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BROADCAST ADVERTISING IN AUGUST

With the publication of the summaries for radio broadcast advertising volume in August, the second NAB Statistical Service report makes its appearance. Due to code bearings and to the NAB Convention, the report has been slightly delayed. It is expected that with the September report, it will become possible to present monthly summaries of radio broadcast advertising trends within thirty days after the collection of information from cooperating stations. Plans are also being made for the extension of the sample upon which the reports are based.

Advertising Trends in August

The total volume of broadcast advertising over national and regional networks and individual stations for the month of August is found in Table I:

TABLE I

TOTAL RADIO BROADCAST ADVERTISING VOLUME

Class of Business	1933 Gross Receipts		
	July	August	Cumulative July-August
National networks . . .	\$1,809,473.00	\$1,907,481.00	\$3,716,954.00
Regional networks . . .	16,069.00	32,262.00	48,331.00
Individual stations . . .	2,092,899.00	1,753,504.00	3,846,403.00
Total	\$3,918,441.00	\$3,693,247.00	\$7,611,688.00

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. 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.

Comparison with Other Media

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. August expenditures for leading advertising media are found in Table II:

TABLE II

ADVERTISING VOLUME MAJOR MEDIA

Advertising Medium	1933 Gross Receipts		
	July	August	Cumulative July-August
Radio broadcasting . .	\$3,918,441.00	\$3,693,247.00	\$7,611,688.00
National magazines ¹ . .	6,096,540.00	6,644,831.00	12,741,371.00
National farm papers . .	236,505.00	373,134.00	609,639.00
Newspapers ²	32,450,000.00	37,790,096.00	70,240,096.00
Total	\$42,701,486.00	\$48,501,308.00	\$91,202,794.00

¹ National magazine figures are on the basis of 108 periodicals, the summaries being prepared by Publishers' Information Bureau, Inc., from which national network and farm paper summaries also are secured. The magazine figure represents August monthlies, due to the method used by the Bureau.

² Newspaper money expenditures are based upon estimates made by the service.

Evaluation of Trends

Trends in broadcast advertising must be interpreted carefully if the correct conclusions are to be drawn from them. It must be remembered, in comparing radio with other media, that broadcast advertising did not show marked decline in volume until the year of 1932, by which time the older advertising media has experienced a severe curtailment in advertising revenue. Thus, through national network advertising revenue is but 31% behind its peak year, newspaper advertising is slightly more than 50% less than in the peak year of 1929.

The trend in individual station revenue during the month of August is probably seasonal in nature. In previous years national network advertising has declined to about 20% below the monthly average for the entire year during the August low point. This year the anticipation of improved business and probably a desire to secure choice time, has led to an increase rather than a decrease in August network advertising. Since local broadcast advertising has always tended to follow the lead of network advertising, it is quite probable that the usual seasonal phenomena are behind the August declines in individual station revenue.

Declines in revenue have been more marked on the part of the larger stations than with regard to the hundred-watt transmitters. There has also been a tendency toward a greater decrease in revenue in the eastern portion of the country as compared with other sections. The southern area has experienced very little decline, the mid-western district 10%, the Pacific and Mountain district 14%, and the middle-Atlantic-New England district approximately 30%. Individual station revenues by classes of stations and various geographical districts are found in Tables III and IV:

TABLE III

NON-NETWORK BROADCAST ADVERTISING BY POWER OF STATION

Power of Station	1933 Gross Receipts		
	July	August	Cumulative July-August
Over 5,000 watts	\$960,795.00	\$772,736.00	\$1,733,531.00
2,500-5,000 watts	288,980.00	224,241.00	513,221.00
250-1,000 watts	668,535.00	560,790.00	1,229,325.00
100 watts and under . .	174,589.00	195,737.00	370,326.00
Total	\$2,092,899.00	\$1,753,504.00	\$3,846,403.00

