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in the Broadcast Media

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Advertising in the Broadcast Media

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Cunningham and Root, Inc., Los Angeles

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Preface

Radio and television commercials are familiar to everyone, but the operations of the complex industry that produce them are not very visible to, or well understood by, those outside the business. This textbook is designed to provide a broad overview of a multibillion dollar industry and, at the same time, to explore some of the detailed workings of the business in depth. The book is divided into four sections. The first section traces the history of broadcast advertising and the structure of the modern-day industry. The role of advertisers in the growth of radio and television is a fascinating one, and the changing complexion of this role over the years is examined both from its effect on broadcasting and on the public. What has evolved is a complex group of interdependent businesses that provide programing to audiences and audiences to advertisers.

The second portion of this text is concerned primarily with specific procedures for developing broadcast advertising campaigns. The determination of advertising objectives, the role of marketing research, and the complexities of media planning are all explored. The creative process, often undisciplined but critically important, is analyzed in terms of objectives, formats, emotional appeals, and presentation techniques built into the commercials. Procedures for producing commercials and the subsequent evaluation process are examined in great detail. A number of case studies are included as examples of the various aspects of campaign development.

Buying and selling time is the focus of the third section of this book, which is prefaced by a thorough analysis of audience research methodologies on which most buys are predicated. Because buying procedures can vary, depending on marketing needs, broadcast sales are examined at the network, spot, and local levels.

The controversies and criticisms surrounding radio and television advertising led to the development of the fourth section of this text, Social Responsibility. The discussion of truth in advertising, an elusive subject, forms the foundation for examining the regulation of broadcast advertising by both governmental entities and a number of self-regulatory groups. Two especially controversial subjects are explored in the last chapters, Advertising to Children and Political Advertising.

This text is designed for all those who want to expand their knowledge of all components in the broadcast advertising industry. The book is informal in many respects, but it has been very carefully researched. The lengthy acknowledgments reflect that each of the chapters has been read by several professionals specializing in particular subject areas. As a result of this extensive research and professional review, the authors hope that the reader will find the text both accurate in detail and enjoyable to read.

Contents

ONE **Introduction to the Broadcast Advertising 3**
1 Radio Advertising to 1946 5
2 Broadcast Advertising Since 1946 25
3 Structure of the Broadcast Advertising Industry 41

TWO **Campaign Development 61**
4 Objectives, Strategies, and Positioning 63
5 Marketing Research 75
6 Media Planning 85
7 Creative Planning 97
8 Talent 121
9 Producing Commercials 133
10 Evaluating Commercials 153

THREE **Buying and Selling Time 169**
11 Audience Research 171
12 Network Sales 203
13 Spot Sales 215
14 Local Sales 233

FOUR **Social Responsibility 241**
15 Truth in Advertising 243
16 Government Regulation 257
17 Self-regulation 279
18 Advertising to Children 307
19 Political Advertising 325

Bibliography 341
Index 343

Advertising in the Broadcast Media

Although this book lists only two authors, the people who made important contributions to its content and form number more than seventy. At the beginning of each part, we list those people who shared their expertise with us. Colleagues at San Diego State University offered contributions, critiques, and encouragement. Many thanks to a fine group of friends: **Hayes L. Anderson, K. Charles Jameson, Joseph S. Johnson, Kenneth K. Jones, Robert E. Lee, Roy P. Madsen, Donald R. Martin, Thomas C. Meador, Robert** A. **Misiorowski,** and **Donald G. Wylie.**

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Introduction to Broadcast Advertising

ONE

Radio Advertising to 1946

And Now a Word from Our Sponsor

1

It was the second year of the war in Europe, and national attention was turning to events abroad. The British liner *Lusitania* had been sunk by a German submarine off the coast of Ireland, and 1,200 people, including many Americans, were lost. President Wilson and the American people were increasingly concerned about the possible involvement of the United States in the European war.

At about the same time, and almost unnoticed by the public, a series of inventions were emerging that would soon revolutionize twentieth-century communications. Of the few researchers directly involved in communications development, one was a young man who wrote the following memo to his superiors at the American Marconi Company:

> I have in mind a plan of development which would make radio a "house-hold utility" in the same sense as the piano or phonograph. The idea is to bring music into the home by wireless.
>
> While this has been tried in the past by wires, it has been a failure because wires do not lend themselves to this scheme. With radio, however, it would be entirely feasible. . . .
>
> The "Radio Music Box" can be supplied with amplifying tubes and a loud-speaking telephone, all of which can be neatly mounted in one box. The box can be placed on a table in the parlor or living room, the switch set accordingly and the music received. There should be no difficulty in receiving music perfectly when transmitted within a radius of 25 to 50 miles. . . .
>
> The same principle can be extended to numerous other fields as, for example, receiving lectures at home which can be made perfectly audible; also, events of national importance can be simultaneously announced and received. Baseball scores can be transmitted in the air by the use of one set installed at the Polo Grounds. The same would be true of other cities. This proposition would be especially interesting to farmers and others in outlying districts removed from cities. By the purchase of a "Radio Music Box" they could enjoy concerts, lectures, music, recitals, etc. which may be going on in the nearest city within their radius.
>
> While I have indicated a few of the most probable fields of usefulness for such a device, yet there are numerous other fields to which the principle can be extended.[1]

A young man named David Sarnoff wrote this memo in 1915. As a youngster, he had emigrated with his family from Russia to New York City. He had taught himself the Morse telegraphy code, and as a wireless operator, Sarnoff had picked up the news of the *Titanic* sea disaster in early 1912. For 72 hours he stayed at his New York listening post receiving and relaying the names of survivors. In so doing, he helped to prove the tremendous value of the wireless. His farsighted dreams, reflected in the above memo, were considered harebrained by his superiors. One day, however, this brash and ambitious young man

[1]Eugene Lyons, *David Sarnoff* (New York: Harper & Row, 1966), p. 71.

would become chairman of the board of an enormous communications conglomerate—the Radio Corporation of America (RCA).

Early Years of Radio

Ever since the youthful Guglielmo Marconi had conducted experiments with Hertzian waves on his father's estate in Italy in the mid-1890s, the *wireless* had been the object of fascination, aspiration, and avarice. In the wake of Marconi, early experimenters in several countries built receivers and transmitters to pursue a grand obsession. In the United States, Dr. Lee De Forest led the way with a dedication that approached the evangelical. He invented a significant improvement in the vacuum tube, called the "Audion," which he patented in 1906. Over the next few years, more radio inventions were patented. The struggle was on among those who wanted to monopolize the new medium. "Patent wars" were still raging when the earliest radio stations in the United States went on the air. American Marconi, Westinghouse, General Electric, American Telephone and Telegraph, and other corporations were anxious to seize the initiative and the profits that this new invention promised, although most of these firms were interested in point-to-point rather than broadcast communications. Manufacturing equipment for both sending and receiving signals loomed as a lucrative enterprise for these ambitious corporations. Sarnoff was confident of the profit potential and predicted that his "music boxes" would sell 100,000 in the first year, 300,000 in the second year, and 600,000 in the third year. Few were of the same opinion, feeling that such a service would never pay. As it later turned out, Sarnoff underestimated. The public response was tremendous. (In 1922, 100,000 receivers were sold; in 1923, more than a half-million were bought, and by 1924, the figure climbed to one-and-a-half million.[2]) At an estimated retail price of $75 each, there was potential gold in the ether.

[2]Curtis Mitchell, *Cavalcade of Broadcasting* (Chicago: Follett, 1970), p. 79.

In 1919, Westinghouse engineers established an experimental radio station in East Pittsburgh in the garage of their assistant chief engineer, Dr. Frank Conrad. After all the primitive gear was built and installed, occasional broadcasts began. Dr. Conrad, to his surprise, soon discovered that hundreds of amateur radio buffs were listening in. To test the equipment, he read from newspapers and played phonograph records. His listeners complained that they were tired of the same old records. Couldn't he play something new? America's first disc jockey, admonished by radio's first critics, was offered some new records if he would announce that they came from the Hamilton Music Store in Wilkinsburg.

Dr. Conrad, who began to regularly announce upcoming "broadcasts" (the first use of the term), informed his listeners that the station, now called KDKA and controlled by Westinghouse, would cover the biggest news event of the year—the returns of the 1920 Presidential election battle between Warren G. Harding and James M. Cox. In a Pittsburgh newspaper, a local department store advertised the sale of "Amateur Wireless Sets" for those who wanted to listen to the returns on KDKA. The broadcast attracted wide attention (though a limited audience), and Westinghouse realized it had stumbled onto a potential bonanza.

By the end of 1920, thirty broadcasting stations were on the air, although they only broadcast music and talk for a few hours a day. Licenses for these stations were issued by the Secretary of Commerce under the Radio Act of 1912. By the end of 1922, more than 400 stations were in operation. They sprang up across the country, built and financed by newspapers, churches, universities, department stores, hotels, and the big radio receiver manufacturers. Difficult as it may be to believe, all these stations were assigned by the government to operate at 833.3 kilocycles, which was the only wave length allocated to "news, lectures, entertainment, etc." (Other frequencies were used by the military, ship-to-ship, ship-to-shore, and so on.) As the stations proliferated, so did the problems. The early gentlemen's agreements, whereby stations in the same general area each took their turn on the

assigned frequency, soon degenerated into bickering as stations randomly increased power and changed their hours of broadcast. The listener at home often heard only a jumble of radio signals. The chaos on the air finally forced the government to act and reassign stations to other wave lengths.

Who Will Pay the Bill?

During the early 1920s the Department of Commerce was responsible for licensing stations. That department, the Congress, and the small but growing radio industry discussed the need for new regulatory legislation to replace the outmoded 1912 act. Several National Radio Congresses were held, called by Secretary of Commerce Herbert Hoover. "How will radio be financed?" was a question that was asked with greater and greater urgency. Even though the first stations had been little more than engineering experiments, they were dedicated to exploring all the potentialities of the new medium. As equipment and personnel costs began to rise as broadcasting continued, the question of financial support had to be answered.

Many observers felt that the primary function of the stations was to promote the sale of home receivers. At first, when only a few stations were around, manufacturers and retailers were happy to support them, for if there were no stations, why would anyone buy a receiver? With more stations and more money required, some industry leaders suggested establishing a charitable foundation, endowed by public-spirited men of wealth. Others proposed plans to seek donations from listeners. KHB in Kansas City established an imaginary theatre and sold "tickets" to listeners in an effort to meet the station's expenses. Other stations copied the idea. Sarnoff proposed a levy on the sale of radio equipment. The proceeds would be administered, not by the government, but by the radio industry itself; the revenues would be dedicated to funding the nation's stations.

In 1926, England resolved its financing problems with the creation of a government radio monopoly. It was financed by an annual tax levied on each radio receiver. Many thought this scheme should be copied in the United States, but others, fearful of government control, opposed it forcefully.

The concept of a radio service wholly supported by advertisers was barely considered. In 1922, at the first of several National Radio Congresses, Secretary Hoover had dismissed such an idea when he declared, "It is inconceivable that we should allow so great a possibility for service to be drowned in advertising chatter."[3]

In the meantime, the 500-plus stations across the country were basking in an unprecedented popularity. Radio was a major topic of conversation, and audiences eagerly absorbed whatever was sent their way. To be able to hear music and voices coming from a box in the parlor created an excitement that soon became epidemic. Finding talent at this stage of radio's development was no problem—but accommodating all the would-be performers was. Singers, actors, and musicians, prompted by stories of radio performances that had turned unknown Cinderellas into celebrities, were anxious to perform. No one was paid, and cross-town travel, make-shift studios, and unreliable equipment did not deter them. Still, for the radio station operators, costs of equipment and regular personnel steadily increased. A way had to be found to pay the bill.

WEAF and Toll Broadcasting

In 1922, American Telephone and Telegraph Company (AT&T) put a station on the air in New York City. WEAF, one of the most important and interesting of the early radio stations, soon announced that it would "rent" time at the rate of $100 for ten minutes. The station believed that *continuous* broadcasting could perform a service akin to toll long-distance telephone service. (Indeed, WEAF was run by the "long lines"

[3]Herbert Hoover, *The Memoirs of Herbert Hoover: The Cabinet and the Presidency, 1920–1933* (New York: Macmillan, 1952), p. 140.

or long distance arm of AT&T.) The station would be available to anyone who wanted to communicate something and had the money to pay the bill. The station's first *sponsored* program was broadcast on August 28, 1922. H. M. Blackwell, a real estate salesman, spoke for ten minutes on the glorious living awaiting new residents in the Queensboro apartments in Jackson Heights, New York. Time charges were $50. The pitch went like this:

> The cry of the heart is for more living room, more opportunity to get near the Mother Earth, to play, to romp, to plant, to dig. . . . Get away from the solid masses of brick where children grow up starved for a run over a patch of grass and sight of a tree. Apartments in congested parts of the city have proven failures . . . but imagine a city apartment lifted bodily to the middle of a large garden within twenty minutes' travel to the city's business center. . . .[4]

There has been considerable debate about the claim of credit for the first commercial broadcast. Scholars report that the *Jersey Journal* paid $50 for one hour of time, from midnight to 1:00 A.M. to issue greetings on New Year's Day, 1922, to listeners of WAAT, in Newark, New Jersey.[5] Station WGAZ, now WSBT, in South Bend, Indiana, claims it carried the first commercial program on July 3, 1922, when the Ries Furniture Company sponsored a musical program.[6]

The WEAF broadcast generated the greatest interest, however, not only because of the station's location in the nation's largest city, but also because of its unique "toll concept." But its money problems were by no means solved. Two months after the Jackson Heights broadcast, WEAF had sold just three hours of air time for only $550.[7]

[4]Gleason L. Archer, *History of Radio: To 1926* (New York: American Historical Society, 1938), pp. 397–98.

[5]E. P. J. Shurick, *The First Quarter-Century of American Broadcasting* (Kansas City, Mo.: Midland, 1946), p. 176.

[6]*Broadcasting,* October 16, 1972, p. 32.

[7]William Peck Banning, *Commercial Broadcasting Pioneer, The WEAF Experiment, 1922–1926* (Cambridge, Mass.: Harvard University Press, 1946), p. 90.

Early Advertisers Give Radio a Try

Advertisers approached the new medium with uncertainty and some trepidation. Gillette sponsored a talk on fashions in beards and moustaches, and a toothpaste company and a greeting card company presented talks closely associated with their respective products. A department store sponsored a fashion talk show, and later branched into home furnishings. The beautiful movie queen, Marion Davies, talked about "How I Make Up for the Movies." Her studio was afraid that her image would be sullied by a commercial radio appearance, but her sponsor—Mineralava, the manufacturer of a facial mudpack—was delighted. Miss Davies' broadcast promise of an autographed picture brought in 15,000 requests.

Early forays of radio stations into advertising were carefully watched and often condemned soundly by the early trade publications that sprang up to serve the industry. *Radio Broadcast Magazine* carried an article in 1922 which decried:

> Driblets of advertising, most of it indirect so far, to be sure, but still unmistakable, are flitting through the ether every day. Concerts are seasoned here and there with a dash of advertising paprika. . . . More of this sort of thing may be expected. And once the avalanche gets a good start, nothing short of an Act of Congress will suffice to stop it.[8]

Radio took on more ambitious projects. Both political conventions of 1924 were broadcast. Church services, tennis matches, prize fights, and the World Series were covered, and President Harding became the first Chief Executive to have a speech broadcast on the radio. As time went by, weekly presentations replaced the one-time broadcasts, and the new format quickly proved to be an audience pleaser.

Advertisers became increasingly curious about the potential of the new medium and began to buy more and more radio time. The most popular programs were *fully sponsored* (no one had thought of selling

[8]*Radio Broadcast Magazine,* November 1922, p. 76.

time on a spot announcement basis), and the program title, talent, and sponsor were tightly entwined. The Great Atlantic & Pacific Tea Company brought listeners *The A&P Gypsies* on WEAF in 1923, and this musical series became a great favorite. Vaudevillians, like Billy Jones and Ernie Hare, radio's first superstars, were known as the Happiness Boys. No one forgot their sponsor was the Happiness Candy Company. (Later they also doubled as *The Best Foods Boys* and as the *Interwoven Pair* for Interwoven Socks.)

Radio listeners heard the *Ipana Troubadours,* the *Champion Sparkers,* the *Cliquot Club Eskimos,* and a host of others. The program formats, such as they were, could be labeled variety shows at best and amateur hours at worst. Throughout the 1920s, however, very few shows were sponsored. Most of the programs were "sustaining"—that is, presented by the station on an unsponsored basis. Radio was a novelty, and audiences were easy to please. But the performers weren't. Particularly popular ones were getting restive. They knew they were loved by their audiences, and yet they were not paid. As performers received some modest payments little by little, discussions of how to support radio became more urgent.

