

HEINL RADIO BUSINESS LETTER

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August 4, 1936

WARNER RETURNS TO ASCAP AS BROADCASTERS PROFIT

Terminating six hectic months of operating independently in the music copyright field, the Warner Brothers music publishing subsidiaries on August 3rd returned to the fold of the American Society of Authors, Composers, and Publishers.

Again presenting a solid front in music copyright control, the ASCAP Board of Directors readmitted the W-B subsidiaries at a meeting in New York following negotiations between E. C. Mills, General Manager of the Society, and Warner Brothers executives.

The action will be immediately beneficial to broadcasters although its ultimate effect on the strained relations between copyright owners and the radio industry is conjectural.

Thousands of musical compositions barred from the major networks and the majority of radio stations by W-B control will again be available to all holders of ASCAP licenses and at no extra cost. Some 200 infringement suits, asking \$4,000,000 in damages, will be withdrawn, and the confusion that has prevailed for the last six months over copyright ownership of hundreds of compositions will subside.

The terms under which Warner Brothers returned to ASCAP could not be learned immediately, though broadcasters were inclined to believe that the W-B subsidiaries were glad to get back into the Society because of its failure to collect the revenue it anticipated from direct negotiations with radio stations.

Although no official list of Warner licenses was ever released, it is understood that approximately 180 stations had signed the separate contracts.

Warner Brothers, it is understood, will receive no additional percentage of the revenue from ASCAP and will lose its share of the Society's revenue for the seven months it was acting independently. The W-B houses, however, will retain their seniority in the organization, according to Mr. Mills and will continue as members "as though this thing had never happened."

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"We have buried the hatchet", he said, "for the good of the music industry and the people who listen to music. The vote on the reinstatement resolution was unanimous."

The Warner Brothers companies contended they controlled between 25 and 40 percent of the music licensed through ASCAP before the break on January 1st last. Hence, when ASCAP collected more than \$3,000,000 in royalties last year, Warner Brothers complained because it got only about a tenth of that amount as its share.

Withdrawal of the W-B companies from the Society created a chaos in broadcasting circles because of the uncertainty of control of many music copyrights. Many stations found themselves defendants in infringement suits before they realized that they were broadcasting music not in the ASCAP catalogues.

The major networks persisted in their refusal to sign W-B contracts and so weakened the revolt. Their popular musical programs, however, were noticeably monotonous on account of the repetition of numbers.

Broadcasters who have signed five-year contracts with ASCAP for a period ending December 31, 1940, will now have a larger supply of music available than when the new contracts became effective the first of the year. And, it is believed, ASCAP will not be able to raise the assessment from the sustaining fee plus 5 percent of commercial revenues during the life of the present contracts.

It is too early to hazard a guess as to whether ASCAP will raise the fees in 1940.

Whether Warner Brothers will make rebates to the 180 stations it has collected separate royalties from during the last seven months is not known at this stage.

The W-B subsidiaries which were reinstated by the ASCAP Board are Harms, Inc., T. B. Harms Co., New World Music Corporation, Victoria Publishing Company, M. Witmark & Sons, Remick Music Corporation, and Shubert Music Publishing Company.

Included in the catalogues of these W-B affiliates are works of such composers as George Gershwin, Sigmund Romberg, Jerome Kern, and Otto Harbach.

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NO TELEVISION CAMPAIGN BEFORE 1944, SAYS McDONALD

While the two major presidential candidates and lesser political aspirants are making greater use of the radio this year than in any previous national political campaign, it will be at least 1944 before voters will be able to see the faces of the party nominees as they speak, in the opinion of Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, of Chicago.

"Deprived of the potency of histrionic gestures, stripped of the accomplished orator's tricks of facial expression, unable to influence their public by the 'cut of their jibs'," he said, "the qualities of the speakers will actually rearrange themselves before the microphone according to the values of those things which are left in the voice alone. It becomes a question of how much of the magic of his personality, the speaker can pack into his voice. Thus, radio itself assumes the position of an influencing factor in the campaign - a factor of no mean proportions. Here, indeed, is a field for imaginistic speculation.

