

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

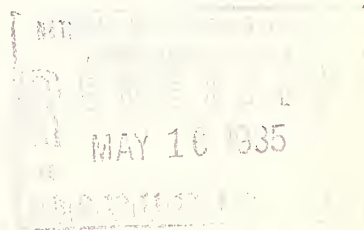
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INDEX TO ISSUE OF MAY 14, 1935

RMA June Convention To Promote New Products.....	2
City Fights Radio Station Removal.....	3
Shepard Buys Full Hearst Service For Yankee Network.....	4
Radio-Television Corp. Would Sell 300,000 Shares.....	6
Byrd Encountered Radio Silence In Antarctic.....	6
Apparently Undecided About It.....	6
Television Boomerang For English Radio Manufacturers.....	7
New French Trade Treaty Important To Radio.....	7
Industry Notes.....	8
Columbia Cuts Ad Talks To 10%.....	9
French Radio Fans Will Get Their Opportunity.....	9
Increased Expenses Offset I. T. & T. Radio-Cable Earnings...	10
Copyright Hearings Still Undecided.....	11
Crosley Shows Substantial Profit Increase.....	11
Philips Netherland India Radio Patents Reviewed.....	11
National Advertisers Discuss Radio In Closed Session.....	12

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May 14, 1935.

RMA JUNE CONVENTION TO PROMOTE NEW PRODUCTS

New technical developments in radio and national trade promotion will be major topics of the Radio Manufacturers' Association's Eleventh Annual Convention at Chicago, Tuesday and Wednesday, June 11 and 12.

Final plans were made at Chicago last week in a conference with Leslie F. Muter, President of the Association, and Bond Geddes, Executive Vice-President, of Washington.

An "RMA Cabaret" dinner for members and guests will be a unique closing feature of the convention on the evening of June 12. There will be a radio golf tournament also on the following day, June 13, at the Calumet Country Club.

A large attendance at the convention is expected, especially because of the many problems in connection with new radio products which are of much present interest in the industry and the trade. However, there will be no displays of merchandise during the convention, but manufacturers will discuss plans for merchandising and national trade promotion by the Association on a wide scale.

The RMA will also elect a President, Directors and other officers at the convention, and make plans for many activities during the coming year.

Preliminary to the convention on June 12, there will be meetings of the Board of Directors and also of the Set, Tube, Parts and Accessory, and Amplifier and Sound Equipment Divisions on Tuesday, June 11.

The annual membership dinner closing the sessions will be staged in the Tower Ball Room of the Stevens Hotel. A dance orchestra and excellent night-club entertainers have been engaged. The guests will include ladies and there will be dancing following the floor program. The master of ceremonies and toastmaster will, as usual, be Paul B. Klugh of Chicago. The entertainment committee in charge of the "RMA Cabaret" is headed by Al S. Wells and Paul Galvin, of Chicago, with President Leslie F. Muter, ex officio.

The detailed RMA convention program is as follows:

Tuesday, June 11

10:00 A.M. - Board of Directors

12:30 P.M. - Luncheon, Directors, Ex-Presidents and former Directors

2:00 P.M. - Set Division, Chairman, Arthur Murray

2:30 P.M. - Tube Division, Chairman, S. W. Muldowny.

Tuesday, June 11 (Cont'd)

3:00 P.M. - Parts and Accessory Division, Chairman, Arthur Moss.

3:30 P.M. - Meeting, RMA Amplifier and Sound Equipment Division,
Chairman, R. A. O'Connor.

Wednesday, June 12 - Membership Meeting

10:00 A.M. - Annual Meeting, RMA Members, President Leslie F.

Muter, Presiding

Roll Call - Bond Geddes, Executive Vice-President.

Address and Annual Report - President

Address - John W. Van Allen, General Counsel

Annual Reports of Fred D. Williams, Treasurer; Set

Division - Arthur T. Murray, Chairman; Tube Division -

S. W. Muldowny, Chairman; Parts and Accessory Divis-

ion - Arthur Moss, Chairman; Amplifier and Sound

Equipment Division - R. A. O'Connor, Chairman;

Special Code Committee - William Sparks, Chairman;

Credit Committee - Arthur Moss, Chairman; Engineering

Committee - W. R. G. Baker, Chairman; Legislative

Committee - Paul B. Klugh, Chairman; Trade Promotion

Committee - Powel Crosley, Chairman; Traffic Committee -

J. C. Warner, Chairman, O. J. Davies, Vice Chairman.

12:30 P.M.--Luncheon Meeting, new RMA Board of Directors - Election
of President and other officers.