The Hoover Method

Advertising on radio met with opposition from many sectors, but it soon became evident to both government and the industry that advertisers were the only ones prepared to foot the bill. Earlier schemes for financing died from lack of support or from the sheer weight of their impracticability. The debate now centered on what form advertising should take: should it be *direct* and hawk products and prices, or should it be *indirect* and merely identify the sponsor? Government officials greatly favored this latter "institutional" advertising plan, and in 1922, Secretary of Commerce Hoover proposed that the sponsor would be mentioned at the beginning and the end of the program. There would be no commercials within the program; indeed, there would be no commercials at all.

The "Hoover Method" won little support, and the broadcasters watched the successes of advertisers who were "renting" time on WEAF with increasing interest. In a few years, the station was in the black. As this practice spread to other stations, the common policy was to confine advertising to the indirect form. Product pitches and price quotations were not permitted. The advertiser was supposed to be content with having his name included in the program title and with the "good will" the sponsorship generated.

Audiences were becoming more discriminating. The days of amateur talent, newspapers read over the air, and repeated playings of phonograph records were passing by the late 1920s. Program fare of this nature had lasted a long time, but listeners came to expect professional entertainment. Stations in small and medium-sized cities soon exhausted their supplies of good talent and were hard pressed to provide new programs to their listeners. Big city stations were luckier. The ones in New York City were envied for their vast programing resources. At the same time, some early radio advertisers were realizing the vast potential of the medium. Many of them enjoyed national distribution of their products, and they hoped that the territory covered by their radio programs would be extended.

The Networks Are Launched

Local stations needed to find better programing and advertisers wanted to reach national audiences. These goals were met when the National Broadcasting Company (NBC), a subsidiary of the rich and powerful Radio Corporation of America, was formed in 1926. NBC started with 26 stations (WEAF was the flagship), purchased from AT&T. A year later, a competitor was organized, the Columbia Phonograph Broadcasting System, with an interconnection of 16 stations. (Phonograph was later dropped from the name.) NBC's new competitor was formed from an earlier, unsuccessful network, the United Independent Broadcasters. It was faltering when the wealthy Paley family, which owned the Congress Cigar Company, invested in Columbia. Young William

S. Paley, advertising manager for La Palina Cigars, had been impressed with radio's power as an advertising medium, and he became network president in 1928.

Both NBC and CBS were headquartered in New York City, and the number of their affiliates increased rapidly. NBC was so successful that a second network was established in 1927. Its "red" network operated out of WEAF, and the "blue" from WJZ, New York City. Years later, in 1943, under an order from the Federal Communications Commission supported by the Supreme Court, Sarnoff sold the "blue" network. The price tag was $8 million, and the network was renamed the American Broadcasting Company.

In 1927, it was estimated that only five million of the twenty-one million homes in the United States were equipped with radios.[9] It seemed certain that enormous profits lay ahead for the manufacturers of home receivers. The public could be counted on to pay the bill because the excitement that surrounded the new medium was irresistible. It would not be duplicated until the advent of television.

The networks, unsure of themselves and concerned with their public image, were at first reluctant to experiment with program material. Programs were ceremonial rather than creative, and announcers were selected for their perfect elocution. A rule at NBC required staff announcers to wear tuxedos after 6:00 P.M. Advertising was brief, sedate, and strictly controlled; many taboos had to be respected; advertisers keyed their messages to some rather stuffy classical and semiclassical music programs. Listeners could hear the *Maxwell House Hour,* the *Palmolive Hour,* and the *General Motors Family Party. The Eveready Hour* and *Wrigley Review* presented somewhat lighter entertainment.

The Radio Act of 1927

After long debate and compromise, Congress passed the Radio Act of 1927—an act that finally brought a semblance of order to a disorganized and poorly regulated industry. The legislation established the Federal Radio Commission (FRC), and authorized a bipartisan commission of five men to grant broadcasting licenses for one-year periods. Its purpose was to "Maintain control of the United States over all channels," and permitted the licensing of stations, "but not the Ownership thereof." The airwaves belonged to the public. The act made almost no mention of network operations, yet the industry buzzed with speculation and gossip about the new "chains."

The new law made it clear that Congress had no interest in adopting the British system of levying a tax on home receivers. In America, the financing of radio would be left to the free enterprise system. Initially, regulations on advertising were scant. The 1927 law merely stated that programs must be "announced as paid for or furnished, as the case may be, by such person, firm, company, or corporation."

Most of the 700 stations then on the air were still noncommercial, or carried very few sponsored programs, but the trend was obviously to follow the lead of the successful time-selling stations. Network affiliates, numbering less than 100, were meeting some of their expenses with network payments. At first, NBC paid its affiliates $30 per hour for sponsored evening programing, and later this was raised to $50. On the other hand, the network always charged its affiliates for unsponsored or sustaining programs that they used, at the rate of $90 per hour of evening programing. Later this charge was decreased to $50, but the affiliates still complained.[10]

At the local level, stations without network affiliations functioned largely as promotion vehicles for their owners, who had other, more important business affairs. Radio was often a secondary interest to the licensees. But as some of the larger unaffiliated independent stations achieved some success in selling time to advertisers, many other stations were prompted to copy the practice. Radio advertising and the new networks also got a big boost from major companies that used

[9]Shurick, *The First Quarter-Century of American Broadcasting,* p. 165.

[10]Erik Barnouw, *The Golden Web,* vol. 2 in *A History of Broadcasting in the United States,* 3 vols. (New York: Oxford University Press, 1968), p. 57.

the new medium in their national advertising campaigns. Their success convinced the more conservative local advertisers to try radio. In many cities, local merchants juggled their advertising budgets so they could sponsor local radio programs. Many newspapers, seeing their advertising revenues cut, responded with hostility. They eliminated radio listings from their pages and declared that programs would not be listed unless stations paid for advertising space. Most stations refused. The boycott had little effect beyond displeasing the public, and it soon collapsed.

Advertising Agencies as Program Suppliers

Working independently, the networks found it difficult to fill every hour with quality programs. Advertising agencies could provide better programing in many cases because they concentrated on just a few shows. So more and more, the agencies were relied on to supply programs to the networks. As the networks prospered, advertisers pressed for even more control of the programs they sponsored and

1.1 Purina Chow Checkerboard Boys

John Jones bought some Checkerboard Chows,
to feed to his hens and his cows.
His troubles all ceased, as his profits increased,

Complete the limerick, folks, and send it in! More than 1,000 did, and the sponsor, Purina Mills, was greatly satisfied. In the late 1920s, local advertisers tried the new "audible advertising." Through trial and error they discovered the likes of radio listeners.

On WLS, Chicago, Purina Mills sponsored *The Checkerboard Good Morning Hour,* which ran for half an hour at 6:30 every morning except Sunday.* The target audience was livestock and poultry men, farmers who rose early to feed the stock and return to the farmhouse for breakfast accompanied by some radio entertainment. The Four Checkerboard Boys sang, offered a guitar-harmonica combination, delivered weather reports, time checks, and the latest trends from the stock and grain markets. It was a jolly mixture of entertainment and information, and a happy sponsor sold tons of livestock and poultry feeds.

Photograph courtesy of the Broadcast Pioneers Library, Washington, D.C.

Broadcast Advertising, March 1930, p. 14.

the commercial messages they presented. Gradually, the realities of a competitive marketplace changed the nature of radio commercials from well-mannered statements of program sponsorship to plugs for specific products. The trend was accelerated as the major advertising agencies got more and more involved in network program production. Clients were anxious to have their broadcast circulation match their product distribution. At the same time, they asserted what they considered to be their right in controlling program content.

Because clients were their livelihood, advertising agencies strove to meet their advertisers' marketing needs through top-notch programs. Soon, a handful of large advertising agencies were producing the most popular network programs. They had gained financial and creative control over a major portion of network programing. And on the local level, affiliates simply broadcast what was fed to them.

NAB's First Code of Ethics

The National Association of Broadcasters (NAB), which was first organized in 1922, became increasingly apprehensive as the Federal Radio Commission threatened new regulation. There was plenty to worry about. Some outrageous hucksters had invaded the airwaves, peddling worthless patent medicines. To make matters worse, radio was

1.2 Code of Ethics of the National Association of Broadcasters 1929

1. Recognizing that the radio audience includes persons of all ages and all types of political, social and religious belief, every broadcaster will endeavor to prevent the broadcasting of any matter which would commonly be regarded as offensive.

2. When the facilities of a broadcaster are used by others than the owner, the broadcaster shall ascertain the financial responsibility and character of such client, that no dishonest, fraudulent or dangerous person, firm or organization may gain access to the radio audience.

3. Matter which is barred from the mails as fraudulent, deceptive or obscene shall not be broadcast.

4. Every broadcaster shall exercise great caution in accepting any advertising matter regarding products or services which may be injurious to health.

5. No broadcaster shall permit the broadcasting of advertising statements or claims which he knows or believes to be false, deceptive, or grossly exaggerated.

6. Every broadcaster shall strictly follow the provisions of the Radio Act of 1927 regarding the clear identification of sponsored or paid-for material.

7. Care shall be taken to prevent the broadcasting of statements derogatory to other stations, to individuals or to competing products or services, except where the law specifically provides that the station has no right of censorship.

8. Where charges of violation of any article of the Code of Ethics of the National Association of Broadcasters are filed in writing with the managing director, the Board of Directors shall investigate such charges and notify the station of its findings.

a. There should be a decided difference between what might be broadcast before 6:00 P.M. and what might be broadcast after that hour. The time before 6:00 P.M. was declared to be included in the "business day," and it was decided that at least part of it might be devoted to programs of a business nature. After 6:00 P.M. time is for recreation and relaxation, therefore commercial programs should be of the good-will type.

b. Commercial announcements, as the term is generally understood, should not be broadcast between 7:00 and 11:00 P.M.

c. The client's business and product should be mentioned sufficiently to insure an adequate return on his investment, but never to the extent that it loses listeners to the station.*

*Subsections a, b, and c in Section 8 were intended to clarify the Code of Ethics; they were issued along with the Code in 1929.

plagued with some hysterical clergymen and a number of other zealots who preached racism and their own brand of political extremism. Criticism from the public and from government regulators mounted, and the broadcasters were determined to do their own housecleaning before the government stepped in.

The NAB's first Code of Ethics was developed in 1929 (see box 1.2). This simple document, a first attempt at self-regulation, would be revised and expanded many times in the years to come. Several of the provisions in the Code dealt with advertising matters. Deceptive and false advertising messages were not to be broadcast, and sponsored programs were to be clearly identified in accordance with the law. Commercial announcements were banned between 7:00 and 11:00 P.M., because these were not "business hours." This provision didn't last long, however. Many broadcasters simply ignored it; others did not belong to the NAB or subscribe to the Code.

Radio Advertising Through the Great Depression

By the time the stock market crashed in 1929, CBS had 47 affiliates and NBC had 58. Most of the programs were variety and popular music shows. Dramatic programs made their debut, and this "theatre of the mind" added tremendous new excitement to the medium. *The Eveready Hour* and *True Story,* sponsored by Macfadden Publications, were only two of a slowly growing list of commercial dramatic productions in the early 1930s. Competition between the networks stiffened as they increased the number of affiliates and the size of their staffs. By 1931, CBS employed about 400 people, and NBC's two networks had a staff of about 1900.[11]

[11]Mitchell, *Cavalcade of Broadcasting,* p. 112.

The radio industry held its own through the first dreadful years of the depression. The networks and many stations, in fact, were prospering. Welfare workers reported that destitute families gave up cars, major appliances—anything to their creditors, but not the radio. After purchase of a receiver, radio was, unlike other entertainment, "free." It provided an escape, an hour of entertainment, a vicarious experience that lifted the listener above what seemed to be a hopeless economic bust. People still had to eat and clothe themselves, and more and more advertisers discovered radio's tremendous power to sell. The decorum that had originally surrounded the commercial message was quickly losing ground to shouting announcers. In 1933, NBC finally capitulated on the content of advertising and announced:

> We believe that the interests of the listener, the client and the broadcasters are best served under our American system of broadcasting by frankly recognizing the part that each plays in its development. With this thought in mind, and after long consideration, the company has decided to alter its policy with reference to the mention of price in commercial announcements.[12]

Through its advertising agency, Lord and Thomas (which later became Foote, Cone & Belding), Pepsodent sponsored the nation's most popular radio program, *Amos 'n' Andy.* This fifteen-minute serial was broadcast on NBC at 7:00 P.M. each evening, and the nation virtually came to a halt just to hear the latest antics of these two blackface characters. Freeman Gosden and Charles Correll brought a chuckle to a depression-weary public. *Amos 'n' Andy* became a national institution, and Pepsodent toothpaste sales tripled.

Another Lord and Thomas client was the American Tobacco Company, headed by the eccentric George Washington Hill. He and Albert D. Lasker, the president of the advertising agency, made quite a pair. Both were brash, ambitious men, with a genius for marketing. Hill had spent $19,000,000 in advertising in 1931, and he had ambitions of doubling the market for Lucky Strike cigarettes by inducing women to

[12]Erik Barnouw, *A Tower in Babel,* vol. 1 in *A History of Broadcasting in the United States,* 3 vols. (New York: Oxford University Press, 1966), p. 238.

smoke. The message was designed to appeal to every woman who ever tried dieting: "Reach for a Lucky instead of a sweet!" In print ads, a beautiful young thing appeared transfixed as she stared at the cigarette of her boyfriend. "Blow Some My Way" captioned the ad. A year later, Lucky Strike was number one in sales. Hill and Lasker believed in hard sell. Their radio commercials for Cremo cigars in the early 1930s featured an announcer who thundered, "There is no spit in Cremo!"

Lasker's agency and a dozen others virtually controlled network programing during the 1930s. The agencies had established radio departments, and many talented executives and production experts left network employment for the higher salaries offered by the agencies. The networks merely went through a formality in accepting the programs they produced. With few exceptions, the major agencies turned out inoffensive, "formula" shows that were designed for mass appeal to build the largest possible audiences for the clients' sales messages.

The agencies prospered because they collected 15 percent of the time costs on the network. In 1931, for example, an hour on NBC cost an advertiser $10,000. In addition to the regular commission of $1,500, the agencies had succeeded in establishing another commission. The client also paid 15 percent on all talent and production charges, which might run from $4,000 to $6,000 a week. Wealth and power accrued to the advertising agencies. The networks and stations were quite satisfied with the arrangement, and so were the agencies' clients. Listening levels were high, and audiences rewarded the sponsors in the marketplace.

Transcribed Commercials Boost Spot Sales

Although electrical transcriptions had been developed in 1929, until the mid-1930s most of the commercials heard on radio were delivered *live*. All network programing, in fact, was live. It meant networks and stations had to maintain an expensive stable of actors and musicians for a wide variety of programs and commercials.

Cecil Widdifield, an executive at Schwimmer & Scott Advertising Agency, urged the advertising industry to record commercials on discs.[13] The advantages were obvious. Commericals could have as many production elements as the advertiser wanted without the cost of maintaining talent for each broadcast. The quality could be strictly controlled; mistakes could be eliminated. The practice opened up vast new possibilities for advertising on a *spot* basis. An advertiser could now use the precious twenty seconds between popular network programs by purchasing time from affiliated stations. The national advertiser could also buy time on popular independent stations, or tailor time purchases to fit product distribution or specific marketing needs. Advertisers soon learned that putting their commercials on "wax" was much cheaper and still efficient. (Audio tape was unknown in radio until the late 1940s.)

The practice of using discs was obviously a shot in the arm to station sales and to the new national representative firms that sprang up. The first such sales organization was Free and Sleininger, Inc., which subsequently became Free & Peters, Inc., and then Peters, Griffin, Woodward. These *rep firms*, located in major advertising centers, represented stations scattered across the country. Their sales efforts brought new business to the broadcasters, and made the business of buying time on local stations infinitely easier for the advertising agencies.

New Service Companies

Companies set up to measure the size of the listening audience provided a much needed service to networks, stations, and advertisers. The days of inexpensive production were gone; advertisers needed to know if their investments were going to pay off.

A company established by Archibald M. Crossley was the first to provide estimates of audience size in terms of ratings. (In a general sense,

[13]Shurick, *The First Quarter-Century of American Broadcasting*, p. 173.

the word *ratings* refers to estimating audience size for a given program as a percent of the total *potential* audience.) Later, C. E. Hooper's "Hooperatings" dominated radio measurements from the mid-1930s until the end of the 1940s. Both companies used telephone interviewers, and respondents were asked to identify the program and stations they were listening to at the time of the call. Fan mail was also analyzed, and door-to-door interviewing techniques were used. A market research firm, the A. C. Nielsen Company, branched into audience measurements in the 1930s. With a mechanical device called an *Audimeter,* attached to a radio receiver, the use and actual tuning of radios in sample homes was measured.

