

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY, INC.
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No. 1460

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WASHINGTON, D. C.

September 1, 1942.

WAY NOW SEEN CLEAR FOR U. S. EXPORT ADVERTISING

With the special ruling permitting the deductibility for Federal income tax purposes of expenditures for advertising and with radio and other advertising down in volume Corrie Cloyes, of the Department of Commerce in the FOREIGN COMMERCE WEEKLY calls attention to what he says is an unusual opportunity for manufacturers to resume their export advertising.

"Export advertising by United States manufacturers has taken a decided drop since the early part of this year," Mr. Cloyes writes. "One of the prime reasons for this has been a fear that good will or institutional type of advertising, on products unavailable for delivery, might be construed to be a means of reducing taxes.

"This fear has now been dissipated by the Treasury Department. In a special ruling, the Department endorses the use of export advertising within proper bounds. At the same time, it rules that such expenditures are deductible for Federal income-tax purposes. Announcement of these important rulings was made in a recent letter from John L. Sullivan, Assistant Secretary of the Treasury, to Nelson Rockefeller, Coordinator of Inter-American Affairs.

"With the tax deduction matter thus officially clarified, the way is open for a renewal by United States manufacturers of customary advertising schedules. That this should be done is evidenced by the estimated loss by publications and radio stations in the other Americas of approximately 40 percent of advertising revenue formerly received from United States firms. The revenue from advertising placed locally has declined 35 percent, and that from here approximately 5 percent. The latter is falling off at a rapidly increasing rate.

"Results of such a further decline would be:

"First, many friendly newspapers and radio stations might have to cease operation, thereby eliminating important avenues for conveying sales information to a great market.

"Second, many friendly newspapers and radio stations would no longer be able to afford the services of United States news-gathering associations.

"The Coordinator's office cites a few samples of advertisements appearing in the United States which are considered ideally adaptable for export use and which also strengthen the 'Good Neighbor

efforts. These include advertisements on Buick, Chevrolet, General Motors, Ford Motor Co., General Electric, Air Transport Association, Consolidated Aircraft, Martin Aircraft, North American United States Steel, Bethlehem Steel, Anaconda Copper, Aluminum Co. of America, United States Rubber Co., and Philco Corporation.

"An advertisement on Aeronca headlined 'Ode to Mr. Moto!' is given as a case in which an advertiser is already running duplicates of United States advertisements in the Spanish editions of Aero Digest. Other airplane manufacturers are reminded by the Office of Coordinator of Inter-American Affairs that 'when the war is over our capacity to produce planes will be so great that the export market will become a great battlefield for sales. It would seem that the airplane manufacturer who starts today to build a demand for his ship will have an outstanding lead over all competition. At least one of these great American manufacturers who starts today to build a demand for his ship will have an outstanding lead over all competition. At least one of these great American manufacturers should be preparing the Latin American market.'

"These manufacturers are further informed by Coordinator Rockefeller that the 'newspapers, radio stations, and business and trade publications in the Americas, with few exceptions, have been most friendly to us. These same publications and stations have been and must continue to be important media to you for the transmission of your sales messages to the consumers in the territories they serve.'"

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FCC HOLDS UP RADIOPHONE BAN

The Federal Communications Commission has postponed for a month the effective date of the order banning all non-government business or personal radio-telephone calls, outside the Western Hemisphere, except those to England.

The amended regulation: (1) No non-governmental business or personal radio-telephone call shall be made to or from any foreign point outside of the Western Hemisphere except England, unless such call is made in the interest of the United States or the United Nations and unless an agency of the United States Government sponsors such call and obtains prior approval therefor from the Office of Censorship; Provided, however, That this provision shall not apply to American press calls or radio broadcast programs, or to such other press calls and radio programs as may be specifically approved by the Office of Censorship.

(2) No calls of any nature, over the radiotelephone circuits under the jurisdiction of the United States, no matter where such calls may originate, unless sponsored and approved as provided in paragraph (1), shall be permitted to, from, or on behalf of, the following thirteen countries: Egypt, Finland, France, Iceland, Iran, Ireland, Latvia, Lithuania, Portugal, Spain, Sweden, Switzerland, and Turkey.