7:00 P.M.--RMA Cabaret - Annual Membership Dinner - RMA Members
and Guests, Paul B. Klugh, Chairman.

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CITY FIGHTS RADIO STATION REMOVAL

Although the practice of buying a radio station in one city and removing it to another has become fairly common, objection to this practice has been registered in the case of Station KGFK, which was recently granted permission by the Federal Communications Commission to move from Moorhead, Minn., to Duluth. The City of Moorhead joins Station WEBC, of Superior, Wis., in filing an appeal and a petition for a stay order in the U. S. Court of Appeals for the District of Columbia against the Commission preventing such a move.

It was argued in the petition that Duluth is now well served insofar as radio is concerned, whereas the smaller city of Moorhead is not nearly so well off. In addition to this, Station WEBC claims that the removal of KGFK to Duluth, which is near Superior, would affect it adversely.

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SHEPARD BUYS FULL HEARST SERVICE FOR YANKEE NETWORK

Forced into competition by the rapid growth of Transradio Press Service, newspaper owned news-gathering agencies openly embarked upon sale of news directly to broadcasting stations this past week.

John Shepard III, head of the 13 stations affiliated in New England under the name of the Yankee network, told Editor & Publisher that he had purchased the full International and Universal services for a period of five years. Joseph V. Connolly, President of the Hearst services also authorized Editor & Publisher to announce the sale.

At the same time Mr. Shepard allowed the entry of the United Press and the International News into the competitive radio news field to accomplish one step toward their desired end by announcing that the Network - one of the largest single clients of Transradio - would drop Transradio in a few days. Mr. Shepard said that he would pay slightly more for I.N.S. than he had for Transradio, and rumor was current that the five-year contract would run in the neighborhood of \$200,000. The contract Mr. Shepard said, will give him exclusive radio rights to these services in the six New England States, where there are some 35 stations.

The United Press was reported near a contract with WCAU, Philadelphia, and the I.N.S. was said to be seeking an outlet there.

In the absence of a united program on the part of the Press-Radio Bureau, the commercial news-gathering associations seemed content to aggressively bend their efforts along lines laid down in announcements to their clients last week, offering their news to papers for dissemination over affiliated stations, for broadcast with or without sponsorship.

It seemed unlikely that the Associated Press would long continue its policy of allowing member papers subscribing to Press-Radio to make up their own reports without additional assessment, provision being clearly made that such reports, totaling not more than one hour daily, are not for sponsorship, nearly a dozen newspapers owning stations dropped Press-Radio direct reports last week to make up their own reports from the A.P. service.

Jackson Elliott, Assistant General Manager of the A.P., said that the A.P. had canvassed members who are interested and whose activity led to the creation of the Press-Radio Bureau, on what they think should be done. Results from this survey of opinion were not available in sufficient quantity last week for the Board of Directors to formulate any change in policy. It was pointed out that if quick action were necessary, the Board of Directors could authorize the Executive Committee to act through Kent Cooper, Manager.

National Broadcasting Company and Columbia Broadcasting Company continued to use the Press-Radio report over their chains.

Herbert Moore, head of Transradio, said that he was advising his clients to take on all the service they could get but "to test the sincerity of the motives of the U.P. and the I.N.S.," by refusing to pay "more than a dollar a week."

The conditions of the agreement between I.N.S. and the Yankee Network are likely to form a pattern for the many similar arrangements which are expected. Mr. Shepard said that he had guarded against the possibility that the news services would "clamp down again" if they gained control of the air news, by insisting on the contractual agreement.

The tie-up will exist for five years, with one year renewals thereafter, six months notice being necessary before the network can withdraw. Full I.N.S. and U.S. service reports will be run into the Boston office of the network where Leland Bickford and his eight-man news staff will edit it down to broadcast requirements - four 10½ to 12 minute reports. The I.N.S. will give the Yankee Network local coverage in New England, and fuller sports and financial reports than those provided by Transradio, he said.

The I.N.S. news will be available for sponsorship, except by firms selling laxatives or internal medicines or using recorded or dialogue copy. A maximum of 125-word "commercials" three times in each period will be allowed.