Other businesses sprang up to serve both radio and advertising. With

1.3 Just Send Your Name and Address and the Top from a Box of . . .

Sponsors constantly sought reassurance that people were listening and responding to their programs. They prodded the advertising agencies to "prove" the success of their sponsorships, and premiums turned out to be a perfect answer. A simple promise of a free gift—in return for some proof that the listener had purchased a product—generated an impressive number of requests. If the premium was particularly attractive, the response was sometimes almost beyond belief.

When Mutual's homey characters, *Lum and Abner,* offered a "newspaper" from their mythical home town, Pine Ridge, Arkansas, more than 400,000 requests were received. Lever Bros. mailed out more than 800,000 sewing kits after listeners of their soap opera *Big Sister* were told they could have one for ten cents and a Rinso boxtop.

Premiums were popular on children's programs, too. For a box top, a young listener could get a picture of Little Orphan Annie, a Tom Mix Periscope Ring, a Red Ryder Lariat, a Sergeant Preston Totem Pole, a Jack Armstrong Magnesium Parachute Ball, a Lone Ranger Sheriff's Badge, and a host of other childhood goodies that often ended up being nothing for something.

Kate Smith's sponsor offered a picture of this rotund and most popular singer and received 45,000 cigar bands. (She was chosen by the sponsor in the early 1930s because they were sure she would attract a male audience and, at the same time, not make women listeners jealous.)

Photograph courtesy of the Broadcast Pioneers Library, Washington, D.C.

the increased use of disc transcriptions, independent producers and transcription services produced programs for advertisers and stations. The programs were often syndicated and constituted an attractive buy for advertisers whose product distribution did not coincide with network coverage. Recording companies serviced the producers by dubbing the programs on 16-inch discs. Talent agents prospered. There had been a stampede of performers to radio from the dying vaudeville circuits, and these talent agents represented their clients to the radio industry. Unions were few, but there was increasing interest in organizing various groups of radio employees. Trade associations were also formed. The major trade organization, the National Association of Broadcasters, functioned primarily as a representative of the radio industry in its battle with the American Society of Composers, Authors, and Publishers (ASCAP). This music licensing organization insisted that the radio industry pay its members. Their music would not be free to radio broadcasters; a price would have to be negotiated, and it finally was.

The Communications Act of 1934

Although advertisers and their agencies were prospering from radio broadcasting, the inadequacies of the Radio Act of 1927 were clear to the industry, the new Roosevelt Administration, and to Congress in the early 1930s. The House and Senate debated proposals for new legislation. The administration wanted telephone regulation transferred from the Interstate Commerce Commission and combined with broadcasting in a new communications commission.

With talk of a new broadcasting law, educators and other special interest groups mobilized. They had seen a tremendous potential outlet for public education slip through their fingers and into the hands of commercial broadcasters. In the early and grim depression years, many stations established by educational organizations either closed or were sold. Now, the special interest groups proposed to Congress a plan whereby all station licenses would be declared null and void after enactment of a new law. A new commission would then accept applications for broadcasting station licenses and reserve 25 percent of the channels for educational, religious, agricultural, labor, cooperative, and similar nonprofit-making associations. The fight was on as the broadcasters rallied to save their stations. A flood of propaganda was issued against the "self-seeking reformers" who threatened radio with their "powerful lobby." Educators have rarely come out on top in a head-to-head confrontation with commercial interests, and this battle proved no exception.

Congress passed the Communications Act of 1934 and instructed the new regulatory body to schedule hearings and consider proposals on educational broadcasting. Many of the provisions of the 1927 Act were incorporated in the new law. Telephone jurisdiction was transferred to the new Federal Communications Commission (FCC), and the five seats on the Commission were expanded to seven. The changes made little impact on the broadcaster. It was a victory for the status quo, and the approximately 600 commercial broadcasting stations could now once again return to their programing and profit concerns.

Network Program Fare

By 1938, 40 million radios could be tuned in across America. More than 700 stations were on the air and advertisers were investing $150 million annually in radio sponsorships.[14] Major network customers were drugs, foods, soaps, and tobaccos. Prime time, of course, was during the evening when the family gathered in the living room around the beloved "piece of talking furniture." Comedy was king, and the vaudevillians who had migrated to radio basked in unprecedented popularity. Bob Hope, Jack Benny, Edgar Bergen and Charlie McCarthy, George Burns and Gracie Allen, Fibber McGee and Molly, and Bing Crosby regaled their listeners with glib dialogue, the hyperbole of situa-

[14] *Broadcasting Yearbook 1939*, p. 11.

tion, and a series of hilariously funny exchanges between rival comedians. Bob Hope traded one-liners with Bing Crosby, Charlie McCarthy exchanged insults with W. C. Fields, and the Jack Benny–Fred Allen repartee went on for years.

Contests and quiz shows cropped up, as did a variety of stunt shows involving members of the studio audience. The willingness of people to make fools of themselves before a listening audience of millions generated a number of highly successful programs.

1.4 The All-American Boy

Wheaties, the Breakfast of Champions, was synonymous with one of radio's most popular and successful heroes—Jack Armstrong, the All-American Boy. Beginning in 1933, this adventure series sponsored by General Mills kept both youngsters and adults in a perpetual state of suspense as Jack and his buddies encountered baffling mysteries and imminent danger, and then executed nick-of-time escapes. They always caught the culprits.

During Jack's 18-year run on network radio, he aged only 9 years, 17 to 26. In his latter years, he was a clever sleuth who worked for the "Scientific Bureau of Investigation," but his "growing up" didn't help the lagging program ratings. General Mills, which owned Jack body and soul, quietly retired him from the airwaves in 1951.

No listener could forget Jack's loyalty to Hudson High and his favorite breakfast cereal. The program theme song went like this:

Photograph courtesy of General Mills, Inc.

Wave the flag for Hudson High, boys,
Show them how we stand!
Ever shall our team be champion,
Known throughout the land!
Rah Rah Boola Boola Boola Boola
Boola Boola Boola Rah Rah Rah.
Have your tried *Wheaties*?
They're whole wheat with all of the bran.
Won't you try *Wheaties,*
For wheat is the best food of man.
They're crispy, they're crunchy,
The whole year through.
Jack Armstrong never tires of them
And neither will you.
So just buy *Wheaties*
The best breakfast food in the land!

Calumet Baking Powder sponsored *We, the People,* which put together anecdotes, oddities, and unusual stories. Apparently the pathos of an orphan boy put up for adoption on the program was not considered a breach of good taste.

Dramatic programs, such as the *Lux Radio Theatre, First Nighter,* and *Grand Central Station* brought radio dramas to millions of fans. Sponsors specified that they were to be unsophisticated and sentimental presentations. *The Columbia Workshop* and the *Du Pont Cavalcade of America* broadcast outstanding works by a number of distinguished dramatic writers. (Du Pont's public-spirited sponsorship may have been motivated in part by a desire to reverse its image as a munitions profiteer.) Although the more serious programs received modest ratings, the networks aired them because they were somewhat sensitive to criticisms of "pap" programing.

All the programs on CBS and NBC were live. Only sound effects could be *canned,* or prerecorded, and in many instances a repeat performance was required three hours later for the West Coast audience. The Mutual Broadcasting System, which permitted recordings, was considered a second-rate network when it began in 1934. Although it had expanded to nationwide coverage with 38 affiliates by 1936,

1.5 Serials and Soaps

The gentle humorist James Thurber recollected daytime serials as:

> . . . a kind of sandwich, whose recipe is simple enough, although it took years to compound. Between thick slices of advertising spread twelve minutes of dialogue, add predicament, villainy, and female suffering in equal measure, throw in a dash of nobility, sprinkle with tears, season with organ music, cover with a rich announcer sauce, and serve five times a week.*

In the 1930s, daytime serials became firmly entrenched in radio program schedules. These continuing dramas filled the network hours with unending tales of family trauma. Housewives loved the programs and so did advertisers. A relatively small cast was needed, and since the Hammond organ had usurped the position of network musicians, production costs were reasonably low. Because so many soap manufacturers found these fifteen-minute serials an excellent way to reach their customers, the programs were soon dubbed *soap operas.* Almost 40 sponsored serials filled the airwaves by the end of 1938. By 1940 and 1941, the average network station devoted five hours each weekday to soap operas.†

Many of the most popular "soaps" originated from the offices of Frank and Ann Hummert, a stern, Victorian husband-and-wife team who led a troop of anonymous writers in grinding out the scripts. Every week, the Hummert "factory" produced more than a dozen fifteen-minute programs for airing Monday through Friday, including favorites like *John's Other Wife, Just Plain Bill, Our Gal Sunday, The Romance of Helen Trent, Young Widder Brown,* and *Backstage Wife.* It was a fairly simple matter to identify the program with the sponsor, for commercials were sometimes cleverly integrated into the program. The characters in their dialogues would "digress" into accolades about the sponsor's product. All in all, audience loyalty to both the advertisers and the programs was remarkable. Probably the all-time favorite was "Oxydol's own *Ma Perkins,*" that venerable lady of the soapwaves. The series was launched in 1933 and millions of women followed every tribulation until the final note of organ music faded from the ether 27 years later.

*Copr. © 1948 James Thurber. From *Soapland,* in *The Beast in Me—and Other Animals,* published by Harcourt Brace Jovanovich. Originally printed in *The New Yorker.*

†Francis Chase, Jr., *Sound and Fury: An Informal History of Broadcasting,* (New York: Harper & Brothers, 1942), p. 178.

Mutual was still unable to compete for top talent with the two established giants.

By the late 1930s, the radio industry had profited from its experiences and its mistakes. Executives knew what would succeed; the formula had been proved. Presentation was more important than content, for it was not *what* was done but *how* it was done that counted. Audiences were listening to every conceivable program format—music, comedy, drama, amateur hours, talks, quiz shows, women's programs, children's shows, and a host of "gimmick shows." What was clear to the industry as it developed through the 1930s was the paramount importance of the "personality." In the one-dimensional (listening) medium, the talent who became stars were invariably the ones whose personalities transcended the limitations of sound without sight. It did not matter whether the "personality" was a comedian, musician, or dramatic actor. He or she had to be able to communicate in the most human terms to a far flung, disparate and unseen audience. Readers may shake their heads in disbelief at the involvement between the listener and the characters on radio, but in the 1930s radio was a favorite pastime. It whisked its listeners, who were trapped in a depression and later a war, to an imaginary world of exciting adventures. A happy ending was assured. Perhaps those years represented less sophisticated times; the listener thought of his radio favorites as real flesh and blood people, not as the fabrication of an imaginative scriptwriter.

Sponsors at both network and local levels sought the "right" program for their selling messages. It was not an easy task. Developing an attractive show, negotiating a price and a time slot on the network or station, promoting the program to audiences, and building sponsor-program identification could not be accomplished overnight. The most popular network programs had crawled up the ratings ladder over a period of years. Tough competition on the other networks in a particular time period could make the task of establishing a new program almost impossible. It was often a risky business.

Although comedy was clearly the most popular program fare, radio advertising in these years was remarkably humorless. Selling was

"... and speaking of the rights of free peoples, my friends, how many of us want to be free from those annoying symptoms of a cold, that tickle in the nose, that hacking cough—well ..."

Drawing by P. Barlow; © 1941, 1969 The New Yorker Magazine, Inc.

serious business. Most commercials were straight-announcer pitches, replete with glowing adjectives and rather unnatural phrasing. (Nobody really talked like that!) Dramatized commercials were more popular because of listener involvement and because of the creative possibilities. Fels-Naphtha Soap was one of the first sponsors to use this "playlet" form by developing a long, drawn-out story about a rich uncle who gave his niece a cottage. If she could keep it spotless and prove her housekeeping skills, he would leave her his estate. She did,

of course, with the help of Fels-Naphtha Soap, and lived happily ever after in her uncle's mansion.[15] As the years went by, commercials became a bit more sophisticated, but not much. Advertisers considered subtlety and selling incompatible. Although their self-bought words of praise included extravagant product claims, the government and the radio industry at this time did not worry whether these claims could be substantiated. There were more important things to worry about; the national attention was turning to events in Europe.

[15]Charles Hull Wolfe, *Modern Radio Advertising* (New York: Funk & Wagnalls, 1949), p. 638.

Radio Goes to War

As the German high command secretly plotted for war, the disturbing events in Europe were absorbing the attention of the American press more and more. The networks had expanded their news organizations

1.6 Sing When You Sell!

On network radio, Arthur Godfrey warbled:

"Light up a *Cremo*,
a mellow mild *Cremo*,
a winning smoke by far.
You can search every clime,
but at three for a dime,
you can't beat a *Cremo* Cigar!"

Every kid on the block could sing along to this one:

"*Cream of Wheat* is so good to eat,
Yes, we have it every day.
And sing this song:
'It will make us strong,
and it makes us shout HURRAY!
It's good for growing babies
And grownups, too, to eat.
For all the family's breakfast
You can't beat *Cream of Wheat*!' "

The shampoo companies set to music these ditties:

"Dream girl, dream girl,
Beautiful *Lustre Creme* girl.
You owe your crowning glory to . . .
A *Lustre Creme* Shampoo."

"*Halo*, everybody, *Halo*.
Halo is the shampoo that glorifies your hair.
Halo, everybody, *Halo*.
So *Halo* shampoo, *Halo*!"

A male singer crooned:

"*Royal . . . Pudding*.
Rich, rich, rich with flavor,
Smooth, smooth, smooth as silk
More food energy than sweet, fresh milk!"

in Europe in order to gather the news firsthand. News broadcasts, which had never attracted many sponsors, now found eager advertisers waiting to buy these highly rated programs. After the outbreak of World War II, many station owners feared that the government would take over their stations. But instead, the stations were asked to abide by self-censorship, discontinue any ad lib programs or unrehearsed man-in-the-street interviews, abolish weather reports (because the data might be helpful to the enemy), and to cooperate with the government in the dissemination of information and what amounted to domestic propaganda.

The boom was really on now. The public held radio in high esteem for its outstanding reporting of war news and for the quality and quantity of entertainment. In 1940, there were 50 million radios in use and advertisers were spending more than $200 million in time buys on the nation's 800 stations. This represented a 21 percent increase over the previous year's investment.[16] At first, in a surge of enthusiasm,

[16]Orrin E. Dunlap, Jr., *Dunlap's Radio & Television Almanac* (New York: Harper & Bros., 1951), p. 134.

This was a winner with the bobby-sox crowd:

"*Pepsi-Cola* hits the spot,
Twelve full ounces, that's a lot.
Twice as much for a nickel, too.
Pepsi-Cola is the drink for you.
Nickel, nickel, nickel, nickel,
Trickle, trickle, trickle, trickle . . ."*

Harry Frankel, better known as Singin' Sam, the *Barbasol* Man, sang:

"*Barbasol, Barbasol*!
No brush, no lather, no rub-in,
Wet your razor, then begin.
Barbasol, Barbasol . . ."

*Reprinted with permission of Pepsi-Cola Company, Division of PepsiCo, Inc., Copyright 1940, Pepsi-Cola Company.

Photograph courtesy of
the Broadcast Pioneers Library, Washington, D.C.

stations and networks constantly broke into sponsored programs with the latest war news. This practice was eventually tempered by the exasperation of advertisers and the hassle of granting huge rebates to preempted sponsors. Programing settled down as the country and the industry adjusted to the war.

During the war years, the airwaves were filled with news reports from correspondents scattered around the globe and with news analyses by almost countless commentators. Since appeals to patriotism were woven into entertainment shows, audiences heard an unending succession of exhortations to raise Victory Gardens, save tin cans, buy war bonds, and volunteer as air raid wardens.

Consumers had to live with rationing as many manufacturers turned from production of consumer goods to war matériel. Automobiles, appliances, tires, and other goods were impossible to get; the military consumed them all. Major hard goods manufacturers, however, wanted to keep their names before the public. When the war was over, they did not want to start from scratch in rebuilding their consumer markets. A provision in the tax laws, considered outrageously unfair by some, made tremendous prosperity possible for both the advertising industry and the nation's broadcasters. War contractors were permitted to include advertising expenditures in their list of tax deductions as a necessary expense. Their advertising agencies pointed out that if they did not spend huge sums in advertising, the money would all go to the government in high (90 percent) excess-profit taxes. The radio industry, therefore, was able to produce more and more elaborate programing with what was referred to as "ten-cent dollars." General Motors (with no cars to sell) sponsored the NBC Symphony with Arturo Toscanini, and New York Philharmonic concerts were paid for by U.S. Rubber. Since the public was footing the bill for the war and thus indirectly for these programs, a number of people in Congess sought to change the tax laws. The advertising and radio lobby prevailed, however; they reached a compromise specifying that "reasonable" deductions of advertising expenditures were permissible. "Reasonable" was never defined, so the multiplying radio revenues were secure.

Advertising messages became more elaborate. Dialogue commercials were common, and program characters often wove product pitches right into their conversations. They often sounded pretty phony, but audiences were tolerant.