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(3) Personal calls other than those prohibited in the foregoing paragraphs may be completed between two points in the Western Hemisphere.

(4) All non-governmental point-to-point radiotelephone service between the United States and Australia be, and it is hereby, designated for termination and, effective midnight September 30, 1942, is terminated, except as to the transmission of duly authorized radiobroadcast programs.

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FTC QUERIES MORE CIGARETTE BROADCAST CLAIMS

American Cigarette and Cigar Co., Inc., manufacturer and distributor of "Pall Mall Cigarettes," and The American Tobacco Co., manufacturer and distributor of "Lucky Strike Cigarettes," are charged in complaints issued by the Federal Trade Commission with misrepresentation in the advertising of their cigarettes.

American Cigarette and Cigar Co., Inc., with offices in New York and its principal place of business at Durham, N. C., is charged with having disseminated in magazines, newspapers and by radio broadcasts and other means advertisements representing:

That finger stains of persons using Pall Mall cigarettes become much lighter or disappear completely when Pall Mall cigarettes are smoked exclusively; that it has been established as a scientific fact by independent research that with users of Pall Mall cigarettes there is noticeably less finger stain or no finger stain at all; that the throats of Pall Mall smokers are protected by Pall Malls.

In truth and in fact, the complaint charges, none of these representations is true.

The complaint further charges that Pall Mall cigarettes are manufactured in the United States and sold in packages referred to as "regular" Pall Mall and in cardboard boxes which are branded "Georges." On the container containing the regular brand under the wording "Pall Mall Famous Cigarettes" there appears a coat-of-arms with three crowned figures, similar in design, form and pattern to the coat-of-arms of the royal family of Great Britain and to other distinctively English coats-of-arms. Upon the face of the Pall Mall "Georges" container, in addition to the coat-of-arms, there appears another heraldic emblem displaying three crowns, and upon the inside lid of the cover of the container appears the following:

THE FAMOUS

P A L L M A L L

These famous cigarettes contain exclusively the finest grades of imported Turkish tobaccos. They constitute the original blend made in

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London and in the United States. Pall Mall Famous Cigarettes may be purchased at the principal clubs, hotels and cafes of the United States, France and England, on the Trans-Atlantic Steamship Lines and at

60 PALL MALL
LONDON, S.W. 1

The complaint charges that through use of these statements and depictions, and other similar representations not specifically set out, the respondent has represented that the cigarettes are of English origin and manufacture; that they have received the endorsement or seal of approval of the royal family of Great Britain or a member thereof; that the cigarettes are made in London, and that the respondent maintains a factory or store at 60 Pall Mall, London. All of these representations, the complaint continues, are false and misleading.

The American Tobacco Co., with its principal offices in New York, is engaged in the manufacture and processing of tobacco products, including cigarettes branded "Lucky Strikes," also known as "Luckies." In the conduct of its business, the complaint continues, the respondent has disseminated in magazines, newspapers and by radio broadcasts advertisements representing:

That Luckies are toasted; that among independent tobacco experts, buyers, auctioneers and warehousemen, Luckies have over twice as many exclusive smokers as have all other cigarettes combined; that Luckies are less irritating to the throat than are competing brands, because Luckies are toasted; that all of the tobacco used in Lucky Strike cigarettes is better and higher priced than the tobaccos used in competing brands of cigarettes; and that the respondent, for the manufacture of Luckies, buys the cream of the tobacco crop and the tobacco bought by the respondent for the manufacture of Luckies is better and higher priced than the tobacco used in the manufacture of competing brands.

