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BROADCAST ADVERTISING (Third Quarter, 1934)

Comparison with Previous Periods

Total broadcast advertising during the third quarter of the current year amounted to \$12,880,442. Revenues were 31.6% below those of the previous quarter. This decline approximates the usual seasonal trend at this time of the year. The 42.1% drop in national spot volume, however, exceeds the usual seasonal decrease.

Completion of the current quarter's figures makes possible the first comparison of a quarterly period for two consecutive years on the part of the broadcasting industry.

Broadcast advertising for the third quarter of 1934 was 10.2% greater in volume than during the same period of 1933. The situation with regard to various portions of the broadcasting structure is indicated in Table I.

TABLE I
TOTAL BROADCAST ADVERTISING VOLUME
(July-September, 1934)

<i>Class of Business</i>	<i>Gross Receipts</i>	<i>Percentage Increase or Decrease as Compared with 1933</i>
National networks	\$7,304,237	+ 25.4%
Regional networks	133,581	+114.5%
National spot business	2,147,775	+ 10.8%
Local broadcast advertising....	3,294,849	- 12.0%
Total	\$12,880,442	+ 10.2%

The gain on the part of national spot advertising would have been greater had it not been for the abnormally severe decline in business of this type during the quarter.

Local broadcast advertising has been the only form of broadcast advertising to decline as compared with the same period of 1933. The failure of small business and retail trade to improve materially during the intervening months is most probably the cause for the decline.

Comparison with Other Media

The increase in national magazine advertising as compared with the third quarter of 1933 was 19.8%, a smaller gain than that experienced by the national networks, which constitute their radio counterpart. Farm paper advertising registered a gain of 26.4% over the same period of last year. Newspaper, lineage rose but 0.9%, again exhibiting the same tendency shown by local broadcast advertising.

Trends in Non-Network Advertising

No very definite trends have been revealed in the field of station power with the exception of a slight tendency for the regional stations, 250-1,000 watts in power, to fare better than other classes.

With regard to geographical districts, the Pacific-Mountain area and the New England-Middle Atlantic district have shown the greatest gains over the corresponding period of last year. Revenues of the former area were 44.5% above the third quarter of 1933, while those of the eastern section were 35.6% greater than during the same portion of last year.

Middle Western broadcast advertising increased 7.8% as against the same period of the preceding year, while, following a marked increase during a portion of 1933, broadcast advertising in the South declined materially.

Trends as to Type of Rendition

Electrical transcription volume was 2.0% greater than during the third quarter of 1933, while live talent volume rose 2.6%. On the other hand, record volume decreased 48.1% and spot announcement business declined 14.0%.

The significance of these trends becomes more evident when totals are broken down by national spot and local broadcast advertising. In the national spot field electrical transcription volume was 1.2% less than during the same period of last year. Spot announcement volume was 17.6% less, while the small amount of record programs in this field shrank materially. In striking comparison to these trends is the 46.4% rise in live talent spot.

In the local field electrical transcriptions gained 11.8%, live talent dropped off 14.1% as compared with the third quarter of 1933, record volume showed a decrease of 34.4% and spot announcements of 17.9%. It seems clear that it has been the smaller retailer, especially, who has been forced to curtail his broadcast advertising.

Trends in Broadcasting Sponsorship

A comparison of broadcast advertising sponsorship during the third quarter of the years 1934 and 1933 show marked changes. In the national network field there has been a marked increase in pharmaceutical and cosmetic advertising, both of these classes more than doubling in volume as compared with the same period of the preceding year. Cosmetic advertising was second only to the general food group during the period.

Other shifts of importance include a marked gain in clothing advertising over national networks, a marked rise in soap and kitchen supply advertising, a decrease in automotive broadcasting sponsorship, and a decline in tobacco advertising.

In the individual station field, other changes of interest have occurred. Beverage advertising has increased 36.5% as against last year, due mainly to a doubling in national spot volume. Household equipment advertising has risen 22.9%. Increased local volume is responsible principally for the increase. Tobacco advertising has increased 43.6%, due to a greater use of national spot broadcasting by some of the smaller tobacco companies. Radio set advertising also has increased materially.

Decreases have occurred in several fields. Non-network cosmetic advertising is only half as much as during the third quarter of 1933, declining national spot volume being the principal cause. Automotive advertising has dropped off 17.9%, both national spot and local volume decreasing. Department and general store advertising has decreased 9.3% as against the same period of last year. Non-network confectionery advertising declined materially due to national spot decreases.

The relative gain or loss of advertising volume during the third quarter of 1934 as compared with the preceding year on the part of various industrial groups is found in Table II.

TABLE II

COMPARATIVE DEGREE OF BROADCAST ADVERTISING BY PRINCIPAL INDUSTRIAL GROUPS DURING THIRD QUARTER 1933 AND 1934

Type of Sponsoring Business	Percentage increase or decrease in time sales	
	National Networks	Non-network Business
1a. Amusements	—	+ 5.0%
1-2. Automobiles and accessories:		
(1) Automobiles	— 27.6%	—17.9%
(2) Accessories, gas and oils	+ 4.2%	— 1.0%
3. Clothing and apparel	+133.3%	+ 6.3%
4-5. Drugs and toilet goods:		
(4) Drugs and pharma- ceuticals	+105.5%	+10.0%
(5) Toilet goods	+105.7%	—52.8%
6-8. Food products:		
(6) Foodstuffs	+ 31.0%	+ 2.0%
(7) Beverages	(no change)	+36.5%
(8) Confections	— 10.0%	—76.6%
9-10. Household goods:		
(9) Household equipment and furnishings	— 21.3%	+22.9%
(10) Soaps and kitchen supplies	+ 87.5%	+ 2.3%
11. Insurance and financial	— 18.7%	—12.0%
12. Radios	— 16.1%	+45.1%
13. Retail establishments	—	— 9.3%
14. Tobacco products	— 61.8%	+43.6%
15. Miscellaneous	+ 23.1%	— 6.4%
Total	+ 25.4%	— 4.1%