

HEINL RADIO BUSINESS LETTER

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ORGANIZED LABOR CHANGES ITS TUNE

Showing a heretofore unknown and friendly attitude towards radio, the Executive Council of the American Federation of Labor at its annual convention recently turned down a resolution providing an investigation of radio advertising which had in view legislation prohibiting lengthy advertising announcements. In doing so the Council reported that advertising broadcasts are necessarily accompanied by music. Actors furnish the program. Should advertising be restricted or eliminated, thousands of musicians, actors and other employees would be thrown out of work.

"There are 12,000 full-time employees of broadcasting stations of the United States", the report concludes. "This does not include the thousands of artists and musicians employed by program sponsors and the networks. The annual payroll is approximately \$23,000,000.

"New inventions cause many changes in old established industries. This, of course, raises objections from those displaced. But were it not for the telephones, graphophones, electricity, automobiles and radios, there would be many more idle in the United States.

"The Executive Council believes that progress cannot be stopped. Inventions will continue in greater number than before. Labor's solution of this problem is reducing the hours in the workday and workweek at adequate wages. There is no other remedy and labor uses every effort to organize the wage-earners in order that they can secure a comfortable living and more leisure. If the five-day week and six-hour day were in effect there would not be as many idle workers in the United States."

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DEPRECIATION OF DOLLAR BOOSTS FINLAND RADIO SALES

Here is a kind word for the depreciation of the dollar. It has helped American radio manufacturers to capture a large share of the radio market of Finland, Consul John L. Bouchal, Helsingfors, reports. American radios are now priced about 20 percent lower than European. Other factors which have enabled the Americans to make decided gains without aggressive sales methods have been (1) production of small table and midget models which compete with the European in price; (2) provision of a long-wave band; (3) superior quality.

While definite statistics are lacking as to sales, Consul Bouchal estimates that they amounted to at least 1,000 units in 1932. The figure, he points out, is considerable in view of the fact that sales occurred in a period when the growth in the number of licenses issued was unusually small and during part of which there was actually a decrease in the number issued.

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CODE MAY ERADICATE BAD RADIO MERCHANDISING PRACTICES

The fact that all radio set manufacturers will be able to learn the prices and discounts of competitors through the NRA is expected to do much to stabilize the market and to do away with numerous bad trade practices in the merchandising of sets. Set manufacturers must give the NRA their sales prices, maximum discounts, and terms of payments and must adhere to these.

Arthur T. Murray, of Springfield, Mass., for sets, and Leslie F. Muter, of Chicago, cabinets and accessories, are the Code Supervisors of the Radio Manufacturers' Association, working in connection with the National Electrical Manufacturers' Association under whose code they are operating.

Bond Geddes, Executive Vice-President of the RMA is handling many of the individual problems but in all matters relating to the Electrical Code, members are required to take these up direct with Messrs. Murray and Muter.

The Radio Manufacturers' Association is meeting the expense of initiating the Code administration but the Association is soon to consider whether a special code assessment will be necessary and to take up the question of a provision for sharing of expense by radio manufacturers who are not members of the Association.

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N.A.B. GETS READY FOR 1934

Plans for the forthcoming year will be discussed at a meeting of the Board of Directors of the National Association of Broadcasters, Thursday, November 9 in Washington. The Executive Committee created under the new constitution and by-laws will meet November 8 to thresh out matters in advance.

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WGN RETURNS TO INDEPENDENT POLICY

The contract between Station WGN, owned by the Chicago Tribune, and Columbia will not be renewed. Beginning November 1, WGN will return to its former independent policy and will not be directly affiliated with either of the major networks. The station, however, will broadcast network features whenever an advertiser asks to have the station included in the hookup.