In truth and in fact, the complaint charges, Luckies are not toasted; among independent tobacco experts, buyers, auctioneers and warehousemen, Lucky Strikes do not have twice as many exclusive smokers as have all other cigarettes combined; Luckies are not less acid than are other popular brands of cigarettes; other popular brands of cigarettes do not have an excess of acidity over Lucky Strikes of from 53 to 100 percent, nor any other percentage; Luckies are as irritating to the throat as are competing brands and do not offer throat protection and are not easy on the throat; the tobacco used in Lucky Strike cigarettes is not better and is no higher priced than are tobaccos used in competing brands; in smoking Luckies one does not have protection against throat irritation or against coughing; Luckies do not contain less nicotine than do competing brands of cigarettes, nor does the smoke from Luckies contain less nicotine than that of other brands; the American Tobacco Company for the manufacture of Luckies does not buy the cream of the tobacco crop and the tobacco bought by the respondent

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for the manufacture of Luckies is not better than and is no higher priced than is the tobacco used in the manufacture of competing brands of cigarettes; the tobacco used in the manufacture of Lucky Strikes is not made of lighter and finer tobacco than that used in the manufacture of competing brands; the leaf of the tobacco used in their manufacture is no milder than the leaf used in competing brands and the respondent pays no higher prices than do its competitors to obtain the finer, lighter and milder tobaccos; the better grades of tobacco are not purchased only by the respondent but are purchased also by the manufacturers of competing brands, and in general the representations made by the respondent and the implications and intendments thereof are inaccurate, deceptive, false and misleading.

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C O R R E C T I O N

In our release of August 28 in the story captioned "Senate Investigation of Petrillo Demanded", it was stated that the resolution demanding the investigation had been introduced by Senator Clark of Missouri. This was incorrect. The resolution was introduced by Senator D. Worth Clark, Democrat, of Idaho.

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DAILY RADIO COLUMN IS PAID SPACE

A new idea in radio promotion in Philadelphia has been advanced by WCAU, with the inauguration of a daily radio column, as paid advertising, in the Philadelphia Inquirer.

Titled "This Is Radio" and assembled by the station's publicity staff, the column maintains the news-room approach. Its items are not devoted exclusively to WCAU and CBS, but draw from the Mutual and the Red and Blue Networks, as well as from rival local studios.

In treatment of news, typography and general format it has the style and appearance of regular editorial copy, and already the station has received compliments for its new feature. With no Philadelphia newspaper running a daily column, WCAU believes that the reader interest inspired by its rather indirect promotional scheme will rebound not only to its own advantage, but to that of radio in general.

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The Bell Telephone Laboratories in New York City was among a group selected as meriting the Army-Navy Production Award.

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RADIO SENATE NOMINEE FACES STIFF ELECTION FIGHT

Apparently Foster May, in charge of special events at WOW, Omaha, who won the Democratic nomination for the U. S. Senate in Nebraska, defeating Representative Harry Coffee of that State, has a hard fight ahead of him. Mr. May is entirely a product of the radio. He has twice before been beaten for the Congressional nomination.

May is said to have the support of organized labor and was all out for Roosevelt and a platform to win the war. In an off year and with a light vote he polled about 40,000 ballots.

Another radio man from that state is Karl Stefan, of Norfolk, Neb., who was successively telegraph operator, reporter and radio news commentator.

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G.E. PUTS OUT TWO NEW RADIO TUBE CHECKERS

Two new radio tube checkers, one a portable model in a wood case with brown leatherette cover, the other a counter model enclosed in a metal case, grey in finish, have been announced by H. J. Mandernach of the Renewal Tube Sales Section, General Electric Radio, Television and Electronics Department, Bridgeport, Conn. They are available only on orders carrying at least an A-1-j preference rating.

These new tube checkers, known as Models TC3 and TC3P, will take care of all present tubes and any tubes that may be announced in the future. This is made possible through the use of a special switching system that provides any voltages that may be necessary to test the tubes. The instruments also provide a triple test for output and a thorough check for short.

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BLUE NET APPEAL BRINGS TEN MILLION IN BOND PLEDGES

An unparalleled example of direct selling over the radio was the feat of the Blue Network in its 7-hour, coast-to-coast program last Saturday night, obtaining \$10,666,000 in War bond pledged. The Treasury said that the final total of pledges would be much higher since the amount announced represented only pledges received during the broadcast period.