Mr. Shepard defended the "smooth" date-lined "commercials" as "clever advertising" and said that any reasonably intelligent person should be able to distinguish the "commercial." He likened them to newspaper and magazine advertisements which simulate the news style of the medium in which they are run.

The Network will retain its staff of local reporters in the various cities where stations are located.

The Milwaukee Journal and its radio station WTMJ will inaugurate an elaborate news bulletin service over the air with four daily news periods. Broadcasts will be heard daily from 9 to 9:15 mornings, 1:05 to 1:15 and 5 to 5:15 and 10:15 to 10:25 p.m., totaling 50 minutes; these broadcasts started May 13. On Sunday news will be broadcast at 10 mornings and the same hour in the evenings.

"We have gone into more extensive news broadcasting for the promotional benefits to the Journal and WTMJ", Walter J. Damm, Promotion Manager, said. "We do not wish to be parties to pay outside news agencies to assist in developing their agencies. We are not commercializing the news broadcasts and they will not be

sponsored by advertisers, according to our present plans. Our decision was also brought about partly as self protection from competition of news broadcasts by other radio stations into the territory which WTMJ covers. With enough news available from A.P. dispatches and our own staff and correspondents to fill our paper, we will have sufficient interesting materials for frequent broadcasts."

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RADIO-TELEVISION CORP. WOULD SELL 300,000 SHARES

The Securities and Exchange Commission in Washington have announced that among the securities for which registration is pending is that of the American Radio and Television Corporation, of New York. It seeks to issue 300,000 shares of \$1 par value common stock, to be offered at par. Joseph La Via, of Astoria, L. I., is President, and Stone & Co., of New York, the underwriter.

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BYRD ENCOUNTERED RADIO SILENCE IN ANTARCTIC

A member of the Byrd Antarctic expedition when asked if the broadcasts from this country got through to them "on the ice", replied that they were able to hear most of them very well. He said, however, that the Byrd expedition in the polar region encountered a phenomenon of what he called "radio silence". At such times there was an invisible barrier and it was impossible to get any kind of a communication out by radio, not even telegraphic code.

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APPARENTLY UNDECIDED ABOUT IT

At one stage of the proceedings of the Council on Radio in Education and the Ohio Radio Education Institute, meeting at Columbus, as one after another of the educators would arise to take part in the discussion, it became apparent that they had widely different views as to what should be done in the matter of educational programs.

The high official of the Communications Commission, who was present, noticing this, remarked to a commercial broadcaster, "These people themselves don't seem to be in agreement as to their needs."

"You have hit the nail squarely on the head", the commercial broadcaster replied. "They themselves do not know what they want."

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TELEVISION BOOMERANG FOR ENGLISH RADIO MANUFACTURERS

An unusual situation has arisen in England affecting radio manufacturers in connection with the announcement that the British Post Office would begin television broadcasts next Fall. A flop in the sale of radio sets is reported to have been started by the announcement. The British public is buying fewer broadcast receivers, according to a report reaching Orrin E. Dunlap, Jr., Radio Editor of the New York Times, from London, on the theory that new sets might soon be obsolete because of television.

"The completeness and enthusiasm permeating the recent report of England's Television Committee seems to give the 'truth campaign' over there a real task, because even in America the impression was created that the television era had arrived; that John Bull was running ahead in the race", Mr. Dunlap writes.

This assertion was challenged recently when David Sarnoff, President of the Radio Corporation of America, in revealing that the RCA expected to spend \$1,000,000 in a television project, said:

"We believe we are further advanced scientifically in television than any other country in the world."

That television is a very live subject was emphasized from the recent report from another quarter that the Farnsworth interests in San Francisco are contemplating a chain of stations in ten cities for television broadcast to be linked together by the new Bell pipe line conductors. This, it was stated, would represent an outlay of \$2,500,000.

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NEW FRENCH TRADE TREATY IMPORTANT TO RADIO

In representing radio industry interests, the Radio Manufacturers' Association is preparing to intervene in negotiations announced by the State Department for a reciprocal trade treaty with France. This is the most important trade agreement action under the reciprocal tariff act yet taken by the State Department.

It affects the largest nation and also the most important radio market since the State Department began its negotiation of reciprocal trade agreements. Also any agreement reached in the French treaty will apply to all foreign countries.

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 ::::INDUSTRY NOTES::::
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Owen D. Young, Chairman of the General Electric Company, David Sarnoff, President of the Radio Corporation of America, and M. H. Aylesworth, President of the National Broadcasting Company, were honored this past week with the "Achievement Award" given annually by the City of Philadelphia.