The early success of a number of singing commercials, including the famous one for Pepsi-Cola, brought a multitude of musical imitators to radio. Singing commercials became a rage. Many critics of radio advertising complained about the excess commercialism and the irritation of these singing commercials. There were some very popular jingles, however. (See 1.6.) A major advertising agency, Batten, Barton, Durstine & Osborn, introduced Miss Chiquita Banana in 1944. She was most successful in singing the instructions for ripening bananas.[17] Because this clever jingle included helpful information for consumers, it helped to neutralize some of the criticism.

The War Ends: Radio Rides High

As the nation celebrated the end of the war, radio stood high in power, prestige, and profits. Radio absorbed much of the public's time and interest, and the medium had proved its importance as a public service during the difficult war years. Not everyone was favorably impressed with radio's accomplishments, however. A letter published in the *Chicago Tribune* from inventor Lee De Forest, considered by some to be "the father of radio," was directed to a convention of the National Association of Broadcasters.

What have you gentlemen done with my child? . . . You have sent him out in the streets in rags of ragtime, tatters of jive and boogie woogie, to collect money from all the sundry for hubba hubba and audio jitterbug. You have made of him a laughing stock to intelligence, surely a stench in the nostrils of

[17]Wolfe, *Modern Radio Advertising*, p. 649.

the gods of the ionosphere; you have cut time into tiny segments called spots (more rightly stains) wherewith the occasional fine program is periodically smeared with impudent insistence to buy and try.[18]

His admonition went unheeded, for radio was riding high. By 1946, radios were in nine out of every ten homes—a total of 60 million. Gross advertising revenues for radio had doubled during the war years, and had reached $512 million by 1946.[19] At the beginning of the war, one-third of the networks' program schedules had sponsors. By the close of the war, the figure was two-thirds. Radio was an unprecedented success story, and its importance to the public was almost impossible to estimate. Advertisers had gladly paid its bills; in turn, they had multiplied their own profits.

The nation celebrated the return of peace, but radio faced new problems that would lead to staggering difficulties in the postwar years. Waiting in the wings, eager to make a grand debut, was a formidable competitor—television.

Conclusions

The American system of broadcasting is unique, and so is the role of the nation's advertisers in supporting this system. The early years of radio generated much debate as to the source of financial support of the medium. Many schemes were proposed to develop radio as a noncommercial service. As these schemes fell by the wayside one by one, it became clear that the broadcasters would turn to advertisers to the benefit of both. The first 25 years of commercial radio were an exciting period that spanned an economic boom, a bust, and finally American involvement in a world war.

Through all these years, both broadcasters and advertisers grew, developed, enjoyed their successes, and learned from their failures. At first, advertisers were cautious about experimenting with their messages in this new medium. Commercials were sedate and strictly well-mannered. The response from the public, for the most part, was positive, and both advertisers and radio station operators looked for ways to expand and improve this new "home service." The rise of the networks, continuing technological improvements, and the high acceptance of radio by the public all contributed to the advertising industry's desire to be involved in this wonderful new medium. In some cases, the involvement was excessive, for some advertisers used radio in ways that only benefited their own economic ambitions.

By the 1940s the best advertising on radio was nearing a popular art form. Commercials were involving, personal, and very effective. Advertisers who knew how to use the medium were rewarded in the marketplace. They learned their lessons well. By the end of the war, the broadcast advertising industry, again with trepidation, but also with fascination, looked forward to an exciting new medium called television.

[18] *Chicago Tribune*, October 28, 1946.

[19] *Broadcasting Yearbook 1948*, p. 16.

Broadcast Advertising since 1946

Merchants Migrate to the Global Village

2

The years following World War II probably constitute the most dramatically changing period in broadcasting history. Radio had been a spectacular success story and was riding a crest when the nation turned to a peace-time economy. New consumer goods and services were becoming available, and Americans, freed at last from a tragic war, were anxious to build "the good life."

Television, like FM (frequency modulation) broadcasting, had been snatched from its grand debut at the outbreak of the war and put on a shelf to wait for the crisis to end. Now the materials were once again available to build the new industry. Many broadcasters were eager to get in on the ground floor, because the potential was obvious. If every American household were to invest in a television set, fortunes clearly could be made. RCA rushed into production to put sets on the market, and other equipment manufacturers followed. The small screens (8 to 10 inches), poor picture, and the relative high cost of the sets ($300 to $500 at first) were not a deterrent to sales. The public snapped them up as fast as they could be delivered to retailers.

At the beginning of 1948, considered by many to be television's first year as a major mass medium, 17 television stations were on the air. A year later, 51 stations were operating across the country. The TV networks were in the process of organizing, and advertisers and their agencies prepared to invest heavily in the new medium.

The television industry grew and flourished like a hot house flower for a couple of reasons. The country was in a boom postwar economy, and the public was eager for consumer goods. These included television sets and all the other goods and services manufacturers wanted to advertise. Because it was built on the established structure of the radio industry, the television industry was made operational very quickly. TV networks were built by the enormous revenues of the radio networks, and in hundreds of cases, local radio stations filed for television construction permits at the Federal Communications Commission. With FCC authorization, station operators scrambled to get on the air and sign a contract as a network affiliate.

Although there were still dozens of unanswered questions about television, everyone knew it would succeed. Industry leaders also knew that the basic structure of the radio industry could be easily adapted to fit the new medium. Networks would be needed, plus a lineup of affiliates. Station representatives selling spot time, advertising agencies representing their clients, program producers providing the viewing "menu"—all were necessary ingredients, but they all existed in one form already. The knowledge and expertise of the radio industry laid the foundation for the television industry. Radio soon discovered it was building a formidable competitor.

Early TV Programs and Commercials

Foreseeing the inevitable success of television, some popular radio entertainers moved to the new medium. In 1948 *Arthur Godfrey's Talent Scouts* premiered, and so did *Ted Mack and His Original Amateur Hour.* Now, at last, the audience could see the performers! Later that year one of TV's biggest success stories made its debut. Long-time radio personality Milton Berle, who called himself "Uncle Miltie," launched his TV career as master of ceremonies of *The Texaco Star Theatre.* The crazy costumes, raucous comedy, and the attraction of top guest stars created an overnight success. The unfortunates who did not own receivers crowded into neighbors' living rooms, local appliance stores, or the nearest tavern to watch the antics of Mr. Television. The weekly budget for this early extravaganza was $15,000.[1] (Today, the show could not be duplicated for 15 times that figure.) Ed Sullivan's *Toast of the Town* and Sid Ceasar's *Admiral Broadway Review* (later named *Your Show of Shows*) soon became prime time hits.

The public was entranced with the new medium. Set ownership was a status symbol, and advertisers who sponsored the programs were accumulating both prestige and profits from their investment. The relatively high costs for time and production (compared with radio) did not deter them. Hazel Bishop, for example, gambled its entire advertising budget in television in 1950. Before the move to TV advertising, this very small cosmetics company did only $50,000 a year in sales. Two years later, company sales reached $4.5 million.[2]

The television networks, with NBC and CBS dominating, gradually increased the amount of programing fed to affiliates. ABC ran a poor third in both programing and sales, but it moved up dramatically when the network merged with Paramount Theatres in 1953. Because video tape was unknown before the late 1950s, all programs were presented live, as were the commercials. Advertising agencies and their clients were struggling with the new medium, learning how to turn it into a selling medium. The earliest television commercials were only glorified radio ads, often confined to a standup pitchman who clutched the product, stared at the camera lens, and delivered the spiel. *Supers* (white printing superimposed on the image) were added that gave a dealer's name, address, and the like. The commercials were inexpensive to produce and copy could be easily changed. Products requiring demonstration (notably appliances) adapted quickly and effectively to the new medium. Advertisers were now released from radio's limitations and from the "frozen" character of print advertising. The advertising industry was entranced with the potential of the new medium. In Washington, however, the problems surrounding television seemed larger than the potential.

The "TV Freeze"

The FCC was almost buried in applications for new television stations. The need to clear up interference problems and develop an orderly channel allocation plan was obvious. On September 30, 1948, the Commission declared a freeze on new station applications. It was predicted to last six months, but lasted three-and-a-half years. The complexities of the issues and the Korean War were cited as reasons for the long delay. During the freeze, there were just over 100 television stations on the air. New York and Los Angeles each had seven stations, and television was growing and prospering in major metropolitan areas. In many other cities and towns, however, there were only one or two stations—or no stations at all.

The three-and-a-half years were an unusual period, for the spectac-

[1]Irving Settel and William Lass, *A Pictorial History of Television* (New York: Grosset & Dunlap, 1969), p. 55.

[2]Erik Barnouw, *The Image Empire,* vol. 3 in *A History of Broadcasting in the United States,* 3 vols. (New York: Oxford University Press, 1970), p. 6.

ular growth of this new industry was suddenly, although temporarily, curtailed. For radio, the freeze provided a brief respite. In every city where television had developed to any extent at all, radio suffered. Once a TV set was installed in a living room, radio was banished to other rooms and its use declined. Families spent their time with television in the evening, and radio networks saw that their huge prime-time audiences were slipping away.

Local movie houses also suffered, and Hollywood was running scared. It refused to have anything to do with the new medium. When the layoffs began and the studio lots closed, however, a horde of

2.1 "America's First Lady of Food"

In the 1950s, many sponsors were convinced that the key to success lay in signing a popular talent for a splashy entertainment series.

The First Betty Crocker

Photographs courtesy of General Mills, Inc.

Adelaide Hawley,
Television's First Betty Crocker

General Mills was an exception. The reason was a simple and most successful network radio program, *Time for Betty Crocker.*

For decades, American women had been accustomed to the benign countenance of Betty Crocker on magazine ads for General Mills products. She was a natural for a radio service program.

By 1954, *Time for Betty Crocker* was carried on 320 ABC Radio affiliates. This four-and-a-half minute program was aired three times a day, Monday, Wednesday, and Friday—nine programs per week. Adelaide Hawley, who played Betty Crocker, responded to questions and comments from sidekick Win Elliot. The series was fundamentally a recipe show, and commercials for Gold Medal Flour, Betty Crocker Mixes, and Bisquick were integrated into their dialogue.

The Nielsen rating averaged 7.2 percent, and the network estimated that the program's average reach was 8,400,000 households per month.* (This rating figure means that 7.2 percent of all the radio households in America listened to the program. Not bad for a show with weekly time charges of only $14,000.)

Adelaide Hawley also appeared on a number of TV shows in demonstration commercials for General Mills products. Later her TV role was confined to *voice overs;* in other words, she was heard and not seen. (The attempt to personify Betty Crocker and show a particular person to the viewer was not altogether successful. General Mills decided to allow each audience member to create her or his own illusion of "America's First Lady of Food.")

Sponsor Magazine, December 27, 1954, p. 34.

cinema talent migrated to TV. Hollywood would later regain some of its loss when the major studios started selling to TV stations and networks rights to hundreds of old movies. The *I Love Lucy* show skyrocketed to the top ten in the early 1950s as the first filmed series made for television, and it prompted wiser heads in the film capital to see a way out of their economic morass. Other Hollywood-produced series followed—*Ozzie and Harriet, Make Room for Daddy, Mr. Peepers, Private Secretary,* and *Father Knows Best.*

Although television gained instant popularity in cities where stations were operating, national advertisers still reserved most of their budgets for other media. With only 108 TV stations on the air in 59 markets, the new medium was not yet suitable for national mass market advertisers. They still needed the coverage that radio provided.

The "Freeze" Lifts

In April, 1952, the FCC issued its *Sixth Report and Order* that ended the freeze, established VHF and UHF channel allocations, and reserved several hundred channels for educational use. More than 700 applications for TV construction permits could now be processed and the real boom could begin. Radio's total time sales in 1952 were $473 million; television's only $283 million. In two years, television passed radio with total annual time sales of $538 million.[3]

[3]*Broadcasting Yearbook 1958,* p. B135.

2.2 You'll Wonder Where the Yellow Went. . .

Dancing pixies, marching cigarette boxes, and talking jars and cans for every product imaginable entertained TV audiences through the 1950s. It was a decade of animation as advertising agencies created a fantasyland of characters to pitch their clients' products. Through characters, routines, and songs, an advertiser was able to build a personality into an otherwise ordinary product. The commercials were amusing, and in some cases downright funny. Humor in broadcast advertising had always been sparse, but now it was becoming increasingly standard. The tremendous popularity of some of the best animated commercials proved that if consumers liked the advertising, chances were fairly good that they would also like the product.

Besides using more animation, commercials constantly reinforced the advertisers' slogans. Cigarettes, in particular, used endless repetition:

Winston tastes good, like a (clap, clap) cigarette should!
Switch from hots to Kools.
Old Golds are made by tobacco men, not medicine men.
Chesterfield King—new choice of Men of America!
LSMFT, Lucky Strike Means Fine Tobacco.

Product claims were notably unrestrained in the early years of television. A Mum Cream Deodorant commercial declared, "Mum. The Doctor's deodorant discovery—now contains M-3. Got that? M-3, to stop odor twenty-four hours a day." (Whatever M-3 is!) Viewers were asked to "wonder where the yellow went" if they brushed their teeth with Pepsodent. They might also have wondered about the toothpaste's "new formula with I.M.P!" The hard sell was common for over-the-counter drugs to convince consumers that their nostrum was "fast-fast-fast." Bufferin commercials demonstrated the product in animated diagrams of human anatomy. It looked like a plumber's nightmare. The only serious restraints on the creative instincts of an advertising agency were the size of the clients' budgets.

The role advertisers and their agencies assumed in TV was very similar to the role they had assumed in radio. Programs were fully sponsored and many advertisers transplanted their successful radio programs to TV. Many of the most popular television programs were wholly owned by the advertiser and "packaged" by the advertising agency. Writers got strict instructions on scripting any action or dialogue that might reflect on the sponsors. In a crime series, a cigarette sponsor would not permit the "bad guys" to smoke, and coughing was obviously not permitted. (Years later in *The FBI* series, which was sponsored by Ford, exterior scenes would lead viewers to believe that no one drove anything but this sponsor's products.)

During the 1950s, a wide variety of program formats proliferated, including live dramas presented each week by major national advertisers. They included *Philco Television Playhouse, Westinghouse Studio One, Goodyear Television Playhouse, Kraft Television Theatre,* and the *U.S. Steel Hour.* Because these series presented outstanding performers in works by some first-rate dramatists, many called this time "the Golden Age of Television."

Other program genre flourished. Dozens of filmed westerns, led by *Gunsmoke* in 1955, stampeded onto home screens. These "shoot-'em-up" series firmly established Hollywood as a major program supplier. A batch of new situation comedies, detective series, and children's shows were developed. Each attracted a distinct audience. Sponsors became more and more concerned about reaching the "right" kind of people, rather than just accumulating the largest possible number of viewers.

Radio Buckles, Then Rallies

As television's fortunes skyrocketed, the bottom dropped out of network radio. Broadcast time sales revealed a bleak trend for network radio in the 1950s (see figure 2.3).

As audiences deserted the big-name, high-budget network radio programs, so did the advertisers. Prime-time shows folded one by one, but the inexpensive daytime fare, like soap operas and quiz shows, lasted many more years. For a while, the radio networks maintained the same time charges. But because of diminishing audiences, radio was plainly losing its efficiency. After a good deal of advertiser-network negotiation, rates were lowered in 1951.

It's only the troubles of *network* radio that are reflected in the chart. During these same years *total* radio revenues rose because of increases in spot and local advertising. It became clear that radio was not going to disappear, but it was going to change. If the networks were to survive, they had to change with the times.

One of the first to initiate this change was Sylvester L. ("Pat") Weaver, Jr., who left the major advertising agency of Young and Rubicam to assume the helm at NBC. He modified the "magazine" format that had worked so well in the *Today* and *Tonight* television series that he had started, and in 1955, he inaugurated NBC's Radio weekend *Monitor.* The magazine format brought listeners a variety of program features, rather than the traditionally structured shows that had typified network schedules for many years. Since advertisers could buy *participations*, or single commercials, in the new format, they did not need to invest major sums in sponsorships. Weaver's purpose was to adapt radio's format to changes in audience listening patterns, as well as to provide affiliates with a program service that complemented local schedules.