It was one of the most successful drives in the history of broadcasting. Among the stars contributing their talent were: Amos n' Andy, Orson Welles, Jane Cowl, Margo, Edward G. Robinson, Frank Black and the Symphony Orchestra, Meredith Willson, Fanny Brice, Bob Burns, Dinah Shore, Carl Sandburg and such "name" bands as Vincent Lopez, Tommy Tucker, Xavier Cugat, Glen Gray and Paul Whiteman.

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Station WMAL, the Blue Network outlet in Washington, obtained more than \$88,000. The largest single pledge by WMAL during the 7-hour performance by topflight radio stars was for a \$10,000 bond. There was one for \$5,000 and 23 for bonds of the \$1,000 denomination.

One man telephoned he was purchasing a bond in the name of his dog, and a woman stated that the appeal of Amos n' Andy convinced her she could stretch her budget to buy another certificate.

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STAGE HANDS ASK \$229 BILL FOR "COMMAND PERFORMANCE"

William Bennett, business agent of the Washington local of the Stage Hands' Union was said to have admitted that a bill for \$229 had been prepared for the services of stage hands who set up the "props" for the "command performance" broadcast at the National Theater in Washington, D. C., last Sunday night by a galaxy of Hollywood stars.

A check at the radio branch of the Bureau of Public Relations of the War Department, which arranges the command performances in co-operation with the Hollywood Victory Committee, failed to disclose whether the bill had been received there.

At any rate, it was said, the War Department has no funds with which to pay it.

At the War Department it was said that 28 of these command performances had been given previously but the only expense had been for materials used in recording the program for later radio broadcasting to America's fighting men in all parts of the globe.

Services of the Washington stagehands, it was learned, included the hanging and operation of backdrops, the placing and removing of chairs on the stage and the manipulation of stage lights.

The men worked at a rehearsal, it was said, and returned to repeat their activities at the regular show.

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MARINES EPIC AT SOLOMONS DESCRIBED BY EX-RADIO EXEC

One of the first news bulletins distributed by the Marine Corps under its new system of having action in the field described by experienced reporters in the service "fighting reporters" was an account of the Marines' landing in the Solomons by Sergt. James W. Hurlbut former publicity director for CBS Station WJSV in Washington. The story written by Mr. Hurlbut of action at Guadalcanal was released by the Navy Department.

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Sergt. Hurlbut, who served in the marines from 1933 to 1936, re-enlisted here last May 8, and eight days later "was out of the country," his wife Sue, an assistant statistician for the Labor Department, said at her home in Arlington, Va.

At the time of his re-enlistment he was lieutenant in the Arlington Company of the Virginia Protective Force, a civilian-military company. During the early days of newscasting, Sergt. Hurlbut did an 18-hour daily grind preparing Washington news for broadcast.

At the same time, he was doing public relations work as a sideline and eventually took over that assignment for the radio station. His earliest newspaper experience was with the circulation department of the Washington Post. Later he studied journalism at Northwestern University.

Mrs. Hurlbut knew nothing of her husband's location, she said until news releases of the Pacific victories disclosed him as one of the combat correspondents.

"Jimmie is extremely conscientious and in his letters never mentioned locales and customs of the natives for fear that I might be able to place him," she said.

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JOHN F. ROYAL WEDS ENGLISH STAR

John F. Royal, vice-president of the National Broadcasting Company, was married last Saturday to Leonora Corbett, star of Noel Coward's current stage play, "Blithe Spirit". The actress, born in England, came to the United States last year.

Mr. Royal, born in Cambridge, Mass. in 1886, began his theatrical career as a public relations man with B. F. Keith in Boston and became prominent as a Keith executive. He entered the radio business as vice president and general manager of Station WTAM at Cleveland.

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NATIONAL MUSIC CLUBS CONDEMN PETRILLO CURB

There was a flare-up in the music world when the National Federation of Music Clubs passed a resolution at Portland, Me., last Monday condemning James C. Petrillo, president of the American Federation of Musicians. Copies were forwarded by air mail to President Roosevelt and Mr. Petrillo.