While addressing the Inland Daily Press Association on "The Freedom of the Press", Col. R. R. McCormick, Editor of the Chicago Tribune, made the following reference to radio:

"When radio became common and some administrative methods were necessary to prevent confusion, Congress chose as its model of legislation almost exactly the legislation of Henry VII when he introduced the printing press into England. The radio was put under license and under a star chamber, without legal procedure, and without an adequate right of appeal to the courts.

"Consider the case of Station WIBO, the owners of which had continuous title to their wave length, obtained by continuity from the beginning. They had conducted the station without offense. A group of men of political influence in Indiana applied for title to the wave length of WIBO. The hearing before the Radio Commission was a travesty. The license to the wave length was transferred to a station aptly named WIND. No payment was made to the previous owner, who is left with idle machinery on his hands. The total distance of the transfer was less than 40 miles, across the State line, in order to change ownership, and that is a station controlled by one of the big, influential chains that recently broadcast the intolerable fake about the capture of the escaped Indiana convicts.

"I say this with perfect knowledge that I am prejudicing my own case in the instance of Station WGN, which has a continuous claim of title by purchase, from the beginning. It is being assailed by a political group, this time in Wisconsin, which seeks to take our property away. We have no adequate appeal to the courts. We are dependent on favoritism, and I will not be dependent upon favoritism.

"My reason for introducing the reference to radio licensing is because we have licensing of the press now presented to us, and it indicates how much right we may expect to have under that method."

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BROADCASTERS' CODE EXPECTED WITHIN TEN DAYS

With concessions being made on both sides and considerable progress generally, John W. Guider, Code Counsel for the National Association of Broadcasters said that he was hopeful that the Broadcasters' Code might go to the President within the next ten days.

"We are in the negotiation stage", said Mr. Guider, "with not a great deal of change since I reported to the Convention at White Sulphur Springs. Nevertheless we are making headway and it is just possible we may have something definite to report within the next few days. For a time we were stymied but I am glad to say we are now going ahead."

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AUGUST ADVERTISING REVENUES SLIGHTLY OFF

Total expenditures for broadcast advertising during the month of August were somewhat below those of July. August revenues for stations and networks totaled \$3,693,246.00 as against \$3,918,441.00 for the previous month, representing a decline of approximately 5.9%.

"The decline in broadcast advertising volume was entirely in the field of individual station business, station revenues dropping 11.4% from the July level", the National Association of Broadcasters Statistical Service reports. "A marked increase was experienced in regional network revenues. National network revenues increased 5.2% in August over the July volume. This is particularly encouraging, since in previous years August network advertising has tended to decline from 5% to 10% as compared with the preceding month. National networks have been improving their position since the low point of last April when network revenues lagged 38.5% behind that of the previous year. August revenues are but 16% behind those of the same month of 1932, while network revenues for the first eight months of 1933 are but 31% behind those of last year.

"During August, increases were experienced by the leading advertising media of the country. Expenditures for advertising space in 108 leading general magazines increased 8.2% over July, and lagged but 4% behind August, 1932. National farm papers gained 53% over the preceding month, while newspapers gained 16.5%. Farm paper advertising was 19% behind August, 1932, and lagged 27% behind 1932 for the first eight months. Newspaper advertising was 9.5% under the August, 1932, volume, and 15% less than the volume for the first eight months of that year."

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ZENITH SHOWS UNUSUAL PROFIT IN LOWEST QUARTER

The Zenith Radio Corporation reports a net operating profit for the quarter ended July 31st, 1933, of \$8,335.67, compared with a net loss of \$75,841.81 for the same quarter in the preceding year, after all charge-offs including liberal depreciation, but before Federal Profit Taxes, as per the following comparative statement:

		<u>Quarter ended July 31st</u>	
		<u>1932</u>	<u>1933</u>
Manufacturing Profit			
After Excise Taxes, Royalties, Manufacturing expenses and Maintenance of Plant and Equipment		\$22,077.45	\$75,343.96
Selling and Administrative Expenses		74,075.71	46,182.33
Depreciation		<u>23,843.55</u>	<u>20,825.96</u>
Net Operating Result	Loss	\$75,841.81	Profit \$ 8,335.67

"During 18 years of experience, Zenith has made a profit in only one prior year in this first quarter, namely 1928, the reason being that this quarter represents the lowest point in the radio year", Hugh Robertson, Treasurer of Zenith, reports.