"Television will finally bring a new alignment of the elements now projected into the home. Yet, too many adverse factors, especially on the broadcasting end still stand in the way of the imminent practicality of the much discussed and much heralded home television. So, for a visual preview of the presidential aspirants, I fear we must still depend upon public gathering places."

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CBS TO ADD TWO MONTANA STATIONS

The list of stations affiliated with the Columbia Broadcasting System - world's largest single network - will be increased to 105 next Sunday when KFBB, Great Falls, Mont., and KGVO, Missoula, Mont., join the network. They are the first CBS outlets in Montana.

Under tentative plans, Senator Wheeler (D.) will deliver an address from the Great Falls station on the occasion. There will be a dedicatory program from New York as well as originations at both of the new network stations.

KFBB, managed by Mrs. Jesse Jacobsen, has been completely modernized coincident with its network debut. It has been on the air since 1922 and operates with 1000 watts night and 2500 day. The Missoula station has been on the air since January, 1931, and is owned and managed by A. J. Mosby. The station operates with 1000 watts and two years ago moved into new studios and offices.

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ADVERTISING EXPERT CALLS RADIO SPONSORS PERMANENT

Radio advertising in this country is here to stay, H. B. LeQuatte, President of the Advertising Club of New York and the Churchill-Hall advertising agency, declared in a recent interview over WNYC with John Black, author and associated with the McGraw-Hill Publishing Co.

In reply to Mr. Black's question about the elimination of advertising from radio as the British do, Mr. LeQuatte said:

"Tune in on the British programs. See whether or not you would exchange for ours. Remember, too, that you pay two dollars a year tax on your radio in Great Britain. Our method of building radio on the basis that will build a publication seems more sound.

"If it were not for the advertising your 5¢ publication would cost 35¢. Your daily paper would cost 12¢. Your radio program would carry a tax - would cost you the price of the best theatre seat. I question whether they would have the quality they possess now.

"When I tell you that almost 176 million dollars was invested in radio advertising in the year 1935, you will appreciate that manufacturers know that it is doing the expected job for them.

"Now for your question, 'What do I think of radio advertising as a listener?' Quite frankly, some of it bores me to the point where I tune it out, and some of it is as entertaining as the program itself. Having talked with several dozen listeners in the last few days, I believe my reaction is typical."

Black: "Do you favor commercial programs which combine advertising with entertainment, or those in which sales appeal is limited, say, to the beginning and the end?"

LeQuatte: "There is no set rule to follow. The product and the program will determine where the product mention can best be inserted. That may be at the beginning, and the end, or it may be combined. The important thought to keep in mind is that the listener wants a program and not a sales talk."

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The Government of the Venezuelan Federal District announced in the newspapers a short time ago that the sum of Bs. 5,375.80, corresponding at the rate of 3.93 to \$1,366.36, had been credited to the Police Corps of Caracas for the purchase of radio broadcasting equipment. The police radio is to be purchased from an American concern and will consist of a set of 100 watts power, with accessories and supplies as specified in the contract signed with the Compania Bauer.

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REGIONAL BROADCASTERS ORGANIZE IN CHICAGO

Organized for the purpose of improving broadcast service to rural and urban public, the National Association of Regional Broadcasting stations was formed last week at Chicago at a meeting of regional broadcasting stations of the United States.

John Shepard, 3d, WNAC, Boston, was elected Chairman and Treasurer of the Executive Committee. Other members are: Edgar L. Brill, WMBD, Peoria, Ill.; Walter J. Damm, WTMJ, Milwaukee Journal; John J. Gillin, Jr., WOW, Omaha; Herbert L. Pettey, WHN, New York; Hoyt Wooten, WREC, Memphis, and W. J. Scripps, WWJ, Detroit.

In order that stations throughout the country may keep in close contact with the association, the following regional chairmen were appointed:

1st Zone - Thomas Lyons, WCAO, Baltimore; 2nd Zone - J. H. Ryan, WPSD, Toledo; 3rd Zone - Henry W. Slavick, WMC, Memphis; 4th Zone - Dean Fitzner, WDAF, Kansas City Star; 5th Zone - Gerald King, KFWB, Los Angeles.