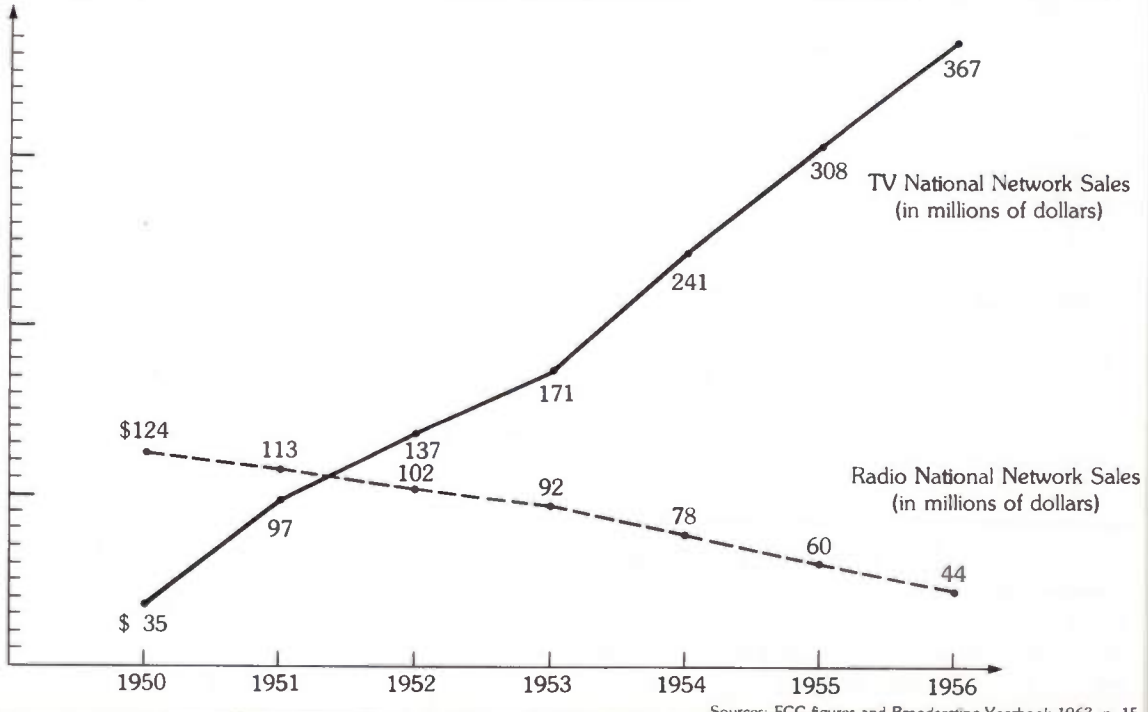
Local stations, faced with cutbacks in network programing, were forced to experiment. The logical course lay in music and news. Programing costs for these services were very reasonable. Besides, radio had established itself as an important news medium, and television would not invade music programing in any major fashion. Popular music had always been an excellent radio audience builder. *Your Hit Parade* had proved that. This popular network radio series presented the top tunes of the week, mainly as reflected in record sales and jukebox selections.

Many radio stations attempted a "top 40" format, interspersed with

newscasts, but the result was too often haphazard. Program formats needed to be refined. Todd Storz of the Storz Stations was one of several important programing innovators who showed the industry how to do it. His disc jockeys no longer played what suited their fancy. The program format was carefully constructed from record sales, charts of jukebox selections, and from other sources that documented listeners' preferences. The pace was faster and brighter, and commercials were deftly inserted between records and glib DJ chatter. Both listeners and advertisers were pleased with the changes.

In addition to new program formats, radio received boosts from other areas. Japan flooded American markets with transistor radios in the form of small cheap portables. Teenagers were now wired for sound, and the radio industry quickly learned that because radios could go anywhere a listener went, *mobility* was becoming one of the medium's primary assets. General Electric marketed a clock radio, an overnight success. Detroit installed more and more radios in automobiles, and the research showed that this "traveling companion" was tuned in a great deal.

2.3 Networks' Fortunes in the Early 1950s



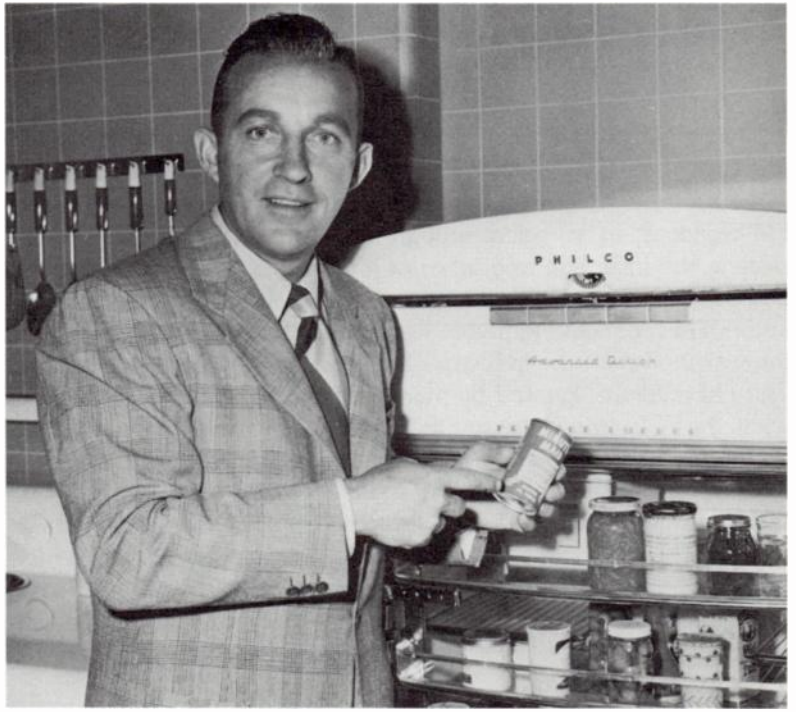
Sources: FCC figures and *Broadcasting Yearbook 1963*, p. 15.

2.4 Hitching Sponsors to the Stars

Advertisers are always anxious to have their products displayed in close association with top radio and television personalities. S. C. Johnson & Son, Inc., began sponsoring the popular Red Skelton television show in 1954 and continued until the program went off the air in the early 1960s. In this 1954 picture, Red Skelton polishes an antique automobile with Instant J-Wax, a product that has since been discontinued.

Photograph courtesy of Johnson Wax.

Another popular entertainer, Bing Crosby, served as a commercial spokesperson for Minute Maid orange juice in a 15-minute spot radio program, Bing Crosby's *Minute Maid Show*. The program began in 1948 on a half dozen Eastern stations, and as product distribution expanded across the country, so did the program. Eventually 46 stations were carrying this daily show of song and chatter. Bing Crosby continued advertising Minute Maid orange juice until 1952. In 1968, he returned to doing television commercials for Minute Maid with his family.



Photograph courtesy of The Coca-Cola Company Foods Division.

By 1959, there were three times as many radio stations as there had been at the close of World War II. With so many stations on the air, program directors learned that no single format could satisfy the entire public. Thus, they sought to reach a particular segment of the total audience by selecting one format—Top 40, Middle-of-the-Road, or Country-Western, for example. This specialization permitted advertisers to buy radio time with greater and greater efficiency, because certain stations attracted particular kinds of audiences. Local advertisers turned more and more to radio to reach their customers. By 1960, local advertisers accounted for more than 60 percent of radio's total revenues. That trend increased as the years went by. Through all these years of turmoil and change, radio had learned some difficult lessons—most importantly, it found it could coexist with television.

Evolution of FM

FM broadcasting struggled through the 1950s. The new transmitting system, the invention and labor of love of Major Edwin Armstrong, had been designed but not developed before World War II. Like television, FM broadcasting had to wait out the war years. At the end of the war, however, the industry's attention was focused on television. The FM medium, ignored by many, suffered a serious blow in 1945 when the FCC moved it to another broadcasting band. All the FM sets on the market (and there weren't many of them) were obsolete.

During the 1940s and 1950s most of the FM stations on the air were satellites that duplicated the programing of a commonly owned AM station. The few independent FM stations were located in major markets and programed classical or innocuous background music. They lost money, and few advertisers would even consider buying time on stations that delivered such small audiences. As the years went by, however, more and more FM stations went on the air and presented a greater variety of programing. Music lovers bought the new receivers because they were pleased with the superior signal quality on FM broadcasting and because many FM stations offered program fare not available on the AM band. Local advertisers who wanted to reach audiences with *upscale demographics* (meaning middle and high income, well-educated adults) began to buy time on FM. Station owners looked to the future and hoped for increasing interest from both audiences and advertisers.

Payola and Quiz Show Scandals

One of radio's most painful lessons resulted from a Congressional investigation. The House Special Subcommittee on Legislative Oversight unearthed a widespread *payola* scheme that involved thousands of dollars in payoffs to radio disc jockeys by record distributors. A cooperative DJ who would plug a specific recording might be paid off in cash. Or, if he enjoyed a wide following, he might be given an interest in the record producing company. In 1958 and 1959, the subcommittee discovered a total of 1300 record distributors who paid more than $263,000 to disc jockeys in 23 cities.[4] As a result, Congress amended the Communications Act of 1934 (Section 508) by specifying that station employees who agree to broadcast material in return for "valuable consideration" must publicly disclose such facts in advance of the broadcast. Congress determined that violators were to be subject to a $10,000 fine, a one-year prison sentence, or both.

The payola scandals gave radio a black eye, but were modest in comparison to the TV quiz show scandals. A few years earlier in 1955, Charles Revson, president of Revlon, brought to television an overnight success—*The $64,000 Question*. It was a slick, updated version of an earlier radio quiz show, *The $64 Question*. The name change and the prize reflected not only the inflationary nature of the newer medium, but also the financial stakes involved. The commercials

[4] *Broadcasting*, November 2, 1970, p. 125.

were delivered by stylish Wendy Barrie, who plugged Revlon's Living Lipstick and a host of other cosmetics. The immense popularity of the show was reflected in the marketplace. Stores exhausted their Revlon lines overnight. Master of Ceremonies Hal March asked viewers to be patient; stores would be stocked as soon as Revlon could catch up with the demand. Broadcast programers rushed to get a host of imitative programs on the air. *The $64,000 Challenge, Twenty-One, High Finance, Treasure Hunt, Dotto,* and others soon appeared. Contestants were brought back week after week. The suspense was excruciating for viewers as well as the contestants struggling to stay in the game. Fan mail for them poured into the program producers, and everyone concerned was determined to protect his interests.

In 1959 when Colgate-Palmolive suddenly canceled its *Dotto* giveaway show, a disgruntled contestant blew the whistle, claiming the show was fixed. The rumors that had been whispered throughout the industry proved to be true; the quiz show house of cards collapsed. An investigation by a district attorney expanded to a grand jury, and then to the House Legislative Oversight Subcommittee. Many glib denials turned into confessions of perjury as contestants and television executives admitted their parts in the rigged quiz shows. Production executives on Revlon's *The $64,000 Question* and *The $64,000 Challenge* testified that the sponsor had dictated which contestants would be kept on the program and which ones would be eliminated. Contestants with likeable personalities who stayed on the show week after week would guarantee a high audience rating. The advertiser could manipulate both the contestants and how long they were kept in the running. Contestants were supplied the answers or quickly eliminated if given a question they could not answer. One particularly popular contestant on *Twenty-One* was Charles Van Doren, an English professor at Columbia University. He later confessed to the Subcommittee that "I was involved, deeply involved, in a deception," the public was stunned and disillusioned.[5] Many advertisers, including Revlon, were badly in need of a face-lift, but this was a minor matter compared to the major surgery the networks were threatened with. The public was outraged, and Congress acted to see that such deceit would not recur. In 1960, Section 509 was added to the Communications Act of 1934 making it unlawful for any person to rig a quiz show. Violators would

Photograph courtesy of CBS.

M.C. Hal March on the set of *The $64,000 Question.*

[5]*New York Times,* November 3, 1959.

be fined up to $10,000, spend up to a year in jail, or suffer both consequences. A number of legislators instructed the FCC to keep its eyes on network program practices.

From TV Sponsorships to Participations

Throughout the ordeal of Congressional investigations, network presidents had declared that they knew nothing about the rigged programs. Subsequent events make it clear, however, that network policies in relation to program controls changed drastically. The old days of sponsor-produced and controlled programing were on their way out as an increasing number of programs were *licensed* to the networks. In other words, a program series was contracted to the network, and not to the sponsor as was previously the case. The network would schedule the program and sell either sponsorships or participations to interested advertisers. Since this new responsibility brought with it greater financial risks, the networks began to share the cost of *pilots* with the show's producers. If a pilot show was accepted for network scheduling, the network retained its financial interest in the series. When the time came to syndicate it domestically or internationally, further profits could be realized.

The changing trend from program sponsorships to participations satisfied most major advertisers. Costs had risen so dramatically that sponsorships were considered high risks. By purchasing a variety of participations, advertisers could distribute their budgets across the three networks in many programs on a constantly fluctuating schedule. Participations eliminated the problem of putting all the client's eggs in only a few baskets; thus, it also provided the opportunity to reach large audiences more frequently.

Color made its public debut on the home screen in 1954. NBC-TV, a subsidiary of the enormous set manufacturer RCA, produced a number of color "spectaculars" to whet the public's appetite. The new receivers, however, were several times more expensive than monochrome sets. Many viewers decided to wait until the price tags came down and the number of color program offerings went up. Advertisers, leery of the high costs of color production, played a waiting game before converting their commercials to color. Until a significant proportion of homes had color sets, the investment was not worth it. Ten years passed as the industry, the advertisers, and the public gradually converted to color television.

Video tape recording, introduced in 1957, was being improved constantly. In many cases, it eliminated the need for telecasting live programs. This new device was relatively inexpensive and it permitted the elimination of on-air goofs with editing techniques. Some of TV's spontaneity was lost because of video tape, but the benefits were worth it, and advertisers became increasingly interested. What could be presented in live commercials was terribly limited, and the risks of a faux pas were ever-present. (A commercial with Betty Furness, who pitched Westinghouse appliances on *Studio One,* became an overnight national joke after she struggled with a refrigerator door that refused to open. See 2.5.) Film was time-consuming and too expensive for most local advertisers. Although national advertisers could afford to produce all their commercials on film, they were interested in tape as well. Playback was instantaneous, and thus production time could be shortened. In many cases, tape proved to be less expensive than film.

Television since 1960

During the 1960s, television networks expanded their empires. Approximately 320 new commercial stations went on the air. As reported by the A. C. Nielsen Company, households tuned in their sets more and more each year. By 1972, the average time TV was on in American households had increased to more than six hours every

day.[6] The novelty of television had worn off, but it had evolved into a national habit.

Advertisers invested greater and greater proportions of their budgets in television, partly because it was good business, but also because of increasing time and production costs. In the mid-1960s a typical 60-second prime-time commercial on a major network could cost $32,000. Less than ten years later, the price was $50,000, whereas commercial positions for Super Bowl games and major movies were going for more than $200,000. As costs escalated, time buying became more and more "scientific." Hunches weren't good enough. Audience estimates published by Nielsen and Arbitron, the two major TV audience research companies, were carefully scrutinized. Computers became agency tools as they helped to analyze past performances of programs and commercials and to predict future audience levels.

As time buyers endeavored to stretch advertising dollars, some agency producers operated as if money was going out of style. Lavish commercials prompted the cliché that the ads were better than the programs. Film crews roamed the globe scouting exotic locales. Commercials for everything from hair sprays to automobiles were shot in European capitals. Even Betty Crocker transplanted casserole commercials from New York film studios to quaint Continental villages. On the foreign "shoots," American advertising agencies were often able to pick up local film crews and avoid the cost of transporting American union crews.

Celebrities were increasingly used as commercial spokespeople. Big-name stars by the hordes overcame their aversion to doing anything as crass as a testimonial—especially when they discovered how lucrative the investment of a half-day's time could be.

By the early 1970s, TV production costs were leveling off as clients and advertising agencies inaugurated a number of cost-control procedures. Competition between commercial production companies also contributed to keeping expenditures in check. When costs for a series of TV commercials exceeded $100,000 (as they often did), advertisers carefully evaluated each production charge. By 1974, advertisers were spending approximately $100 million annually to produce their commercials. Twenty years earlier, these costs had been estimated at approximately $5 million.[7]

At the local level, more and more retailers allocated a portion of their advertising budgets to television. In order to keep commercial costs low enough to attract new station business, ingenious personnel learned some cost-saving production techniques. Commercials used closeups, stock film footage and sound effects, and many simple, inexpensive film techniques. Many local commercials, however, were limited in both technique and imagination and presented a spokesperson in a stand-up pitch.

At the national level, clients demanded and got television advertising that was bright, personable, and very often unique. Commercials reflected the industry's awareness that its audiences were growing in sophistication; humorous and subtle messages replaced some of the blaring jingles.

Not all commercials followed this trend, however. When it came to particularly competitive products, many advertisers preferred to stay with the hard-sell, hammer-it-home line. But some of their more extravagant product claims were viewed skeptically by government officials. Since 1970, the Federal Trade Commission (FTC) has stepped up its program of monitoring advertising claims. Many companies, caught short by the FTC's requests to "substantiate your claims," made major modifications in their advertising practices. The Code Authority of the National Association of Broadcasters, the self-regulatory group that established both programing and advertising standards, constantly revised and updated its guidelines in a host of "problem" areas. Executives who had not been honest, but had been scared by the govern-

[6] *Nielsen Television '73*, p. 8.

[7] *Television/Radio Age*, May 27, 1974, p. 14.

ment's new activism in regulating advertising, told their staffs that campaigns would now have to be completely truthful or there would be hell to pay.