"The company is marketing an outstanding line of receivers. Sales are steadily increasing, and production is being maintained accordingly.

"The company continues to maintain itself in strong, liquid position. There are no preferred stock or bond issues, and no loans of any kind outstanding. Current obligations are being met promptly when due."

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CALLS COLUMBIA SERVICE POTENTIAL THREAT TO PRESS

The fact that Ted Church, Washington manager of the newly organized Columbia News Service, stated in a general letter seeking correspondents that the new service will be "a potential threat to all newspaperdom" is played up by the Editor & Publisher.

"We must not under any circumstances pilfer a story from any press association or newspaper. We are under close observation, this service obviously being the newest thing in the news business and of course a potential threat to all of newspaperdom", Mr. Church wrote in the letter.

Columbia pays its correspondents \$2 per story accepted and used, plus bonuses for special work.

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: BUSINESS LETTER NOTES :
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Gen. J. G. Harbord, Chairman of the Radio Corporation of America, a militant Republican, actively backing Major F. H. LaGuardia, Fusion candidate for Mayor of New York, introduced the latter to the radio audience over WABC.

Praising Major La Guardia's record in war and politics, General Harbord said:

"It is the political history of this City of New York that its government gets so corrupt and inefficient that its rather apathetic and indifferent people are periodically stirred to action. They will stand just about so much of crime, corruption, waste, graft and inefficiency before they are aroused to the fact that their government is being run in the interest of politicians and not of the people. When that consciousness dawns upon them, they rise and throw the rascals out. Such a time is here now."

Discussions of the Canadian officials who visited Washington last week were confined to the short wave situation.

Canada is desirous of coordinating the assignment of services in the non-broadcasting bands with those of the United States, so as to avoid inter-continental interference. Primarily involved in the discussions were the channels ranging from 1,600 to 3,500 kilocycles, above the broadcast band. On these waves such services as police crime stations, harbor, marine, fire emergency and miscellaneous experimental transmitters are assigned in this country.

Those who came to Washington for the conference were:

Comdr. C. P. Edwards, Director of Radio of the Dominion's Department of Marine; Capt. W. L. Laurie, Chief Radio Officer of the Royal Canadian Corps of Signals, and Donald Manson, Chief Inspector of Radio of the Dominion.

With further reference to the Special Committee headed by Secretary of Commerce to study the creation of a Communications Commission to have general jurisdiction over wire and radio communication, of which Gen. Charles McK. Saltzman, former Chairman of the Federal Radio Commission, is Vice Chairman, other members are as follows: Herbert L. Petty, Secretary of the Federal Radio Commission, Secretary; Senator Dill, Chairman of the Senate Committee on Interstate Commerce; Representative Rayburn, of Texas, Chairman of the House Committee on Interstate and Foreign Commerce; representatives of the Army, Navy, Coast Guard, State Department, and Bureau of Standards.

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COLUMBIA FINDS RADIO OWNERS' FAMILIES MORE SUBSTANTIAL

A vertical study of radio set ownership in the United States for 1930-33 reveals, along with many other unusual findings, that the typical radio family earned 93% more income than the typical non-radio family. The study is based on a complete cross-tabulation of 13,753,073 U. S. family records for Columbia by the Census Bureau. Evidently the result of team-work and personal direction of Henry A. Bellows, Vice-President, and John J. Karol, Director of Market Research, respectively, of Columbia, the presentation is a 60-page de luxe compilation handsomely printed and profusely illustrated. The size of the book is 10 by 13 inches. It is ornamented by the light blue color which makes Columbia publications recognizable at a glance.