Marconi will fill a newly established scientific position at Rome, in addition to his other work. The inventor of radio, taking over a professorship, will accept the Chair of "Electro-Magnetic Waves."

The barometer of the Federal five per cent excise tax on radio indicated considerable increase of sales in March with excise tax payments 31 per cent above those during March, 1934. According to the official reports of the Internal Revenue Bureau, the excise tax collections in March were \$350,334.03 against \$268,136.45 in March, 1934. The March excise taxes on mechanical refrigerators were \$495,553.75 as against \$295,307.92 in March, 1934.

Louis G. Caldwell, former General Counsel of the Federal Radio Commission, has been elected President of the Inquirendo Club in Washington, succeeding E. Barret Prettyman, Corporation Counsel of the District of Columbia.

Ration Station WATR, of Waterbury, Conn., became associated with the Yankee Network recently, making a total of thirteen stations now covering the New England States from Yankee Network headquarters in Boston.

The total number of wireless licenses in force in Great Britain and Northern Ireland at the end of March, 1935, the British Broadcasting Company reports, was 7,011,616, as compared with 6,259,653 in March, 1935. This shows a net increase of 751,963 during the year.

The sales staff of WOR who have been responsible for the increase of new business on the station since the opening of the 50,000 watt transmitter at Carteret, N. J., are: Walter Neff, General Sales Manager; William O. Rogow, David Chrisman, George Schmidt, Philip Fuss, Theodore Herbert, Jack Eaton, Allan Miller and Robert A. Catherwood.

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COLUMBIA CUTS AD TALKS TO 10%

Restrictions in the amount of advertising permissible in radio programs is part of a three-cornered plan to be established by the Columbia Broadcasting System, effective July 30.

Although the plan will be put into operation on that date, it will be made effective as rapidly as permitted by fair consideration to advertisers with contracts now in force, William S. Paley, President of the company, said.

Other features of the plan will be a new standard of children's programs and the banning of programs advertising laxatives as such or laxative properties in any other product.

When the plan goes into effect, a maximum of 10 per cent of the broadcasting period may be devoted to the sponsor's commercial announcements, including contests and other offers, on programs after 6 P.M. In the daytime sponsored programs will be allowed a maximum of 15 per cent of the broadcast period for announcements. The single exception will be made on quarter-hour programs, on which an additional allowance, not to exceed forty seconds, will be made in recognition of the fact that the short program necessarily requires as much time as the longer one for routine identification announcements.

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FRENCH RADIO FANS WILL GET THEIR OPPORTUNITY

French radio fans are to be offered a chance of making themselves heard - not by the rest of the radio public, but on the advisory councils that will be a part of the new French radio scheme, according to a U. P. dispatch from Paris.

In each region an advisory council of 20 members will be formed and ten of these members will be radio listeners. The only specification is that the council member be of French nationality, of 21 years of age or more, that he or she has civil rights and proof that the candidate has paid the tax on the radio set.

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INCREASED EXPENSES OFFSET I. T. & T. RADIO-CABLE EARNINGS

Although the total gross earnings increased almost a million dollars, operations of the telegraph, cable and radio companies of the International Telephone & Telegraph Corporation for 1934 resulted in a net loss of \$1,440,979, as compared with a net loss of \$1,796,530 for 1933.

"The improvement of \$825,017 in gross earnings was largely offset by increased operating expenses resulting mainly from the fact that the year 1934 carried the full burden of the partial restoration of wages made effective on July 1, 1933, and of the increased costs resulting from making effective on September 1, 1933, the President's Reemployment Agreement with certain substituted provisions as approved August 30, 1933, by the National Recovery Administration", the annual report states. "The increased expenses resulting from these items were offset to some extent by operating economies effected during the year. A Code of Fair Competition for the telegraph industry as a whole, proposed by the four principal members of the industry to the National Recovery Administration, is still pending adoption.

"The record communication companies continue to be confronted with the effects of declining foreign trade in relation to business in the international communications field and with the harmful effects of the active and illogical competitive situation in the domestic field."

Operations for the year ended December 31, 1934, resulted in consolidated net income after all charges of \$2,079,570, as compared with \$694,126 for 1933, an improvement of \$1,385,444.