Activities of the Association are to be financed under a plan calling for payment by each station of four times the highest national quarter-hour rate, payable September 1st. All stations operating as regional frequencies are eligible for membership.

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CRYSTAL SETS URGED FOR EMERGENCY RECEPTION

While the 1937 all-wave radio receiver is a far cry from the old headphone set of a decade or so ago, there still might be a use for the crystal receiver.

A correspondent of World-Radio, British Broadcasting Corporation organ, suggests their revival for emergency reception.

"The recent disastrous floods in America have called attention to the fact that, owing to the present popularity of the all-mains receiver, the majority of listeners both in the United States and in this country are today dependent on a public service for their radio reception", he wrote. "The absence of any means of electric power would thus bring about a position which might mean, that, in the case of a national catastrophe, such as a widespread flood or even a general strike, very many listeners would be unable to use their receivers for the reception of any news which might have an important bearing on the situation. News bulletins, broadcast at intervals, and

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and which might do much to reassure an anxious public in times of crisis, would be unreceivable if the electric mains supplies were cut off.

"Even battery receivers are to some extent dependent on a public electricity supply for the charging of the accumulator, but national catastrophes, whether concerned with strikes or weather, do not as a rule extend over any lengthy period of time, and for short spells of service the battery receiver can be completely independent of any outside source of power. The crystal receiver set is, of course, the only practical form of receiver available today which is entirely independent of any outside source of power and which will give practically unending service without any attention whatsoever.

An American friend of the writer, whose home is situated near the centre of the recent floods area (Pennsylvania) describes how he salvaged a very ancient crystal set from the attic and after a general clean-up, was surprised to find that it would work reasonably well and afford good reception from KDKA. He was without any form of public electricity supply for several days, and he comments on the fact that practically the only people who were able to keep in touch with the news via radio were the owners of crystal sets and car-radio receivers. A car radio is not a very economical affair when the car is not in use, and the idea of running the engine in order to keep the battery charged to meet the demand of the radio set would not be wildly popular!

"There is thus plenty to be said for the acquisition of a crystal receiver, and although we are not, fortunately, subject to sudden emergencies in this country, it can be seen that a receiver of this type might prove very useful, not only on such occasions as those described, but as a stand-by receiver for use when the main receiver is out of action on any occasion.

"Those listeners who, perhaps vaguely, remember their past experiences of crystal reception would probably be rather surprised at the improved signal strength available today owing to the increased power of so many of the broadcasting stations. On the other hand, listeners living in towns where a relay station was formerly in operation, would probably find a slight decrease in signal strength today, when using a crystal set for reception.

"There is, of course, always the possibility that the transmitter itself may be out of action, thus rendering even a crystal set useless. But apart from actual damage by storm or floods, most transmitters have an emergency power supply available."

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PRALL ANNOUNCES REDUCTIONS IN PHONE RATES

Chairman Anning S. Prall of the Federal Communications Commission announced August 1st the receipt of revisions of the interstate telephone message toll tariffs to be effective on September 1st which were filed by the American Telephone and Telegraph Company. These new tariffs provide for a considerable reduction in long distance rates (over 234 miles) and amount to as much as 18% on transcontinental messages.

The ordinary day rate and the cheaper night and Sunday rate are both reduced; for example, the new daytime rates for the initial three minute period from New York to Chicago and New York to San Francisco will be \$2.50 and \$7.50 respectively, instead of \$3.00 and \$9.00 as at present. The night and Sunday rate between New York and Chicago will be reduced from \$1.65 to \$1.45, while the San Francisco rate will be cut from \$5.50 to \$4.50. Charges on person-to-person calls will also be lower, giving the public the benefit of substantial reductions. In addition, overtime charges on person-to-person calls are revised, on calls over six minutes duration to the same rates as for station-to-station calls.

Most of the associated Bell System companies are planning revisions in their intrastate charges for message toll service. The Telephone Company has estimated that the total saving to the American public will be in excess of \$7,000,000 annually.