There is a facsimile of a letter from Secretary of Commerce Roper addressed to Mr. Bellows, which reads:

"I have noted, with considerable interest, the vertical study of radio ownership which you discussed with me. It is a clear and significant analysis, and I am pleased with the part which this division of the Government, through our Bureau of the Census, has played in providing you with facts and figures.

"In view of the expanding role which broadcasting is playing in the social, educational and economic life of America, this study seems to me to fill a definite need for accurate information. The relative degree to which radio ownership has penetrated each successive economic stratum and, by extension, each social level, is revealed in your company's analysis. This is well worth the consideration of all who are seriously concerned with the constructive molding of American thought through the use of the broadcasting medium."

"It remained for a private business organization, taking advantage of the Census Bureau's general policy, when available records and tabulating equipment permit", Dr. Leon E. Truesdell, Chief Statistician for Population, Bureau of the Census, writes in a foreword to the study, "of making special tabulations at cost for any person or organization desiring them, to devise and carry through a plan of tabulating separately for radio and non-radio families several of the more important classifications, including value or rental of home, which forms the best index of economic status or family purchasing power that is now available for the country as a whole."

Among the topics dealt with are Comparison of Radio and Non-Radio Homes, by States; Comparison of Radio Homes and Non-Radio Homes, 13 States as a Group and United States Totals; Radio Ownership by Income Levels; Radio's Degree of Penetration of Each Income Level - in 13 States and Total United States as of 1930; and United States Totals Projected to 1933; Individual State Charts and Tables, Radio Ownership by Income Levels, Arranged Alphabetically by States; Statistical Notes.

A review of the findings of the study reveals that:

1. As of April, 1930, radio-owners paid 84% more rent, per family, than non-radio owners.
2. Radio-owners owned homes 79% more costly (current values) than their non-radio neighbors.
3. The typical radio family earned 93% more income than the typical non-radio family.
4. Radio ownership is everywhere broadest in the upper income levels, and descends like a wedge into the lower income levels.

When only 40.3% of all the homes in the United States owned radios (April, 1930):

When 56.2% of all the homes in the United States owned radios (January, 1933):

78.0% of all class AA homes owned radios	87.8% of all class AA homes owned radios
73.7% of all class A homes owned radios	85.7% of all class A homes owned radios
66.8% of all class BB homes owned radios	80.7% of all class BB homes owned radios
54.2% of all class B homes owned radios	72.0% of all class B homes owned radios
34.7% of all class C homes owned radios	57.8% of all class C homes owned radios
13.6% of all class D homes owned radios	36.0% of all class D homes owned radios

5. The average radio family contains more consumers, more gainful workers, and more adult listeners than the average non-radio family.

6. With 16,809,562 homes owning radios as of January, 1933, radio represents, by the sheer weight of its numbers, a "mass medium" of gigantic proportions. Because these millions of radio homes are so sharply stratified by income levels, radio represents a "class medium" on a scale which has never before been associated with the term. Radio thus reaches an enormous "mass market" literally composed of "class markets".

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GEORGE F. McCLELLAND RESIGNS FROM NBC

George F. McClelland tendered his resignation as Vice-President in charge of Sales for the National Broadcasting Co. at a meeting of the Board of Directors last Friday. The resignation was accepted with regret.

Beyond saying that he intended to enter the radio broadcasting business in an independent capacity, Mr. McClelland limited his remarks to the fact that he would make a formal statement of his future plans on November 15.

Since the day in 1922 when the first commercial station, WEAf, came into being, until the present moment, McClelland has been actively associated with the growth of modern broadcasting.

He was the first to suggest the formation of entertainment units to be named and sponsored by nationally advertised products, and the entire development of the commercial angle of broadcasting has taken place under his watchful eye and to an appreciable extent as a result of his efforts. In the pioneer days, he was largely responsible for inducing other stations to link with WEAJ in the first experimental network broadcast.