"During 1934 most countries of the world experienced a continuation of the moderate upward trend of business activity", the I. T. & T. stockholders were advised. "The volume of world business as indicated by data compiled from various statistical reports was between eight and ten per cent over 1933, which year was approximately thirteen per cent over 1932. Details of these statistics indicate that, in varying degrees, all but relatively few countries participated in the improvement. While internal business activity showed substantial improvement in most countries, resulting in the aggregate in the recovery of some sixty per cent of the ground lost from 1929 to 1932, international trade, due to exchange control restrictions, high tariffs, and numerous other hampering causes, continued to shrink with the result that international trade in 1934 attained only approximately thirty-four per cent of the volume for 1929.

"The majority of units comprising the manufacturing and telephone operating branches of your Corporation benefited from the recovery in internal business in most countries. These benefits, however, were offset to some extent by the shrinkage in international trade which reduced the volume of cable and radio traffic and had a retarding effect on export sales by the manufacturing companies."

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COPYRIGHT HEARINGS STILL UNDECIDED

No call as yet has been issued to the Senate Patents Committee, of which Senator McAdoo, of California, is Chairman, to determine the question as to whether or not hearings will be held on the Copyright Bill. The situation seems to be pretty much in doubt but it would not be surprising if the bill was reported without a hearing.

In view of the opposition of the American Society of Composers and others, it is believed the committee will give the matter of hearings serious consideration. One supposition is that if hearings are held, they will be brief, allowing the persons to be heard to submit briefs.

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CROSLEY SHOWS SUBSTANTIAL PROFIT INCREASE

A financial report of the Crosley Radio Corporation and subsidiaries for the year ended March 31, reveals a net profit of \$893,746, after charges and Federal taxes, equal to \$1.64 a share on 545,800 no-par shares of capital stock. This compares with net profit of \$413,107, or 75 cents a share, in the preceding year.

Net sales for the year were \$15,808,737, compared with \$10,637,365 in the preceding year.

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PHILIPS NETHERLAND INDIA RADIO PATENTS REVIEWED

The three patent decisions by Netherland Indian courts against American radio manufacturing concerns, and in favor of the N. V. Philips Gloeilampenfabrieken, are reviewed at considerable length in a "Radio Markets Supplement - Netherland India", issued by the Bureau of Foreign and Domestic Commerce in Washington, and available for 25 cents a copy.

The review is based upon a report received by Consul Walter A Foote, of Batavia, and covers seven multigraphed pages.

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NATIONAL ADVERTISERS DISCUSS RADIO IN CLOSED SESSION

Secrecy surrounded the discussion of radio at the convention of national advertisers at White Sulphur Springs.

According to unofficial reports Duane D. Jones, Executive Vice-President of Blackett-Sample-Hummert, Inc., advertising agency, was the most outspoken in stating his belief that "star" programs are not really a necessity, but a distinct liability to an advertiser. Stars attract audiences interested only in themselves and not to the product, he maintained. It is preferable to have a smaller audience but a buying audience, he said. Star programs are extremely costly and there is no assurance that the audience has any genuine interest in the product being advertised.

W. B. Benton, Chairman of the Board of Benton & Bowles, Inc., New York agency, took the middle view. He felt a successful program could be built either by using a star or by building an "atmosphere offering" which would attract an audience and also help to establish the character of the program and the product.

As an example of the latter type of program he cited the Maxwell House "Showboat" program which has changed its female singing star seven times since it has been on the air with no indication of any appreciable loss of audience.

Chester J. LaRoche, President of Young & Rubicam, Inc., New York, who also spoke on radio, agreed with Mr. Benton that a special radio writer is needed for effective radio programs. He favored a man with theatrical experience, with knowledge of showmanship, who could help stage the program. He felt such a man would create a more effective commercial broadcast than the ordinary copy writer.

Mr. Benton made the interesting statement that there are at present 10 stars who can produce a "ready-made" radio audience.

Two other radio speakers were George Bijur, Director of Sales Promotion of the Columbia Broadcasting System, and Dr. D. P. Smelser, Director of Market Research of the Proctor & Gamble Company, Cincinnati. Mr. Bijur cited cases of use of printed advertising to increase the size of the listening audience, localizing the program, prizes, contests, and close tie-ups with local dealers. Dr. Smelser gave a detailed analysis of methods of checking radio "circulation" and stated that in a few months a superior method of checking listener habits would be developed, but that it would be more costly than present methods.

The emphasis given radio at the A.N.A. convention indicates the importance attached to the medium by the membership.

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