Chairman Prall said that he felt the American people should be congratulated on the lower rates which are in prospect. Although the new rates have been filed voluntarily by the telephone company, Chairman Prall is convinced that these reductions are an immediate result of the work of the Commission in investigating the American Telephone and Telegraph Company and in regulating the vast telephone industry. Without question, these reductions in telephone charges reflect the improved conditions in general business, which have become increasingly evident in every part of the country.

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NBC FAN MAIL BREAKS FIVE RECORDS

Five new all-time records for the number of fan letters received by the National Broadcasting Company from radio listeners were established during the first six months of 1936, according to figures released at NBC headquarters in Radio City, New York. As a considerable portion of the audience mail was written in response to offers made by commercial sponsors, with cash purchases required, NBC officials declared that the new mail records are a decided indication of a general business up-swing.

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An interesting sidelight on the mail increase is the fact that an average of three persons out of every 100 in the country wrote to NBC between January and June, 1936. Following are the five new records:

Best first six months in NBC history - 4,006,517 letters received, as compared to the previous high of 3,357,543 for the corresponding period in 1932.

Best month of March in NBC history - 1,015,685 letters received, as compared to the previous high of 788,685 for March of 1932.

Best month of April in NBC history - 898,265 letters received, as compared to the previous high of 620,839 for April of 1934.

Best month of June in NBC history - 560,551 letters received, as compared to the previous high of 292,897 for June of 1934.

Best single month in NBC history (March, 1936) - 1,015,372 letters received, as compared to the previous high of 824,103 in January of 1934.

The NBC figures showed that 88 per cent of the mail received over the six-months period was written as a result of daytime programs, heard over both coast-to-coast NBC networks. The stupendous total of 4,006,517 mail responses shows a steep rise from the total of 290,870 for the first six months of 1927, the year after NBC was founded.

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BRITISH MALAYA GOOD RADIO MART FOR U. S.

The markets for radio receiving sets in British Malaya are showing rapid development and the possibilities of increased sales during the next 3 or 4 years are worth looking into, especially by those manufacturers who adapt their sets to withstand tropical climatic conditions, according to U. S. Trade Commissioner Harold D. Robinson, stationed at Singapore.

Official statistics show the number of broadcast listener's licenses in force at the end of 1934 were 1,700, which increased to 3,800 at the close of the year 1935. A recent letter from the Director General of Posts and Telegraphs advised that the licenses in effect on May 18 totaled 4,628. A portion probably between 10 and 30 percent of the sets in use are not licensed.

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"The development of radio had taken place in spite of the fact that listeners have been almost entirely dependent on short wave receptions from other countries, as local broadcasting has been confined to amateur stations", he said. "The new stations now under construction in Singapore is expected to start programs toward the end of the year. It is hoped that the small Singapore station is just the forerunner of the radio broadcasting in British Malaya. The cities of Penang, Kuala Lumpur, and Ipoh are expected to build stations within a year or two.

"American manufacturers of radio receiving sets and radio equipment should continue to hold the markets. At present American firms control at least 85 percent of the trade in radios. During 1935 over 4,000 sets were imported and more orders are going forward. In the near future the demand will be for medium and all wave type. The new station in Singapore will operate on a wave length somewhere between 200 and 250 meters. The station will use a 2,000 watt transmitter, which is not expected to reach far beyond Singapore Island. Therefore, sales generally will be confined to this area.

"American manufacturers offering sets in this market should adapt their sets to meet tropical conditions. Some American sets have transformers and condensers inclosed in bakelite, but radio engineers here recommend that manufacturers impregnate the transformers and condensers in hot wax. This process makes it absolutely moisture proof and sets that have been so treated have had very little difficulty.

"From a standpoint of sales, American manufacturers should also give preference to the desires of the Chinese buyers who represent the largest potential market in British Malaya. While Europeans are very much interested in tone quality, the Chinese preference is for noise. The Chinese buyers judge the quality of the radio on the volume and this should be taken into consideration by American manufacturers.

"Reports are made that American receiving sets are not always packed adequately to meet the rigorous handling experienced in reaching this market. The greatest difficulty is that the washers used in attaching the chassis to the cabinets are too small and, owing to constant handling, the weight of the chassis pulls the washer through the cabinet.