One target of government action was cigarette advertising. The airwaves were filled with countless commercials that presented bright, attractive, youthful performers exhorting viewers to smoke one brand or another. The Surgeon General's report in 1964 on the dangers of cigarette smoking started a long chain of events that ended in 1971 when, by act of Congress, cigarette advertising was banned from the broadcast media. Disgruntled broadcasters had to look elsewhere for the $225 million annual revenues previously invested in cigarette commercials.

Some new revenue came from a somewhat unexpected source. From the stunning example of a few successful office seekers, the nation's politicians learned how potent television could be in reaching voters and winning elections. There was concern about "selling" candidates like soap, but many politicians were convinced that winning elections could be accomplished by spot announcements on key TV stations. In the 1972 election campaigns, the FCC estimated that political candidates spent almost $60 million in broadcast advertising.[8]

As a long overdue response to the nation's civil rights movement, advertisers hired more and more minority members for their commercials. At first, they usually used them as extras in group scenes, but as the years went by, especially after 1970, minority members were given major performing roles. Some advertisers with important markets with minority groups produced tailor-made campaigns utilizing minority performers exclusively.

In the 1970s, a number of women's groups severly criticized many advertisers and their agencies for commercials that presented women as sex objects or in domestic, subservient roles. Some advertisers conscientiously tried to avoid stereotypes such as "mommy is a moron," or "daddy is a dummy." Other advertisers simply ignored the criticism.

Advertising directed at children became a tremendously emotional issue in the 1970s. A number of consumer groups brought pressure on Congressmen, the Federal Trade Commission, and the Federal Communications Commission. Major reforms in advertising content were sought, and so was a complete ban on *all* advertising in children's

2.5 Spokeswoman Speaks Up

Betty Furness, spokeswoman for Westinghouse, and one of the appliances she demonstrated in live commercials. The commercials came at breaks in *Studio One,* a popular hour-long dramatic series that premiered in 1948 and ran through the 1950s on CBS.

Photograph courtesy of Major Appliance Division, Westinghouse Electric Corporation.

[8] *Broadcasting,* May 14, 1973, p. 25.

programs. The consumer groups were forced to compromise and accept an industry offer to cut commercial time in these programs and to monitor carefully the content and presentation techniques of ads directed at children.

Radio Since 1960

Radio began the decade of the 1960s with annual advertising revenues that reached $622 million. Throughout the decade, spot and local radio made excellent gains each year. By 1968, total radio revenues exceeded $1 billion, and almost 65 percent came from local advertisers.

Many new stations were going on the air each year, most of them on the FM band. (Between 1967 and 1972 new stations numbered 1500!) Salespeople scrambled to enlarge their stations' share of the advertising pie, and program directors polished their formats in order to capture and build loyal audiences. Listeners tuned in to a particular "sound," and with more and more stations on the air, predictable and consistent programing became increasingly important.

Demographics became the name of the game. Radio managers pored over the latest rating reports to see the quality of their stations' demographics, usually reported in terms of age and sex groupings. Women between 18- and 34-years-old, who spend a high proportion of the consumer dollar, became a prime target. Advertisers, whose market researchers told them the demographics of their best prospects, placed their commercials on stations that delivered particular kinds of consumers in efficient numbers.

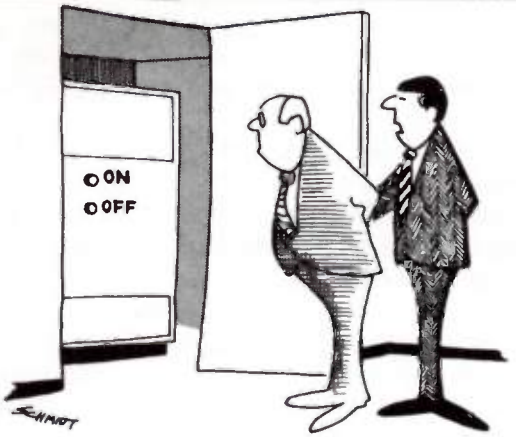
The increasing specialization of radio made the medium an excellent buy for small and large advertisers alike. A retailer on a limited budget might not be able to afford a top-rated station in a major market, but he could schedule a message on smaller stations delivering the right kind of audience for his marketing needs.

The 1960s brought stereo sound to radio and gave FM broadcasting a boost. Although FM broadcasters as a whole still lose money each year, a number of important FM stations climbed in the ratings and firmly established their popularity. Many advertisers, who had never before bought FM radio time, now evaluated AM and FM stations together in making their buys.

The networks continued to adapt their programs to the changing listening patterns of the public and to what affiliates wanted in program service. ABC inaugurated an important change in networking in 1968 when it obtained permission from the FCC to originate four separate network services: the Entertainment Network, the Information Network, the Contemporary Network and the FM Network. This scheme enabled affiliates to join the network that provided programing services (chiefly news) most compatible with the local programing carried on the station (chiefly music.) Mutual established a Black Network to provide programing to stations that catered to primarily black audiences. In 1975, NBC inaugurated the NBC National News Information Service, an all-news program format that allowed stations in medium and small markets to affiliate with a major network and provide continuous news to their audiences. Before this time, only a couple of dozen stations located in major markets could afford the overhead of an all-news operation.

As direct competitors to the radio networks, a number of *spot radio networks* were developed in the early 1970s by station reps. Several major firms organized the stations they represented into groups. In turn, time on these networks was sold to advertisers who wanted to use spot radio on an extensive basis. Agencies' time buyers no longer had to buy several hundred stations on an individual basis. By working through one or more station representative firms, spot networks could be bought on an almost tailor-made basis. Because the station reps handled much of the work, time buyers were grateful for less paperwork. Stations were also tremendously pleased since they had a new source of spot business.

Automation became more common as stations in both large and small markets recognized the merits of a tightly controlled preprogramed service. Quality control is considered a major asset of auto-



Drawn for Broadcasting by Jack Schmidt

". . . *It's the ultimate in automation* . . . "

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mated systems. Many station managers, weary of personnel problems and discouraged by the loss of good staff members who always wanted to move on to bigger stations in bigger markets, switched from live to automated systems. A smaller staff could operate an automated station, and more time and effort could be spent selling time to local advertisers. Because profit potentials looked good, station managers negotiated with a variety of automation programing services providing a wide choice of formats that could be adapted to the broadcasters' local needs.

Conclusions

By the end of World War II, Americans longed for peace and prosperity. Peace was elusive, but prosperity manifested itself in many ways—particularly in the dramatic and exciting development of television. The new industry was an immediate success for many reasons, primarily because America's television system was built on the established structure of a successful radio industry. The know-how, the capital, and public enthusiasm guaranteed a triumph. There was no question that the new TV stations and networks would be supported by advertising, and the nation's businesses were eager to invest in the new medium. The public's use of television evolved into a national habit, and advertisers who learned how to use the visual medium made millions.

The "TV Freeze," from 1948 to 1952, gave the Federal Communications Commission time to develop an orderly TV spectrum allocation plan. This period also provided radio with a short respite from what would be a devastating economic blow. Radio's difficult years during the 1950s were overcome as broadcasters learned that both the public and the advertisers would not desert radio, but that the medium would have to adapt to the public's changing listening patterns. Radio did change, and through experimentation and imagination, prospered as the years went by.

The total hours that Americans spend each year with commercial radio and television are incalculable. It's all paid for by advertisers who produce thousands of commercials (both good and bad) annually. The criticisms directed at broadcast advertising would fill volumes. The accusations are familiar ones: Programing is constantly interrupted and cluttered with a cacophony of advertising messages. Commercials are too often obnoxious, tasteless, or tiresome. Unscrupulous advertisers have used public airwaves to mislead and deceive consumers. Children have been exploited by manipulative techniques. Some advertisers have dictated program content. And, broadcasters have canceled quality programs because of low ratings and because of the lack of advertising support.

The accomplishments achieved by both broadcasters and advertisers should also be considered. For more than 50 years, advertisers large and small have financially supported a tremendous variety of programing. Most advertisers have attempted to use the media in positive

and constructive ways. The information function of advertising has provided a service to consumers, for they have learned about many new products and services via the broadcast media. And, for the most part, broadcasters have jealously guarded their right to control the program content of their stations, free from interference from the government, advertisers, and special interest groups.

Over the years, from the time of the earliest experimental radio stations to the present, the changes, crises, and challenges facing broadcasters and advertisers have created a fascinating chapter in American history. The public's use and reliance on both radio and television is enormous. The quantity of time Americans spend with broadcasting is a remarkable testimony to its power and influence. For advertisers, broadcasters, and for the public, the broadcast media in the twentieth century have been an unparalleled success story.

Structure of the Broadcast Advertising Industry

The Game Plan and the Players

3

The most visible aspects of the broadcast advertising industry are the ubiquitous commercials and the sale on the cash register at the retail level. The less visible aspects encompass a wide variety of business enterprises that work together to keep the machinery of commerce operating efficiently. All sorts of businesses use advertising because it is a prime way to move goods and services through the marketplace. They buy advertising services from all the various media and also from many specialized support companies.

The nation's broadcasters, both stations and networks, deliver programing to audiences, and in turn deliver audiences to advertisers. In order to generate advertising revenues, broadcasters have usually developed widely popular programs that will attract mass audiences for the advertisers' commercials.

Both the advertiser and the broadcaster have a vested interest in the commercial. The advertiser produces it, and the broadcaster sells time for its exposure. In between, the services of many support companies are employed. Advertising agencies, station representatives, research companies, advertising suppliers, and many others all contribute to developing a campaign that will fulfill the advertiser's objectives. (Refer to figure 3.1.)

For an overview of the broadcast advertising industry, it is appropriate to start at the beginning with the companies that have goods and services to sell to the public.

Advertisers

The entire chain of events that ends up as a television or radio commercial begins with the advertiser who has a product or service to sell. The advertiser may be a corporate giant, such as Procter and Gamble, the nation's largest advertiser with expenditures of more than $310 million each year. Or, the advertiser may be a small retailer. Regardless of a company's size, advertising expenditures concern all businesses to a great extent and are considered as business *investments*.

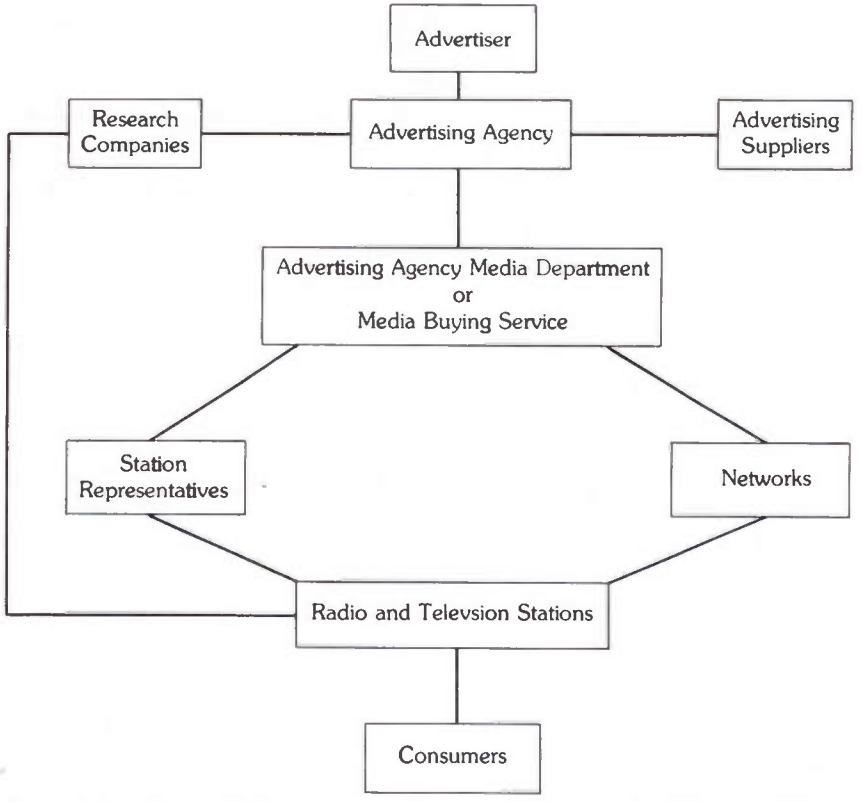
The larger corporations, whose sales volumes can run into billions of units each year, normally market their products throughout the United States as national advertisers. Their corporate structures can be complex, with tiers of departments and legions of people. Increasingly, the top management of major companies is becoming involved in basic advertising decisions. Because advertising portrays the company to its public, the chairman of the board or the company president wants to be sure the image is a positive one.

The marketing director usually reports directly to the company's top executive. He or she is part of senior management and is often responsible for both sales and advertising, and sometimes for research as well. In many large companies, an advertising manager reports to the marketing director. Or, if there is no marketing director, the adver-

tising manager reports directly to top management. Day-to-day supervision of the advertising department and contact with the company's advertising agency falls to the advertising manager.

In large companies producing a variety of products, brand managers are often employed to handle broad responsibilities for whatever brand is assigned to them. They usually act as marketing directors for their own brands and handle product development, packaging, pricing, as well as advertising. A brand manager, sometimes considered the

3.1 Interrelationships within the Broadcast Advertising Industry



counterpart of an advertising agency's account executive, works closely with agency personnel to inform them of the product's market position, features, and special qualities (the bases for advertising claims). The brand manager communicates corporate policies and goals to the agency and is the first to screen a proposed campaign. He or she can normally reject a campaign, but seldom can approve one independently. Experts in media, creative services, or research are often employed by a company to work with the brand manager. They generally set performance standards for the advertising agency and make sure the agency lives up to such standards.

The operations of local advertisers are invariably more simple, and obviously smaller. Sometimes the company president, or the store manager, may serve as the advertising manager. If a full-time advertising or marketing director is employed, this person may use the services of an advertising agency, or hire a staff to handle the company's advertising "in house."

Advertising Agencies

Advertising agencies came into existence just over 100 years ago as sales representatives for media. The development of agencies was prompted by two things: (1) companies' needs to advertise in cities where their products were distributed, and (2) the media's needs to contact as many sources of advertising revenue as possible. Advertising agencies initially received 15 percent of the sum paid by the advertiser. Today, that's about all that remains of the original system — the well-known 15 percent commission.

Technically, the media today continue to pay agencies. For every $100 the agency bills its client, $85 goes to the media and $15 is kept as operating income. Most advertising agencies supplement their income with fees, and now some agencies base their entire income system on fees rather than commissions. For all its arbitrary nature, the commission system has worked for a century and will continue to be the main source of agency income for many years to come.

An agency's volume, or billings, is usually measured by the amount of advertising placed for its clients, but these figures are sometimes misleading to the uninitiated. Although an agency with a $100 million in billings sounds like an enormous enterprise, it really is only a $15 million business. ($100 million represents billings; $15 million represents commissions.) The agency business as a whole does not reap huge profits, although larger agencies tend to enjoy a higher percent of net profits than smaller agencies. The American Association of Advertising Agencies (AAAA) reported that its members' net profits as a percent of gross income ranged from 3 percent to 5 percent from the mid-1960s to the mid-1970s.[1]

Over the decades, agencies have grown in size and number, but the agency business is a relatively small one in terms of the number of people employed. The AAAA estimates that approximately 4,000 agencies employ about 60,000 people. The agencies vary in size from the giant J. Walter Thompson Company with annual billings of approximately $870 million, 300 clients, and operations in 29 countries, to small one-person shops scattered in cities and towns across the 50 states.

Full-Service Agencies

Many of the nation's advertising agencies are called "full-service" agencies, for they offer their clients a full range of advertising services. Their purpose is a simple one —to help build profitable businesses for their clients.

An agency is nothing more than the accumulated knowledge, experience and creative genius of its staff. The following list shows the basic organization of the classic full-service agency. (Refer to figure 3.2.)

1. *Management:* responsible in the broadest sense for the business operation of the agency. Running the business involves selecting and supervising key

[1]*Ten-Year Record of AAAA Advertising Agencies' Costs and Profits,* (New York: American Association of Advertising Agencies, August 5, 1974.)

personnel, developing long-range plans, soliciting new business, and monitoring costs and budgets.

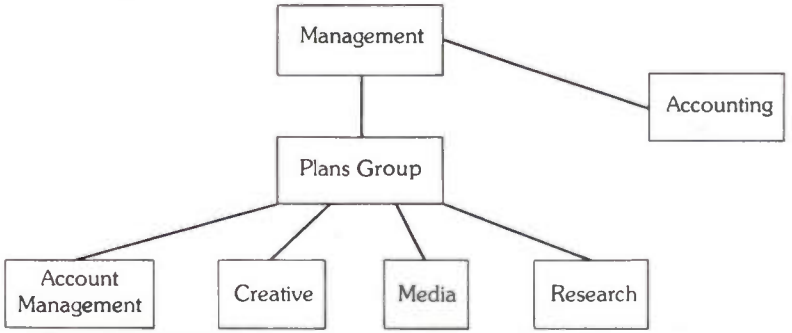
2. *Plans Group:* usually made up of department heads who can muster the agency's senior talent to aid their various clients. In the past, a plans group reviewed major recommendations before they were submitted to clients. Today, however, it increasingly helps to set direction and strategy at the outset, rather than sitting in judgment after most of the work has been accomplished.