TABLE IV

NON-NETWORK BROADCAST ADVERTISING BY
GEOGRAPHICAL DISTRICTS

Geographical District	1933 Gross Receipts		
	July	August	Cumulative July-August
New England			
Middle Atlantic Area	\$589,655.00	\$410,002.00	\$999,657.00
South Atlantic			
South Central Area..	272,031.00	268,376.00	540,407.00
North Central Area..	712,529.00	640,115.00	1,352,644.00
Pacific and			
Mountain Area....	518,684.00	435,011.00	953,695.00
Total	\$2,092,899.00	\$1,753,504.00	\$3,846,403.00

Interesting trends with regard to national spot and local broadcast advertising are found in Tables V and VI, dealing with that phase of broadcast advertising.

While local broadcast advertising volume declined approximately 11.2%, national spot broadcast advertising declined approximately 26.9%. Particularly heavy declines were to be noted in live talent spot and spot announcements. The decline with regard to electrical transcriptions, live talent, and other forms of broadcasts sponsored by local advertisers has been comparatively uniform. In both the case of national spot and local broadcast advertising it would seem that it has been the smaller advertisers who have tended to discontinue broadcasting in the summer.

TABLE V

NON-NETWORK BROADCAST ADVERTISING BY
TYPE OF RENDITION

Type of Rendition	1933 Gross Receipts		
	July	August	Cumulative July-August
Elec. transcriptions..	\$322,896.00	\$262,601.00	\$585,497.00
Live talent programs..	933,580.00	818,607.00	1,752,187.00
Records	81,323.00	50,258.00	131,581.00
Spot announcements..	755,100.00	622,038.00	1,377,138.00
Total	\$2,092,899.00	\$1,753,504.00	\$3,846,403.00

TABLE VI

COMPARISON LOCAL AND NATIONAL SPOT
ADVERTISING BY TYPE OF RENDITION

(August, 1933)

Type of Rendition	Gross Receipts for Month		
	National Spot	Local	Total
Elec. transcriptions..	\$200,154.00	\$62,447.00	\$262,601.00
Live talent programs..	167,799.00	650,808.00	818,607.00
Records	3,299.00	46,959.00	50,258.00
Spot announcements..	176,272.00	445,766.00	622,038.00
Total	\$547,524.00	\$1,205,980.00	\$1,753,504.00

An increased volume of programs jointly sponsored by several companies is indicated in Table VII dealing with participations. It is particularly encouraging to note that the gain in this field has been principally with regard to live talent programs.

TABLE VII

PARTICIPATIONS OVER INDIVIDUAL STATIONS

	Gross Receipts		
	July	August	Cumulative July-August
Elec. transcriptions..	\$110.00	\$141.00	\$251.00
Live talent.....	60,610.00	67,708.00	128,318.00
Records	20,220.00	16,284.00	36,504.00
Total	\$80,940.00	\$85,133.00	\$166,073.00

The volume of broadcast advertising in August sponsored by various industrial groups is to be found in Table VIII, while a similar analysis of national spot and local broadcast advertising volume over individual stations is presented in Table IX.

TABLE VIII

RADIO BROADCAST ADVERTISING VOLUME BY TYPE OF SPONSORING BUSINESS

(August, 1933)

Type of Sponsoring Business	Gross receipts for Month			Total
	National Network	Regional Network	Individual Stations	
1a. Amusements	—	\$150.00	\$83,547.00	\$83,697.00
1-2. Automobiles and accessories:				
(1) Automobiles	\$199,098.00	—	91,581.00	290,679.00
(2) Accessories, gas and oils	272,977.00	13,102.00	129,770.00	415,849.00
3. Clothing and apparel	5,232.00	900.00	115,065.00	121,197.00
4-5. Drugs and toilet goods:				
(4) Drugs and pharmaceuticals	86,114.00	450.00	128,244.00	214,808.00
(5) Toilet goods	284,550.00	—	125,586.00	410,136.00
6-8. Food products:				
(6) Foodstuffs	364,254.00	7,693.00	271,000.00	642,947.00
(7) Beverages	220,101.00	—	69,200.00	289,301.00
(8) Confections	5,311.00	—	32,457.00	37,768.00
9-10. Household goods:				
(9) Household equipment and furniture	37,680.00	891.00	87,917.00	126,488.00
(10) Soap and kitchen supplies	75,291.00	3,890.00	65,799.00	144,980.00
11. Insurance and financial	88,713.00	808.00	46,723.00	136,244.00
12. Radios	45,601.00	—	5,783.00	51,384.00
13. Retail establishments	—	3,003.00	113,815.00	116,818.00
14. Tobacco products	186,875.00	—	2,587.00	189,462.00
15. Miscellaneous	35,684.00	1,375.00	384,430.00	421,489.00
Total	\$1,907,481.00	\$32,262.00	\$1,753,504.00	\$3,693,247.00

