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Analysis of 1949 Radio-TV Advertising

NET REVENUES from the sale of broadcast time in 1949 reached an estimated \$429 million. Total net time sales* increased a flat 3% over the previous year, in spite of a lot of scare talk about recession.

The three per cent gain should be compared with a gain of 11.4% in 1948.

It was a year of the jitters, in radio and elsewhere, but, like most other business, radio wound up 1949 with an excellent revenue picture.

On a dollar volume basis the year's increase represented more than \$12 million. It should be remembered, however, that 1949 was a year of expanding television revenue, and some advertisers were putting cash on the line for television shows, expensive ones, and radio's cash receipts were bound to show the effects of that new development.

The 3% increase in net time sales is the smallest percent gain in revenues of any year since the war's end. But 1949 was a year in which other indices of business prosperity dropped off sharply, especially during the summer and early fall. It was a year that

| TV ADVERTISING EXPENDITURES, 1949 | |
|-----------------------------------|---------------------|
| Network | \$9,900,000 |
| Spot | 8,600,000 |
| Local | 6,250,000 |
| TOTAL | \$24,750,000 |

showed a marked rise in unemployment, and a general feeling of insecurity among businessmen.

Time salesmen, like salesmen in many other lines, reported a definite return of a buyers market, and the going was at times pretty tough for many stations.

The \$429 million figure doesn't tell the whole story of the radio revenue picture by any means. Receipts from the sale of talent and other sources are hard to estimate on a sample basis. Past experience would indicate that these receipts

*Net time sales represent gross billings less frequency and promotional discounts and therefore comprise the gross receipts of the medium from the sale of time in all categories. These receipts are before deduction of agency commissions which are considered an expense of sales.

Editor's note: Statistical material in the BROADCASTING Business Index is derived from data gathered in an extensive, nationwide sample of all classes of stations. Methods employed are those developed and applied by BROADCASTING with marked accuracy for the past 15 years and were founded upon the formula originally developed by Dr. Herman S. Hettinger, nationally-known economist specializing in the radio field. Statistical data was audited by the firm of Sinrod & Tash, Washington certified public accountants, which turned over to BROADCASTING only weighted averages in each station and business category, in conformity with the canons of the American Institute of Certified Public Accountants.

TABLE I
RADIO NET TIME SALES 1948-1949

| Class of Business | 1948 | % Total | 1949 (Estimated) | % Total |
|------------------------------------|----------------------|--------------|----------------------|--------------|
| National Network | \$133,723,096 | 32.1 | \$127,590,000 | 29.8 |
| Regional & Miscellaneous Networks* | 7,329,255 | 1.7 | 7,500,000 | 1.8 |
| National & Regional Non-Network | 104,759,761 | 25.1 | 112,000,000 | 26.2 |
| Local | 170,908,165 | 41.1 | 181,900,000 | 42.2 |
| TOTAL | \$416,720,279 | 100.0 | \$428,990,000 | 100.0 |

*Includes miscellaneous network and stations.

would total about \$22 million, bringing the total of radio's gross revenues to \$451 million. Add to this an estimated \$77 million spent by advertisers for talent and programs on their own account, and the 1949 expenditures for advertising total of \$528 million.

One of the significant developments of the first half-century has been the advent of radio and its growth to the most widespread medium of entertainment, education and enjoyment the world has ever known. Consequently, in the United States it has also become one of the most effective advertising media known to businessmen. Since its faltering beginning in the early '20's, radio has grown by leaps and bounds, until now it is well on its way to a \$500 million net time sales total.

Broadcast advertising is a widening picture now, with the development of television. It is proper to consider television's great potential as an advertising medium as an outgrowth of radio. Where television will stop, no one dares to predict, but it is reasonable to assume that the combined forcefulness of radio and television will attract many millions more in advertising dollars within the next decade.

TV Development

With a full two years of rapid commercial television development

ing. Another \$8,600,000 was spent by spot advertisers on television, and the remaining \$6,250,000 was spent in television by local advertisers!

There is no doubt that a fair portion of this \$25 million is new money to broadcasting. Surveys among advertisers have shown that for the most part, television budgets are an additional appropriation, rather than a deduction from AM appropriations.

Trends Within Radio (Table II)

Local advertising is still the bed-rock of the radio revenue picture, but national non-network (spot) advertising showed the biggest gain in 1949. Its 7% gain barely exceeded the 6.4% gain in local advertising. Spot advertising was an excellent source of revenue this year, largely because it is a flexible way to use radio. In a year when many businessmen were anxious to avoid long-term commitments, spot advertising became a handy short-run medium, used extensively to promote new car models, foods and beer and wine.

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