Meanwhile the whole problem of who was to pay for broadcasting was up for solution. Through the medium of the sponsored program, as developed by McClelland's department, the whole problem was eventually solved.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted (Oct. 24, 1933)

KROW, Educational Broadcasting Corp., Oakland, Cal., C.P. to install new equipment and move station from Richmond to Oakland, Cal.; WHN, Marcus Loew Booking Agency, New York, modification of C.P. extending completion date to Dec. 1, 1933; WCAX, Burlington Daily News, Inc., Burlington, Vt. special temporary authority to operate from 9 to 10 P.M. EST on Oct. 25th; KOCW, J. T. Griffin, Chickasha, Cal., renewal of license on a temporary basis pending installation of new equipment and approved frequency monitor, and on condition that station remain silent until installation of said equipment and approved frequency monitor.

Also, R.C.A. Communications, Inc.: W2XBJ, Rocky Point, N. Y., modification of license to add frequencies 4550, 4555, 10380, 13900, 15760 and 17940 kc.; WDE, Rocky Point, N. Y., modification of license to add additional transmitter #53 using 40 KW; WDN, Rocky Point, N. Y., modification of license to authorize use of additional transmitter of increased power, 40 KW, for communications with Moscow, Russia; WMR, Mackay Radio & Telg. Co., Inc., near West Palm Beach, Fla., modification of license to change description of location from near West Palm Beach to Jupiter, Fla.; KGJX, City of Pasadena, Cal., Police Dept., modification of license to increase power from 100 to 400 watts; W3XA, Bell Telephone Laboratories, Inc., Mendham Township, N. J., renewal of special experimental license, 2530 kc., 500 watts;

Also, W6XS, Don Lee Broadcasting System, Los Angeles, renewal of experimental visual broadcasting license, frequencies 2750-2850 kc., 1 KW; KIGA, National Battery Broadcasting Co.,

Portable, initial location Minneapolis, renewal of temporary broadcast pickup license, 1566, 2390 kc., 7.5 watts; KIFT, Julius Brunton & Sons Co., Mobile - San Francisco Bay, renewal of temporary broadcast pickup license, 2342 kc., 50 watts; Harry B. Harris, Portable & Mobile on Aircraft, authority to operate portable-mobile station aboard aircraft on frequencies in 56,000-60,000 kc. band, in connection with Massachusetts Institute of Technology meteorological research in collaboration with American Radio Relay League; City of Binghamton, Binghamton, N.Y., C.P. for police service, 2442 kc., 150 watts.

Miscellaneous

WPFF, Toms River Police Dept., Toms River, N. J., license for police service cancelled, due to fact that municipalities could not afford to install receiving sets in police cars; WLB, University of Minnesota, Minneapolis, application for modification of license removed from hearing docket; WRHM, Minneapolis Broadcasting Corp., Minneapolis, and WCAL, St. Olaf's College, Northfield, Minn., WCAL has withdrawn application for increased power. The three stations have entered into a time-sharing agreement using all the facilities of 1250 kc including the 5 hours formerly assigned to KFMX now deleted. The Commission approved the time-sharing agreements and new licenses will be issued to the respective stations upon a specified hour basis in conformity with the time-sharing agreement.

Renewal of Licenses

The following stations were granted renewal of licenses for the regular period:

WBBR, Brooklyn; WDAG, Amarillo, Tex.; WEVD, New York; WJSV, Alexandria, Va.; WQBC, Vicksburg, Miss.; WSMK, Dayton, Ohio; KFPY, Spokane, Wash., and KGA, Spokane, Wash.

Set For Hearing

New - Northern Broadcasting Co., Inc., Laconia, N. H., C.P. 1310 kc., 100 watts, unlimited time, facilities of WKAV.