"The United States is the largest supplier of radio receiving sets and tubes to British Malaya. American manufacturers hold this position, because the sets are less expensive and in most cases are considered superior.

"Statistics showing the imports of radio receiving sets and tubes into British Malaya are not separated from wireless and telephone equipment and it is not possible to get the exact number of receiving sets and tubes imported. The United States supplies at least 85 percent of the total imports.

"The most popular type from the sales standpoint is for table models that retail between 150 and 180 Straits dollars. The irregularity of broadcasting makes phonograph combinations popular, but the prices of these models tend to restrict sales.

"There is a demand for battery sets in the up-country districts, especially on the rubber estates. The American type "Farm Radio Sets" are finding a ready sale in these districts."

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ELECTRICAL GOODS SALES HIT NEW HIGH IN 1936

Notwithstanding the improved showing made by the electrical supply trade in 1935, the upward trend was extended further during the first six months of 1936, according to Dun & Bradstreet, Inc., New York.

"From the progress recorded during the latter period for both production and distribution, new records are indicated for the current year for such major home appliances as stoves, sewing machines, refrigerators, washers, ironers, lamps and radios", the report states. "The ever-widening use of labor-saving devices, the sustained broadening of industrial activity and building have been the strongest stimuli to the expanding trend.

"Modernization of farm homes and equipment, spurred by the larger income, also was cited as a factor in furthering appliance sales, even though rural electrification has been slow in making headway. Based on the shipments for the first six months, production of electric refrigerators for 1936 has been estimated at 2,235,000 units, or a gain of 30 per cent over the 1935 peak of 1,719,369. The 1936 goal for washers and ironers has been set at 1,800,000, which would represent a rise of 27 per cent from the 1935 total, the biggest in this division's history.

"Following the elimination of the F.H.A., the extension of installment sales was provided by the new plans introduced by finance companies and banks. While the price structure has been firm, few advances were made from the preceding year's lists. Earnings statements of the leading manufacturers for the six-month period were favorable, many showing the highest comparative profit ratio since 1930 and a few since 1929."

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RCA SPONSORS 4-H CLUB PROGRAM

Nearly one million rural boys and girls who have been listening to and participating in the National Farm and Home Hour during the past six years are taking part in a new 4-H Club activity this year. Club members in thirty States already have entered competition in the National 4-H Program on Social Progress, a contest based on radio listening habits and the number and character of social activities carried on by 4-H Club units throughout the country.

The social progress program is sponsored by the Radio Corporation of America and its services, RCA Victor and the National Broadcasting Company. David Sarnoff, President of the RCA, instituted the program as an expression of the interest of these companies in the efforts of every community to develop social and educational opportunities through radio.

Valuable awards will be made to county, State, sectional and national winners. A special award of a \$500 scholarship and a trip to New York City will be made to the 4-H boy and girl in the United States chosen by the judges as best typifying the objectives of the 4-H Club movement. Also included in the large list of awards donated by RCA are 44 educational trips to the Fifteenth National 4-H Club Congress in Chicago early in December.

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NBC FIGURES HOW MUCH POWER IT HAS USED

If an average broadcasting station in the United States used the total amount of electrical energy consumed by NBC network stations since the NBC was organized in November, 1936, it would have been necessary to start broadcasting in 1494, two years after Columbus discovered America.

This fact was revealed recently by the NBC Statistical Department during a special survey of NBC facts and figures compiled for NBC's 10th Anniversary celebration which will reach its climax on November 15, 1936.

When the NBC was organized ten years ago, the total power of the network stations amounted to 41,250 watts. At the end of 1935 NBC's 93 stations from coast-to-coast had a total of 1,734,900 watts. The two million mark will probably be reached during 1936, with NBC's plans to increase coverage in all sections of the country.

The power utilized by NBC network stations in one year, amounting to 14,960,547 kilowatt hours, would also be sufficient to provide street lighting for the States of Wyoming, New Mexico, Nevada and Delaware for the year - with enough left over to operate 14,708 washing machines continuously for the same length of time.

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