TABLE IX
NON-NETWORK BROADCAST ADVERTISING BY TYPE OF SPONSORING BUSINESS
(August, 1933)

<i>Type of Sponsoring Program</i>	<i>Gross Receipts for Month</i>		
	<i>National Spot</i>	<i>Local</i>	<i>Total</i>
1a. Amusements	\$1,451.00	\$82,096.00	\$83,547.00
1-2. Automobiles and accessories:			
(1) Automobiles	44,726.00	46,855.00	91,581.00
(2) Accessories, gasoline and oil	67,158.00	62,612.00	129,770.00
3. Clothing and apparel	5,384.00	109,681.00	115,065.00
4-5. Drugs and toilet goods:			
(4) Drugs and pharmaceuticals	48,340.00	79,904.00	128,244.00
(5) Toilet goods	100,451.00	25,135.00	125,586.00
6-8. Food products:			
(6) Foodstuffs	95,440.00	175,560.00	271,000.00
(7) Beverages	25,609.00	43,591.00	69,200.00
(8) Confectionery	17,961.00	14,496.00	32,457.00
9-10. Household goods:			
(9) Household equipment and furniture	16,046.00	71,871.00	87,917.00
(10) Soap and kitchen supplies	41,170.00	24,629.00	65,799.00
11. Insurance and financial	4,846.00	41,877.00	46,723.00
12. Radios	3,375.00	2,408.00	5,783.00
13. Retail establishments	6,752.00	107,063.00	113,815.00
14. Tobacco products	1,295.00	1,292.00	2,587.00
15. Miscellaneous	67,520.00	316,910.00	384,430.00
Total	\$547,524.00	\$1,205,980.00	\$1,753,504.00

In connection with the industrial tables, a new classification, that of amusements, is to be noted. This attains some prominence in the individual station field, though it is of little significance in network advertising.

Several important trends should be noted with regard to the sponsorship of radio broadcast advertising by various industrial groups. Automobile advertising over the radio has increased slightly more than one-third over the previous month. This has been due entirely to increased network advertising, with regard to which the automobile industry's expenditures more than doubled as compared to July. National spot automobile business declined slightly less than 10%, while local advertising remained practically the same as in the previous month. Total accessory and gasoline advertising declined approximately 9% as compared with July, while national network advertising in this field increased approximately 11%.

Clothing and apparel advertising declined uniformly, as would be expected at this time of the year. Drug and pharmaceutical advertising over national networks declined approximately 51%, national spot volume showing a similar drop. Local advertising in this field held its own as compared with July. Toilet goods and food advertising remained comparatively steady, with national network food advertising increasing 10% and slight declines occurring in the national spot and local fields. National spot beverage advertising increased considerably, as did local confectionery advertising, the former increasing approximately 39%.

National network advertising of household equipment showed marked increases over July, expenditures of this group increasing more than 60%. Some declines were experienced in individual station business in this field. Soaps and household supplies tended to hold their own, while financial advertising showed a slight decline. Radio advertising declined, while retail advertising dropped 37%, due undoubtedly to seasonal influences.

Of particular interest is a 13% increase in tobacco advertising over national networks. It would seem that after the ruinous price wars of last spring, cigarette manufacturers were coming to realize that radio is too potent a medium for mass sales to be dispensed with for any length of time.