3. *Account Management:* the marketing arm of the agency. It is responsible for primary client contact and for coordinating the agency's work for its clients.

4. *Creative:* comprised of the words and pictures people—the writers, artists, and the producers of both print and broadcast advertising. (Usually the agency does not produce the finished work itself, but uses outside specialists in support companies.)

5. *Media:* recommends where the advertising should appear, and works closely with the creative staff in determining the media most effective for a given campaign. Media buys time and space for clients and its staff is primarily concerned with reaching the right audience an adequate number of times within the discipline of the budget.

3.2 Organization of a Typical Full-Service Advertising Agency



6. *Research:* provides the information the rest of the agency staff needs for its work. Much of the information must be gleaned from published (or syndicated) sources, and when original information is needed, the research department negotiates with outside companies that specialize in providing tailor-made research data.

7. *Accounting:* handles all the advertising billing for all the agency's clients. Included in the billing are media charges for time and space, as well as charges for support services contracted by the agency, such as art, photography, film production, talent, and myriad other similar expenses. In addition, the accounting department handles payroll, budgets, and financial reports.

House Agencies

Some advertisers, large and small, have established their own house agencies. Usually their only account is their company's product or service. House agencies originally were developed to save on costs. If an advertiser spent $1 million in advertising, he would expect to pay $150,000 to a full-service agency. But a house operation might be operated at a much lower sum. Sometimes savings are real, but sometimes they are illusory. Unless the advertiser can attract top talent and do so for less than the 15 percent saved in a regular agency commission, running a house agency may not be wise. (Top executives and key creative people in full-service agencies are usually supported by the operating income from more than one advertiser.)

There are advantages other than budget for the house agency, of course: in-depth knowledge of the client's product and management, shorter lines of communications and therefore faster responses, and greater control of the advertising program. Some advertisers use house agencies not as a money saver, but in order to obtain what they consider better advertising. Such house agencies do not substitute for full-service agencies; rather, they serve as a coordinating vehicle for bringing together specialized independent advertising skills. Many of these skills come from small advertising companies operating in a particular area, or from freelance practitioners.

Modular Agencies

In recent years an increasing number of modular agencies, which sell their various skills separately, have been established. Sometimes called *boutique agencies* or *a la carte services,* they sell whatever services a client needs. Work performed in a single area—whether in creative, in media planning and buying, in research, or in public relations—may be sold to an advertiser as a "module." These modules may either be contained within a single agency or be set up as separate businesses. Usually a fee is negotiated between the agency and the client in this sort of arrangement, and the standard 15 percent media commission is not used.

Many national advertisers use a combination of house agency, full-service agency, and modular services. The largest advertisers employ several full-service agencies to handle all the brands they produce.

Research Companies

The advertising industry cannot function without information—lots of it. The market for products and services is tremendously competitive, and so is the market for building and maintaining audiences. Specialized independent research companies and more and more sophisticated research tools have contributed inestimably to the success of both advertisers and broadcasters.

Numerous companies devote themselves to providing research data to the advertising industry. The data include general market information, product testing, consumer research, audience analysis, concept testing, the test marketing of products, and the evaluation of advertising programs. Research in advertising and marketing is often done in response to a particular advertiser's needs, and the data are held in strict confidence. Larger advertisers who can afford the cost of specialized market and audience research are the main clients of research companies. The researchers have the know-how and the organization to take on projects that clients and their agencies would often find economically unfeasible. Their services, although not cheap, should save the client money in the long run, for they can help to avert marketing and advertising mistakes. When the advertiser and the agency are knowledgeable, efficiency and effectiveness should be enhanced.

Various kinds of marketing data, methods of evaluation, and firms that measure ratings will be discussed in detail in later chapters.

Advertising Suppliers

The list of specialized businesses supplying the needs of advertising agencies and their clients is a long one. In the case of radio and television campaigns, a number of companies and freelance experts are employed to assist in developing commercials. If an agency does not have its own casting director, a freelance one is often hired to screen and select talent for commercials. Talent agents search their files and bring in their best prospects to audition for parts. Composers, music arrangers, and musicians are employed for radio commercials and for TV audio tracks. Production companies, usually on a competitive basis, bid for various commercial jobs sent to them by an advertising agency's production supervisor. (To limit overhead costs, agencies do not maintain studios or broadcast and film equipment. When commercials are produced, all these facilities must be hired.) Top television or film directors are available on a freelance basis, as are top camera-people and other key production personnel. One editing house may handle film or tape editing exclusively; another company may specialize in release printing and duplication of the finished commercials.

Selecting the very best services from suppliers at the lowest possible price is one of the advertising agency's primary responsibilities. Coordinating these services and meeting deadlines are other ones. Thus, it is obvious that suppliers exist solely on the efficiency of their operations—their ability to do quality work on time.

Media Buying Services

Advertisers who turn over the responsibility for spending tens of millions of dollars in media buys must depend on the expertise and negotiating skill of their advertising agencies. In some instances, because they feel that they have not been getting their full dollar's worth, they have been attracted to media buying services. These independent companies first appeared on the scene in significant numbers in the mid-1960s and offered their services to clients in buying broadcast time. They functioned in much the same way as an agency media department, but their claim to fame was that they could do a better, more efficient job for less money.

The media buying services (like agencies' media departments), as bargainers *par excellence,* deal directly with the station or the station representative and are chiefly concerned with spot buying. They drive a hard bargain in trying to negotiate as low a price as possible. As a result, many agencies have been forced to sharpen up their buying practices in order to keep their own clients' media buying "in the shop."

Some advertisers use these services for special campaigns, or make a practice of securing all their advertising services *a la carte.* A small modular advertising agency may be retained to handle creative and production work; another firm to handle market research; and a media buying service to place time and space orders. Media buying services usually operate on a fee basis, or they may arrange a payment schedule linking remuneration with the total budget as well as the sum the advertiser saves by using their services.

The trend to media buying services was arrested in the early 1970s when many full-service agencies successfully convinced their clients that their own media departments could not be out-performed. In addition, clients and broadcasters developed the nervous nellies when one of the major buying services, U.S. Media-International, collapsed in 1971. Large sums had been collected from clients for a great deal of television time. When the company went under, many stations had not been paid and were left holding a bagful of uncollectable accounts. A number of media buying services have been very successful, however, and will undoubtedly continue to service the advertising industry by fulfilling a highly specialized and useful service.

Station Representatives

The volume of advertising activity in less than a dozen cities accounts for most spot buying. Yet no radio or television station, regardless of size, would consider it good business to maintain a sales office in each of these cities. Thus, practically every station in this country utilizes the services of a station representative firm to solicit spot business. These national sales organizations operate as an extension of the sales departments of the stations they represent. The *reps,* as they are called, provide an efficient communication link between the advertising agency that wants to buy time for its clients, and the broadcasting station eager to sell time to important national or regional accounts.

The value of the reps' service is obvious when the agency is located in New York and the station is located in California. A representative firm may handle the national sales of several dozen stations scattered across the country. Obviously, for competitive reasons, it would not represent more than one station in any market. Some firms represent just radio stations, or just television stations, or are split into two divisions to handle both. Some of the major station representative firms are John Blair & Company; The Katz Agency, Inc.; Peters, Griffin, Woodward, Inc.; Robert E. Eastman & Co., Inc.; Harrington, Righter and Parsons Inc.; Petry Radio Sales Inc., and Petry Television. A number of group-owned broadcasting stations have established their own rep firms; Avco, Westinghouse, and Metromedia are examples. The owned and operated TV stations of each of the three major networks use the services of their own corporately owned station representatives.

The station representative firm derives its income from com-

missions on spot sales. The percentage is not uniform but is negotiated with each client-station. Commissions generally fall between 5 and 15 percent. The lower figure is more common for representatives of TV stations that sell many millions of dollars each year in spots. Radio stations grant higher commissions because the total dollar volume involved in a time sale is usually much less than in a TV buy.

As go-betweens for stations and agencies, reps are crucial to conducting spot business. The reps must be just as knowledgeable about the market and the station they represent as local station account executives. They should be able to provide basic data on the market and effectively "pitch" the station to a busy time buyer under pressure to select the right stations and times and to do so in a hurry. A rapport and mutual trust between time buyers and reps facilitates the process.

Mutual trust and good communications between the station and the rep is equally important. It's in the station's best interests to keep the rep constantly apprized of changes at the local level. These include the constantly changing *avails* (the list of times currently available to advertisers), program schedules, changes in on-air talent, promotion and publicity plans, audience feedback, audience measurement surveys, and the constantly fluctuating competitive picture among stations in a particular market. (For a more comprehensive description of Spot Sales, see Chapter 13.)

Besides selling spot time for its client-stations, the station representative firms also offer a variety of other services: general presentations on behalf of the market, counsel in programing decisions, analysis of audience research data, guidance in preparing station promotion materials, and advice on establishing station rates.

Television Networks

Television consumes more public time and attention than any other business enterprise. Every day tens of millions of Americans turn to their TV sets for entertainment, news, sports, information, and a variety of special interest programs. Most of this viewing is to the nation's three major networks. The Great Triopoly, as the networks are sometimes called, are all part of extensive conglomerates.[2]

The CBS Television Network is owned and operated by CBS Inc., a huge corporation with interests in broadcasting, music, recreation, education, publishing, and a variety of other businesses. Broadcasting interests—including CBS News, the CBS Television Network Division, the CBS Television Station Division, and the CBS Radio Division—have been tremendously profitable over the years. These divisions provided the capital that permitted the corporation to branch into other business enterprises.

The NBC Television Network is a part of the National Broadcasting Company, a wholly-owned subsidiary of the Radio Corporation of America. This is one of the largest industrial conglomerates in the world, and like the smaller CBS, RCA has branched into many enterprises besides broadcasting. Its business interests are in publishing, education, communications equipment manufacturing, vehicle renting, various home products and services, and in major government space and defense contracts.

The ABC Television Network belongs to a diversified entertainment complex, American Broadcasting–Paramount Theatres, Inc. Although it is not as large as CBS or RCA, it is still a big company. The corporation is engaged in both record and motion picture production and distribution, theatre management, publishing, amusement centers, and in the operations of commercial TV systems in foreign countries. Broadcasting accounts for most of the corporation's revenues and profits, specifically in relation to the TV network, the four radio networks, owned and operated radio and television stations, ABC News, ABC Films, and ABC Television Spot Sales.

The three television networks engage in a tough, but still very profit-

[2]An interesting insight into the size and financial power of the three networks is contained in *The Directory of the Networks* (New York: Network Project Notebook No. 2, February 1973).

able, competition. The high costs of programing, the expense of both line feeds, and payments to affiliates mean that advertising rates are very expensive. When one 30-second commercial in prime time can easily cost $50,000, it becomes obvious that this game is reserved for the big players. The large national advertisers are the only ones who can afford the high costs of network advertising time. And they pay the costs because the TV networks, by delivering huge national audiences, constitute their primary advertising vehicles.

Prime-time shows seem to attract most of the public's interest and certainly most of the television coverage in the nation's press. The three networks, however, find significant audiences and interested advertisers during other time periods. Daytime television delivers a large female audience, children watch the Saturday morning programs, and weekend or evening sports telecasts are particularly attractive to advertisers after the male viewer. Other programs, either on a regularly scheduled or special basis, offer advertisers a variety of opportunities.

With the attention of the country focused on them, the three networks must function as if in the eye of a hurricane. They must maintain their economic viability and still please the public, the advertisers, and their affiliated stations. (The networks are usually unable to please, but can sometimes placate, critics and the large number of interested government officials.)

The networks, of course, would not exist without their affiliates. Thus, they are concerned with building the strongest lineup possible at a price they can afford. The FCC limits network-affiliate contracts to two years, but these agreements are almost invariably renewed. It is in the networks' best interests to assist their stations in local audience promotion, and so the dialogue between affiliates and the networks is continuous. These communications can get particularly interesting and sometimes urgent in the areas of station payments, number of network minutes devoted to advertising, the length and frequency of "station breaks," reruns, and controversial programing. Some of the affiliations are strong and happy "marriages"; some are not. Yet, few TV stations would prefer to live alone.

Radio Networks

Tremendous changes in radio networking have occurred since television took over as the public's primary home entertainment medium. The major radio networks have survived some difficult times; smaller regional networks have not. ABC Radio West (formerly the Don Lee Network), the Yankee Network in New England, the CBS Radio Pacific Network, and others either have been absorbed into the major radio networks or have gone out of business. Network programing is not essential to a successful radio station operation, but many stations seek an affiliation in order to augment their own local schedules, particularly with network news.

Several thousand stations across the country are affiliated with one of the following national networks:

- ABC Contemporary Network
- ABC Entertainment Network
- ABC Information Network
- ABC FM Network
- CBS Radio Network
- NBC Radio Network
- NBC National News and Information Service
- Mutual Broadcasting System
- Mutual Black Network

The first four networks were launched in 1968 when the Federal Communications Commission granted ABC permission to establish separate services for radio affiliates. The success of these networks, each designed to complement a certain programing concept for affiliates, has been considerable. In the 1970s, both NBC and Mutual established second networks.

ABC, CBS, and NBC also own and operate several AM and FM affiliates each. These stations are important to both the strength and

the profit picture of their network services. Mutual does not, and never has, owned any radio stations.

News is the staple of all the radio networks. It is fed to affiliates in short casts designed to augment the stations' own news coverage. Besides news, the networks provide sports, special features, commentary, and occasionally some experiments in other program services—drama and late night mystery shows, for example. There is also a measure of prestige and excellence that network programing confers to the schedule of a local broadcaster.

For national advertisers, network radio offers some very attractive advantages. Network buys deliver large national audiences and fairly well-defined demographic groups. The buys are easy to make, the costs are reasonable, and network radio can provide an excellent complement to other advertising media. A number of major advertisers, like car manufacturers, insurance companies, airlines, and some national retail chains regularly use network radio.

Because of the versatility of spot radio, however, other businesses do not advertise on the radio networks. They prefer to invest their dollars on a market-by-market and station-by-station basis. In some cases, it has been a struggle to convince advertisers even to include radio in their advertising strategy. As a result, network radio is considered one of the hardest "sells" in the advertising business. Thus, it is not hard to understand why the radio networks have not been particularly profitable in recent years.

Television Stations

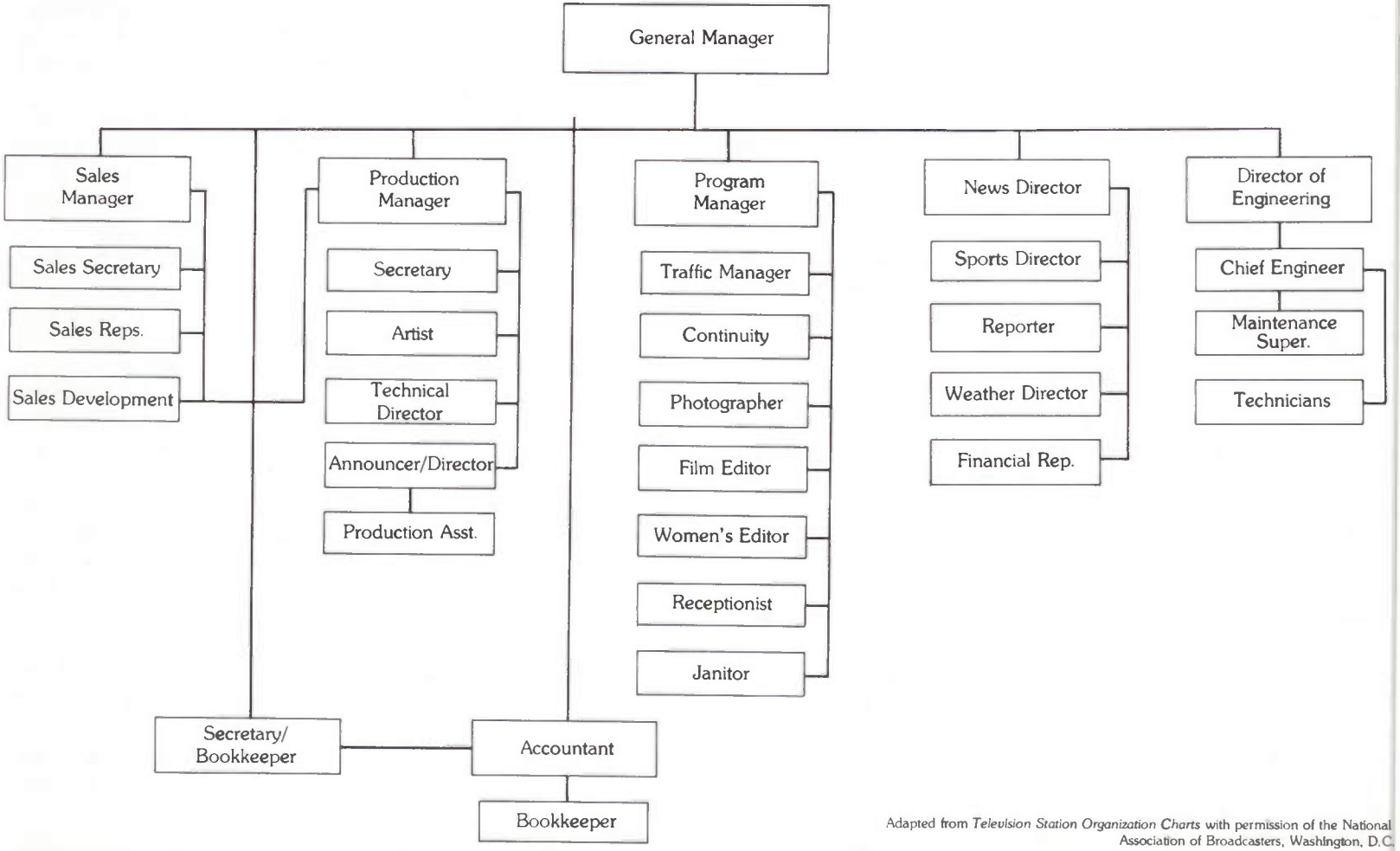
The nation's 700 or so commercial television stations are scattered across the country in more than 200 markets. About 500 are VHF (very high frequency) stations, Channels 2-13, and about 200 are UHF (ultra high frequency), Channels 14-69. Owning a network-affiliated VHF station situated in a major market is a license to make money. Not all broadcasters are similarly blessed. Figures from the FCC show that TV stations in the top 100 markets—in other words, less than 400—earn about 85 percent of all revenues.[3] The rest of the stations must share the meager remaining income. The situation is particularly critical when UHF stations compete in markets with a full complement of VHF stations. Many of these UHF stations either have been sold off or have closed up operations. Some make a profit, but the majority lose money.

