTER BRIEFS :  
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A. J. Carter, President of the Carter Radio Company, of Chicago, has been named Chairman of the Radio Industry Committee for the International Exposition in Chicago in 1933.

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The International Bureau of the Telegraph Union, Radiotelegraph Service, Berne, Switzerland, proposes to issue during next December, a new edition (third) of the list of aircraft stations and a new edition (third) of the list of broadcasting stations.

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Examiner R. H. Hyde has reported favorably on the application of the Central Nebraska Broadcasting Corporation to move its Station KGFW from Ravenna to Kearney, a distance of 25 miles.

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Judge E. O. Sykes is the only member of the Federal Radio Commission at present in Washington. Although all heat records seem to have been broken, the Judge, who hails from Mississippi, appears to be enjoying its torrid season.

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Unique is the Memorial Wreath Fund, now reaching substantial proportions, at StationKFUO, of the Evangelical Lutheran Church, located at Concordia Theological Seminary, in St. Louis.

"A memorial wreath is a donation of money, instead of flowers", Rev. Herman Hohenstein, director of the station explains, "in memory of a deceased relative or friend, as a gift for the Church. We hope to purchase a studio organ out of the KFUO Memorial-Wreath Fund at some future time."

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A paper prepared by the Bureau of Standards with the title, "Bibliography on Radio Wave Phenomena and Measurement of Radio Field Intensity" was published in the June, 1931, issue of the Proceedings of the Institute of Radio Engineers. This bibliography contains a fairly complete list of articles which have appeared in this field. The bibliography also contains an author index. The references are classified as follows: Radiation; radio-wave phenomena; fading; daily variations; seasonal variations; direction variations; meteorological, geophysical, and cosmical effects; eclipses; reflection, refraction, diffraction, absorption, polarization; Kennelly-Heaviside layer; wave-front angle; transmis-

sion formulas; atmospheric disturbances; strays; directional properties; intensity (field intensity, signal intensity, noise, etc.). A copy of this bibliography may be obtained from the Institute of Radio Engineers, 33 West 39th Street, New York, N. Y.

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Emphatic denial that interest in dance music throughout the country is on the decline is offered to refute an article captioned "Dance Music Decreasing On Radio" in a statement issued by Jules C. Stein, President of the Music Corporation of America.

Complete analysis of the situation gained through newspaper comments, questionnaires to managers throughout the country, and the current records of MCA are the basis for the refutation which also discloses the present popularity of dance band organizations on the radio, at ballrooms, night clubs, hotels and theatres throughout the nation.

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The New York Telephone Company, although it now provides lines for radio and other communication systems, objected to being placed in "the wire vending business", at a hearing Saturday before the New York Public Service Commission on a complaint that the company had refused service to Wired Music, an organization planning the transmission of uninterrupted vocal and instrumental entertainment, according to the New York Times.

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#### NEW RCA CHINA-AMERICAN LINK OPENED

A new and important link was forged in America's world wide radio communications facilities last Saturday when the latest circuit of R.C.A. Communications, Inc., connecting San Francisco directly with Mukden, China, was officially opened for traffic. This is the second direct radio circuit to China to be placed in operation by RCA during the past few months, the first being between San Francisco and Shanghai.

Marshall Chang Hsueh Liang, Vice Commander in Chief of the Northern Administration of the Mukden Government, transmitted the first official message which was addressed to Secretary of State Henry L. Stimson. Acting Secretary of State W. R. Castle replied.

Other messages were exchanged between K. M. Chu, director North Eastern Telegraph and Radio Administration, and the Radio Corporation of America. David Sarnoff, President of the Radio Corporation of America, acknowledged this greeting.

W. A. Winterbottom, Vice-President and General Manager of R.C.A. Communications, Inc., commented as follows:

"China has been quick to appreciate the value of an adequate system of radio communications to maintain direct contact with the rest of the world and realizes that what radio has done for America, it can also do for that country. This new circuit with China represents to American industry the forty-fourth direct radio circuit to nearly as many different countries of the world now in operation."

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### FESS BILL WOULD WRECK BROADCASTING, SAYS BAR REPORT

An emphatic stand against the allocation of broadcasting channels to private interests and a criticism of the Davis Equalization Amendment to the Radio Act are features of a report filed with the Federal Radio Commission today by the American Bar Association Standing Committee on Communications.

The Fess Bill, intended to set aside 15 per cent of all broadcasting facilities for educational purposes is an especial object of attack by the Committee. If enacted into law, the report states, it would wreck "the finest broadcasting system in the world."

The Committee expresses disapproval of suggestions to "reform" the United States broadcasting system or to change it from private enterprise to Government ownership as in Europe.

While admitting that the commercial station has brought an attendant evil", in some advertising of too blatant a character, the Committee does not attempt to say whether a remedy should be sought in legislation or administration.

"It believes, however, that the remedy should be directed at the evil and not at the programs, which in themselves are not a source of complaint and are vastly superior to those found in any other country", the report states.

Discussing in some detail the Fess measure, the Committee says it might mean the abolishing of about 30 high power broadcasting stations, 240 local stations of 100 watts power or less, and about 50 regional stations of from 250 to 1,000 watts power.

"Strangely, the sponsors of the Fess Bill have no plan or program for putting the proposal into effect, for avoiding or mitigating the havoc it would cause, or for using the 13.5 channels so as to give a country-wide distribution for the material they wish to broadcast", says the Committee.

"Yet they seem willing that the finest broadcasting system in the world should be wrecked on the strength of plausible utterances which, if carefully studied, would be declared unsound by the Departments of Physics in every one of the educational institutions in behalf of which they profess to speak."