Another new aspect of the monthly reports is to be found in Table X, which segregates for the first time retail broadcast advertising from other local advertising. It is interesting to note that during August retail advertising accounted for about 51% of the total locally sponsored broadcast advertising volume. Of the total retail advertising, department stores accounted for 18.7%, clothing and apparel shops for 16.8%, grocery and food establishments 15.3%, drug stores 11.6%, gasoline stations, garages and similar establishments 9.8%.

TABLE X
RETAIL ADVERTISING OVER INDIVIDUAL STATIONS
(August, 1933)

<i>Type of Sponsoring Business</i>	<i>Gross Receipts for Month</i>
Automobiles and accessories:	
Automobile agencies and used car dealers	\$38,237.00
Gasoline stations, garages, etc.	60,393.00
Clothing and apparel shops	102,850.00
Drugs and toilet goods:	
Drug stores	71,016.00
Beauty parlors	913.00
Food products:	
Grocery stores, meat markets, etc.	93,664.00
Restaurants and eating places ¹	24,969.00
Beverage retailers	963.00
Confectionery stores, etc.	5,086.00
Household goods:	
General housefurnishing establishments	1,848.00
Household equipment retailers ²	25,116.00
Furniture stores	38,148.00
Hardware stores	7,038.00
Radio retailers	2,249.00
Department and general stores	113,815.00
Tobacco shops	939.00
Miscellaneous	25,382.00
Total	\$611,606.00

¹ Exclusive of hotels.

² Such as electric refrigerators, oil burners, sweepers, furnaces and the like.

General Business Conditions

Business developments since the high peak of July have shown conflicting tendencies which make the determination of any clear-cut trend impossible. Business activity has declined to slightly less than 80% of the 1923-1925 level after having practically reached the 100% mark in July. Productive activity has shown an 8% decrease in August as compared with the previous month, while some slight further recessions have occurred since then. Freight car loadings also declined, contrary to the usual seasonal trend, being 6% below the previous month. Though public works enter-

prices have increased general building and construction, private construction still remains 21% less than in 1932.

Encouragement is to be found in the estimated reemployment of an additional 750,000 workers during the month of August, representing a 6.5% increase in factory employment and an 11.6% increase in total factory payrolls. It also is estimated by the Department of Agriculture that about \$1,000,000,000 has been added to the purchasing power of the American farm market by the increased prices for agricultural products.

Department store sales increased 10% over July, reaching 77% of the 1923-1925 average, and attaining the greatest volume since April, 1932. Part of this increased business, however, is merely the result of higher prices, retail prices having increased approximately 8% in August. Dollar sales were 20% above August, 1932, but 13% below August, 1931. Mail order company sales advanced in August to a point 19% below those of last year and 6% below August, 1931.

Commodity prices have risen more slowly during recent weeks than during the first rapid upswing earlier in the summer. According to Fairchild's Index, retail prices increased 8.4% during August, and on September 1 stood at 19% above May and 12% above the

same period of 1932. Retail food prices held even in August, but have gained in the neighborhood of 35% since January, 1933. The cost of living increased 2.3% in August, according to the National Industrial Conference Board, and now stands 7.6% above the low for the year. Open market operations of the Federal Reserve Banks have resulted in an unprecedented growth of bank reserves but these do not seem to be finding their way into the community in the way of actual increases in credit accommodations. New issues in the capital market remain insignificant.

While the cross currents found in business today are typical of the first stages of a recovery period, attention cannot help but be focused upon the basic problem of the immediate future—the further increase of mass purchasing power at a rate faster than advancing prices. This is of extreme interest to the broadcaster from two aspects; upon the success of this undertaking depends any resumption of business at all. Unless a resumption of mass purchasing power takes place sufficient to make possible the resumed consumption of the non-necessities which loom so large in American production today, there can be little hope for a permanently increased business tempo, or of a consequent protracted rise in advertising volume.