Thirty-four state presidents present at the meeting also sent telegrams to the President.

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Mrs. Guy Patterson Gannett of Portland, Me., president of the music group, said the resolution and the telegrams were the first step "to arouse the full membership of 450,000 men and women of voting age in the organization to the gravity of the situation created by the Petrillo ban, and to seek their aid individually, as well as collectively, to have the ban removed."

The resolution read as follows:

"Be it resolved that the board of directors of the National Federation of Music Clubs condemn the ban placed by James C. Petrillo, president of the American Federation of Musicians, on recordings and urge its entire membership to express this condemnation and disapproval to the local unions on the ground that such a ban is detrimental to the morale of the nation at war, which needs the comfort and pleasure given by music in home and wherever recorded music is used.

"And, be it further resolved, that a copy of this resolution be immediately transmitted to the president of American Federation of Musicians, Mr. Petrillo, with the information that it represents the viewpoint of an organization composed of at least 450,000 citizens who regard Mr. Petrillo's action as the most serious blow thus far struck at American musical culture."

Following a report from San Francisco that Petrillo was trying to stop overseas broadcasting by KGEI, General Electric Pacific Coast short-wave outlet, Robert S. Peare, manager of the station said:

"As we understand the ban, it has no bearing on the programs of KGEI, which is a wholly non-commercial short wave station broadcasting, under the guidance of the Office of War Information, to the armed forces in the Pacific and peoples of Australia and the Orient.

"The announcement of the ban specifically exempted programs for soldiers and we have had the cooperation of unions in New York, St. Louis and other cities in arranging several outstanding programs recently.

"Recordings are a necessity for the overseas audience, as the time difference between the station and the audience is often as much as eleven hours."

Neville Miller, president of the National Association of Broadcasters, declared in New York that composers were feeling the effects of the Petrillo ban.

"So far as can be ascertained, not a single work completed after the recording ban went into effect has been published," Miller said, "and such works as have been accepted are being held back in the hope that the order will be rescinded."

"Consequently, the composer has already directly felt the first impacts of the ban."

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Union musicians who looked forward to making recordings for all or part of their compensation have been deprived of this source Miller added. He said the "detrimental effect upon the art of music and upon radio will be increasingly evident."

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ADVERTISING OFFICIALS ARE SURVEYED BY WOR

To determine the interest and needs of advertising executives in radio promotion and research, Paul Stewart & Associates following the plan developed by Joseph Creamer, Director of WOR's Promotion Department, arranged an independent research of advertising leaders. The group interviewed consisted of 35 selected agency executives and prominent advertising managers; among them were: J. M. Allen, Radio Director, Bristol-Myers Co.; Linnea Nelson, Radio Timebuyer, J. Walter Thompson; and Carlos Franco, Director of Station Relations, Young and Rubicam.

The interview questions were divided into three main parts: (1) In view of present conditions, what type of advertising and promotion do you feel a radio station should conduct in order to be of the greatest benefit to you? (2) What type of research should a radio station conduct at this time to be of the greatest benefit to you? (3) General comments and suggestions were sought as to station activity which could be indulged in during the war.

The answers were unanimous in decrying the absence of sufficient factual data. The value of good promotion was recognized, but it was contended that the material needed must be factual, local in color, dated, file-sized, and above all, concise. Most of the men interviewed were fed up with trick advertising; they criticized the preparation of costly material, said they were wearied by the regularity of promotional boasts minus the data to back the boast. In addition, they objected to the subtle knocking of competing stations.

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Many of industry's Fall promotional campaigns, scheduled to get under way next week, have been rescued at the last minute from sharp slashes, reports last week indicated, the New York Times said and the outlook for advertising is somewhat brighter than it was a few months back. In general, budgets are lower than those of a year ago, but the loss for the final four months of this year is not expected to exceed the 9 to 10 percent of the first eight months.

Of the four major media, radio made the best showing. There was a 7.5 per cent decline in newspaper lineage. Magazines were hit the hardest of these media, the loss running to about 13 per cent.

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