The Committee reiterates its former disapproval of the Davis Amendment. Four principal defects were cited: (1) compliance means either a waste in the larger zones and States or interference in the smaller areas; (2) it prevents actual equality of reception; (3) regulation should be on a national basis instead of according to State's rights; (4) it enables Congress to control the Radio Commission in a matter which is essentially one of administrative detail.

The report, which reviews the legal history of radio for the past year, says, among other things:

"It is becoming increasingly clear that (subject to final determination by the Supreme Court) the Commission may exercise a very effective, though indirect, form of censorship over the programs of broadcasting stations" despite the section in the Radio Act which prohibits censorship.

The report, which will be submitted to the American Bar Association at its convention in September, was prepared by Louis G. Caldwell, former General Counsel of the Radio Commission; Cassius E. Gates; William C. Green, Special Counsel of the Senate Committee on Interstate Commerce, and John C. Kendall.

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#### RADIO ONLY HALF GROWN, SAYS KLEIN

Speaking over the Columbia Broadcasting System Sunday night, Dr. Julius Klein, Assistant Secretary of Commerce, said in part:

"It is probable that, as an industry, radio has only half grown, and just at this time this possibility of its expansion should interest everyone concerned with the recovery of business - which means all of us. After each serious business depression of modern times, the opening and development of some particular new field of human occupation for human energy contributed markedly to the restoration of prosperity.

"After 1875, it was the rapid growth of our railway network which supplied employment and consuming power for speeding recovery. In the early Nineties came the expansion of the bicycle industry. After 1921, it was the improvement and cheapening of the automobile which helped take up the business slack. Today, clambering as we are up from the 1930-31 visitation of like unpleasantness, it would not be at all unlikely that the growth in new household electrical specialties such as radio may help materially to keep men and money busy during the next decade.

"I said we could label this industry as only half grown, and let me offer you some data to prove it. The Census Bureau is just finishing up the first national count of radio installations in the United States and on the basis of its calculations, it is estimated that approximately 10,000,000 homes, one-third of all those in the country, have been equipped for radio reception.

"Note that we have a long way to go before that far-off point of saturation is reached, though I grant that in walking down the streets these warm Summer evenings, you get the impression of a 100 per cent saturation of the ether waves; and are tempted to believe that every single house has not only its quota of one set but also a whole flock or litter or swarm or whatever it is that radio sets come in.

"Further, the radio sets are most irregularly distributed. Little Rhode Island has 57 per cent of its homes equipped, and in Connecticut almost 55 per cent of all houses are fitted out. Installations in Wisconsin are found in 51 per cent of all homes and Michigan houses are more than half supplied. In Iowa the percentage runs above 48, while the figure for South Dakota is 44 and for Nebraska 47. Then we look around to some of our other States, and discover that homes with radio service number as little as 5 or 6 per cent of the total.

"Strikingly, the distribution of these figures resembles that which was encountered during the early days of automobile manufacture, and we can look for industrial history to repeat itself. These gaps will be closed up, it is very certain, and with 20,000,000 homes still there is a potential market, to say nothing of replacements, extra sets, portables, etc., there still seems to be a broad market even without considering the enormous field abroad. In fact, I am told by trade experts that the industry will probably as a minimum have to double its operations during the next five years, for in this country a luxury pretty quickly takes a place among the near-necessities.

"There are a billion people within the range of broadcasting stations now established; on the basis of five listeners to every set, it would require 200,000,000 sets to provide facilities for all of them to "tune in" on the programs available. New stations are constantly being put up, as well. One short-wave transmitter of great power is working in Kenya, in what is commonly considered Darkest Africa, and soon even the jungle inhabitants will be in a position to receive lessons in bridge."

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## APPLICATIONS RECEIVED BY FEDERAL RADIO COMMISSION

July 29 - WBIG, North Carolina Broadcasting Co., Greensboro, N. C., license to cover C. P. granted 1/22/31 for new equipment and local move of transmitter; WKBS, Permil N. Nelson, Galesburg, Ill., modification of C. P. to extend the completion date from 8/15/31 to 11/15/31; KDB, Dwight Faulding, Santa Barbara, Calif., license to cover C. P. issued 4/24/31, for change in equipment only; KLX, The Tribune Publishing Co., Oakland, Calif., license to cover C. P. issued 5/15/31, for change in equipment only.

### Applications, Other Than Broadcasting

July 29 - R.C.A. Communications, Inc.: W2XD, Tuckerton, N. J., and W2XT, Rocky Point, N. Y., renewal of experimental licenses for 1604, 2398, 3256, 4795, 6425, 8650, 12850, 17300 kc., 10 KW and 80 KW respectively; W2XBL, Rocky Point, N. Y., renewal of experimental license for 60000 to 400000 and above 401000 kc., 1 watt; W2XBM, Rocky Point, N. Y., and W2XBP, Rocky Point, N. Y., renewal of experimental licenses for 1604, 2398, 3256, 4795, 6425, 8650, 12850, 17300, 23100, 25700 kc., 200 watts and 10 watts respectively; WSA, Radiomarine Corporation of America, New London, Conn., modification of license for change in hours of operation to 7 A.M. to 8 P.M. and 10 P.M. to 5 A.M., E.S.T., daily, coastal and marine relay service.

Also, W2XB, Mackay Radio & Telegraph Co., Sayville, N. Y., renewal of experimental license for 27100, 34600 kc., 5 KW; W2XCU, Wired Radio, Inc., Newark, N. J., renewal of experimental licenses for 1604, 2398, 3256, 4795, 6425, 8650, 12850, 17300 kc., 20 KW; W3XT, American Telephone & Telegraph Co., Lawrenceville, N. J., renewal of special experimental license for 6755, 9170, 9750, 9870, 10550, 13390, 14470, 14590, 16270, 18340, 19220, 19820, 21060, 21420 kc., 500 w.

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