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SOME RECENT NBC NEW AND RENEWAL ACCOUNTS

NEW - Phillip Morris Co. (Cigarettes), 119 Fifth Ave., New York City; Agency - Biow Co., 521 Fifth Ave., New York City; Started Sept. 27, 1933, Wednesdays, 9:30-10:00 P.M.; Network - WEAJ WTAG WJAR WCSH WLIT WFBR WRC WBEN WCAE WTAM WWJ WSAI WMAQ KSD WOW WDAF WTMJ KSTP; Program - "Leo Reisman's orchestra with Conrad Thibault, baritone".

NEW - Chevrolet Motor Co. (Motor cars), General Motors Bldg., Detroit, Mich.; Agency - Campbell Ewald Co., Detroit, Mich.; Started October 1, 1933, Sundays 10:00-10:30 P.M. Network - WEAJ WTIC WTAG WEEI WJAR WCSH WFI WFBR WRC WGY WBEN WCAE WTAM WWJ WMAQ WOW WDAF WTMJ WIBA KSTP WEBC WDAY KFJR WRVA WWNC WIS WJAX WFLA-WSUN WIOD WSM WMC WSB WAPI WJDX WSMB WKY WBAP KTBS KPRC WOAI KOA KDYL KGIR KGHK KGO KPO KFI KGW KOMO KHQ KFSD KTAR; Program - Jack Benny, Mary Livingstone and Frank Black, director of orchestra.

NEW - American Tobacco Co. (Lucky Strike Cigarettes), 111 Fifth Ave., New York City; Agency - Lord & Thomas, 247 Park Ave., N. Y. C.; Started - October 7, 1933, Saturdays 9:00-9:30 P.M.; Network - WEAJ WTAG WEEI WJAR WCSH WFI WFBR WRC WGY WBEN WCAE WTAM WWJ WLW WMAQ KSD WOW WDAF WTMJ WIBA KSTP WEBC WDAY KFJR WRVA WWNC WIS WJAX WIOD WFLA WMC WSB WAPI WJDX WSMB WKY KTHS WBAP KTBS KPRC WOAI KOA KDYL KGO KFI KGW KOMO KHQ KFSD KTAR KGU; Program - Jack Pearl in role of Baron Munchausen with "Sharlie".

NEW - Crazy Water Hotel Co. (Crazy Water Crystals), Mineral Wells, Texas; Agency - Cowan & Dengler, 25 W. 45th St., New York City; Started - Sept. 24, 1933, Sundays 2:00-2:30 P.M.; Network - WEAJ WEEI WJAR WTAG WCSH WFBR WRC WGY WBEN WCAE WTAM WWJ WSAI WMAQ WHO-WOC WOW WTMJ WIBA KSTP WEBC WRVA WPTF WWNC KVOO WKY WFAA-WBAP KPRC WOAI KOA KDYL KGO KPO KFI KGW KOMO KHQ (WIS WJAX WIOD WFLA WSM WMC WSB WAPI WSMB KTHS CRCT CFCE starting 10/8); Program - "Gene Arnold and the Commodores".

NEW - Calsodent Co. (Mouthwash), 315 Fifth Ave., New York City; Agency - J. Walter Thompson Co., 420 Lexington Ave., New York City; Started - September 26, 1933, Tuesdays, 9:00-9:15 A.M.; Network - WEAJ only; Program - "Mouth Health", talk by Marley Sherris

NEW - A. Hollander & Son, Inc. (Fur Dressers and Dyers), Newark, N. J.; Agency - Grey Advertising Service, Inc., 128 West 31 St., New York City; Started October 24; Network - WJZ only; Program "Men of Daring", dramatic program.

RENEWAL - General Foods Corp. (Diamond Salt), 250 Park Avenue, N. Y. City; Agency - Benton & Bowles, 444 Madison Ave., New York City; Started October 5, 1933; Thursdays 8:00-8:30 P.M.; Network - WJZ WBZ WBZA KDKA; Program - "Cape Diamond Light", dramatic sketches.

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