FCC rules state that no more than seven TV stations may be owned by the same licensee, and no more than five of the seven may be VHF stations. Since there is only one commercial TV station for every ten commercial radio stations, TV ownership patterns reflect greater concentrations of economic power than radio ownership patterns. Each of the networks own five VHF stations in major markets, as do a number of other major group owners like the Westinghouse Broadcasting Company and Metromedia, Inc. The costs of building and equipping a station, or buying one, involves a capital investment in the millions. "Mom and Pop" outfits are simply not feasible in television broadcasting. Four commercial stations and one public station may be assigned to a major market. The commercial stations will prosper from enormous television advertising investments. In the same market, 15 or 20 radio stations may scramble for a far smaller share of advertising revenue.

All broadcasting licensees face numerous responsibilities on a daily basis, and the first obligations must always be to the station's audiences and the local community. Every three years, at license renewal time, the FCC reviews a station's performance and also the proposals for the upcoming three-year period. Rarely are licenses revoked, but they can be challenged by responsible individuals or groups—or by competing applicants who seek that channel. Such challenges occurred frequently after the mid-1960s. Since then, broadcasters (particularly in television) have pushed for legislation that would better protect stations that do serve their communities. To date, Congress has not acted to modify the Communications Act of 1934 in line with such sugges-

[3] *Broadcasting,* October 22, 1973, p. 16.

3.3 Television Station Organization Chart



Adapted from *Television Station Organization Charts* with permission of the National Association of Broadcasters, Washington, D.C.

tions. There are strong indications, however, that some sort of license renewal relief will be granted when acceptable compromises can be worked out between all interested groups.

Although television stations vary greatly in size and number of personnel, most stations share common organizational patterns. Under the direction of a general manager, the work and staff are ordinarily assigned to one of several departments. (See 3.3.)

The *sales department* must bring in sufficient revenue to keep the entire operation functioning and making a profit. Since both spot and local accounts are vital to the station's financial success, many large stations employ both national and local sales managers. Spot business is still the industry's major source of income, but industrywide figures show that local advertising revenues are increasing each year in relation to total revenues. If local advertising continues to increase, stations will gain greater control of their economic destinies and not have to depend quite so heavily on their station representative firms. Local account executives are assigned a number of clients and spend most of their time servicing present advertisers and soliciting new ones.

The *production department* produces local programs and also tapes and films commercials. Since local advertisers and advertising agencies do not have their own studios, stations rent studios and provide the necessary crew. The fees from this service augment station income, and in some instances, TV production departments have been so successful that management has set up separate production subsidiaries offering both creative and production services.

The *accounting department* processes the paperwork of the station. A primary responsibility is billing the station's advertisers. If a station is an affiliate, detailed reports on programs and commercials must be prepared for the network. Payroll, general accounting, financial statements, and tax forms, among other responsibilities, mean that the accounting department's bookkeeping skills are essential.

The *program department* must keep pace with audience viewing patterns and preferences through the day. The rating reports show the percentage of Homes Using Television (HUT) in various time periods. In the early morning hours, the HUT level may be only 10 percent, but 12 hours later, it may increase to 60 percent. The program director tries to build a schedule that will serve and attract various audiences throughout the day and week. If the station has a network affiliation, then perhaps 12 hours of air time a day may come from network feeds. Selecting, purchasing, and scheduling appropriate nonnetwork programing is critical. Syndicated program series, motion picture packages, and locally originated programs all represent a sizeable investment. Mistakes in programing judgment are costly for all stations. The program director of an independent station, however, has much more time to fill, often with less money. Public affairs and community service programs must also be included in a station schedule, although they can be expensive to produce, and they traditionally attract very small audiences. Nonetheless, such presentations are both necessary and desirable, and their cost is underwritten by the more popular commercial programs.

The *news department* requires a sizeable budget and staff to cover the day's events. Television news, despite its many critics, enjoys higher public confidence than any other news medium. Various public opinion polls have substantiated this fact over and over again. News at the local level has constantly improved over the years, and it constitutes the single most important factor in a station's public image. Equipment innovations have made the newsperson more mobile and better able to bring visual interest to reports. Advertisers have learned that TV news sponsorships have many pluses: they offer a "quality" environment, local identification, and audiences that not only rival the ones for prime time programs, but that are composed of large numbers of working adults.

The *engineering department* is responsible for keeping the station on the air and for delivering a good signal to its viewers. The chief engineer makes the key decisions about purchasing very expensive equipment. The engineering staff must maintain the equipment, meet the needs of the production department, and carefully abide by the FCC's many engineering regulations.

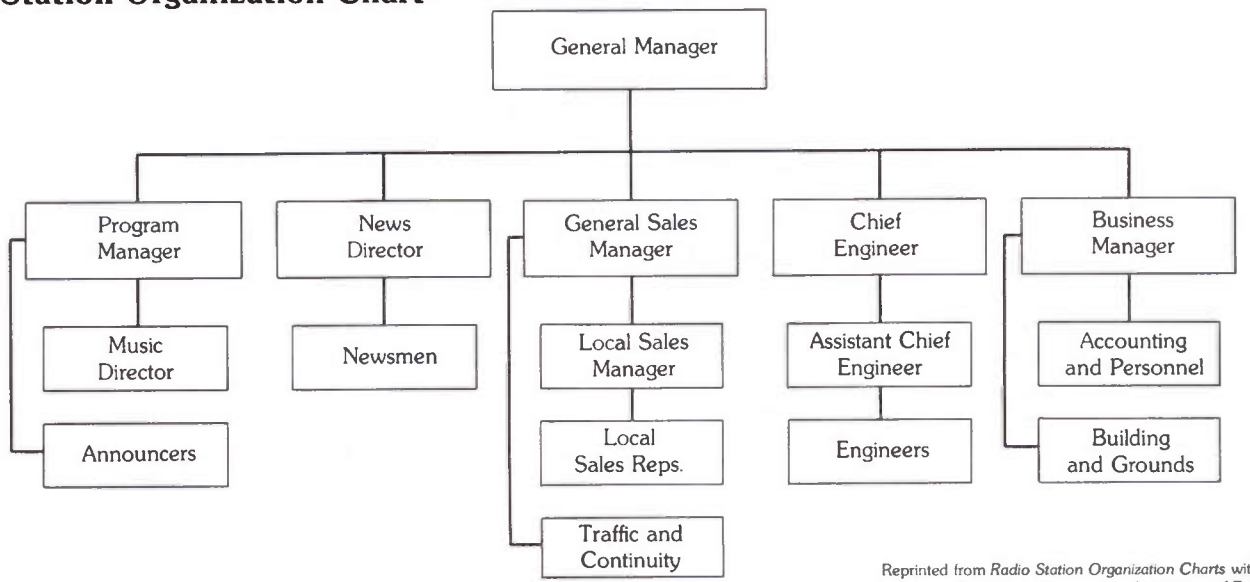
Radio Stations

No two of the nation's 7,000 commercial radio stations are exactly alike. Since the 1950s, when the major radio networks were forced to adjust to the public's enchantment with television, radio stations have had to rely less on network sources and more on their own ingenuity in developing programing. Most successful radio stations aim their programing at a particular target audience, which in turn attracts advertisers who are looking for certain demographics. Since radio is a local medium, like a newspaper, it is in an excellent position to establish close ties with the community. Success usually accrues to those stations that are truly local in flavor.

Competition is keen in radio. Signals in any one market may offer the listener a vast menu of programing, as in the Los Angeles area where more than 75 signals can be heard. Further, the number of stations across the country has increased dramatically. Between 1965 and 1973, for example, FCC figures show that 383 new AM and 1,464 new FM stations went on the air.

Like television stations, radio station licenses must be renewed by the FCC every three years. According to FCC rules, the number of stations any one licensee may operate is limited to seven AM and seven

3.4 Radio Station Organization Chart



Reprinted from *Radio Station Organization Charts* with permission of the National Association of Broadcasters, Washington, D.C.

FM. There are a number of large group owners, like Storer Broadcasting Company, Taft Broadcasting Company, RKO General Inc., Westinghouse Broadcasting Company, and others, but most radio stations are individually owned and managed by the licensees.

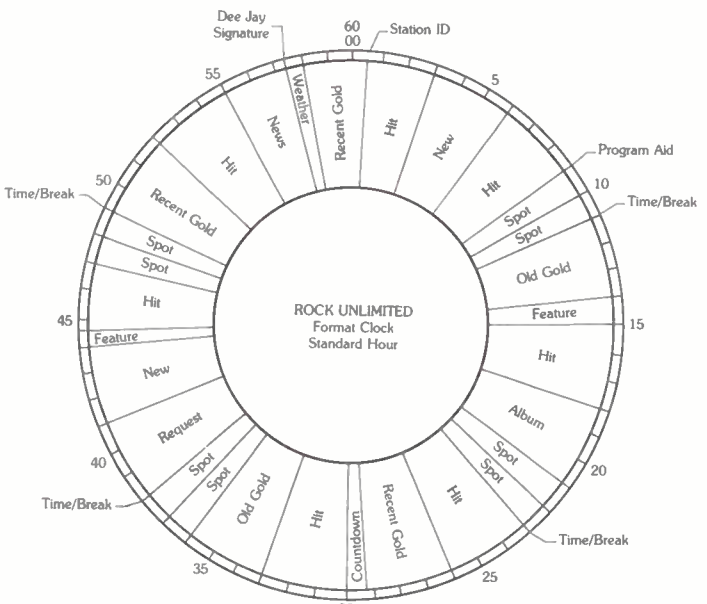
More FM stations lose money each year than make money, unfortunately, and many AM stations also see red ink on their year-end profit-and-loss sheets. Still, for many licensees, radio station ownership has been a lucrative endeavor, and the industry as a whole has increased its total billings almost every year. According to FCC figures, 1938, 1954, and 1961 were the only years in which time sales did not increase over the previous years.

Specialized program formats designed to appeal to a particular segment of the total audience account for the great diversity in radio. A few stations in major markets have embraced an all-news format and may employ a staff of more than 100. Other stations are totally automated and only hire a sales staff in addition to the programing and engineering personnel who operate the system. In small communities many stations are "Mom and Pop" operations, not very professional in sound, but highly integrated into community life. Most stations rely on some combination of music and news. They are typically headed by a general manager and usually organized into a number of departments. (See 3.4.)

3.5 Automated Radio Programing

Many "live" top-40 stations plan their programing with format clocks, and the disc jockeys must adhere to the sequence. Every program element (including music, news, and features) is carefully selected and tightly controlled. Many stations employ program consultants to determine the best format configuration for their market and target audience. This kind of sophisticated formating has become very common because the stations can target in on the desired demographic audience, and in turn can market this audience to advertisers.

An equally controlled program format is possible with the use of automated equipment. All the ingredients in the format may be recorded (music, news, commercials, DJ comments, and so on) and inserted into the system in proper sequence. Shown here is a typical hour in the format of an automated radio program service, *Rock Unlimited.* Stereo tapes are mailed to subscribers, and stations can insert commercials, news, and other features.



Reprinted courtesy of the ProGramme Shoppe, Los Angeles, California.

Usually, the *programing department* selects music and on-air personalities, and supervises and controls the station's "sound." Competitors are always ready to raid a station's audience, and so professional management is essential for success. It does not matter whether the sound is progressive music, middle-of-the-road (however defined), or all-news and talk; the amateurs are plowed to the bottom. In an attempt to increase both quality and profits, more and more stations are installing automated systems. They rely on sophisticated hardware to coordinate sources of programing, commercials and public service announcements, news, and other program elements.

If a *news department* exists at all, it may consist of one or two newspersons who primarily "rip and read" from the wire services, or in a major market, it may employ a sizeable staff operating on a dead run to meet the requirements of an all-news programing format. News coverage—including weather, stock market quotations, and items of community interest—is tremendously important to audiences, and it permits a station to build a local image of community involvement. Because news constitutes a "foreground" programing element, many advertisers are eager to sponsor newscasts.

The *sales department* of any station, large or small, is the only revenue-producing department. Under the direction of a sales manager (often the general manager who doubles in brass), the account executives are responsible both for sales and for servicing local advertisers. FCC figures show that approximately 70 percent of all radio revenues come from local advertisers; thus the success of any station depends on an efficient and effective sales team.

Besides attracting local advertisers, all stations are eager to secure as much spot business as possible. National and regional advertisers buying radio time on a market-by-market and station-by-station basis almost always contract for spot announcements. The commercials are recorded and sent to the station by the advertiser's ad agency. Stations depend on their representatives to solicit this spot business.

The *engineering department* of a radio station is obviously far less complicated than that of a TV station. Very often a chief engineer handles all the engineering duties. On-air talent must be licensed by the FCC in order to operate equipment. Thus, they may be able to handle a station's engineering chores as well.

The *business office* may encompass anything from a part-time bookkeeper to a staff of several people. Each month this department prepares the billing to advertisers, which includes an invoice and an affidavit of performance enumerating every commercial aired for that advertiser within the last month. In addition the business office handles payroll, financial statements, various FCC reports, tax returns, and the like.

Conclusions

The interrelationships in the broadcast advertising industry have been the concern of this chapter. At the local level, broadcast advertising can be a fairly simple operation. The account executive of a local radio station, for example, may call directly on a local retailer, and together they will plan a schedule and develop some uncomplicated radio commercials that will be delivered live by a disc jockey.

In regional and national advertising, the process becomes much more complex. Stations are represented by station representatives; advertisers are represented by agencies; the services of research companies may be required; advertising suppliers are hired to produce commercials; and media buying services may be employed.

Networks and stations survive by selling time to advertisers, and they must do so in a very competitive marketplace. Several billion dollars are spent each year by advertisers who want to reach consumers through the broadcast media. The success of this enterprise depends on the efficiency of all the various industry components. The goals of the broadcast advertising industry have always been to put advertisers in touch with consumers and to provide to the nation's audiences the best broadcasting service possible.

3.6 Broadcasting and Advertising Associations

American Advertising Federation (AAF)

The American Advertising Federation is the only national advertising association that brings together all elements of advertising. Whereas the other national associations are vertical in nature, the AAF is a horizontal organization that includes all segments of the industry. AAF membership includes over 400 company members (advertisers, agencies, service, and media companies), approximately 180 local ad clubs and federations with more than 30,000 members, 32 affiliated associations, plus a group of several dozen college chapters.

The AAF traces its origins from the merger of the Advertising Federation of America and the Advertising Association of the West, which were both founded early in the twentieth century. When the two organizations merged in 1967, the American Advertising Federation was headquartered in Washington, D.C.

The AAF's most important activities are related to legislative liaison with various governmental entities. It responds to proposed legislation at the national level, provides a continuous supply of information to local clubs and federations, and encourages its members to become involved in both national and state matters affecting the advertising industry. The Annual Convention and Public Affairs Conference, held each year in Washington, brings together a wide variety of advertising professionals, leaders from Congress, and representatives of various regulatory agencies.

The AAF is also involved in a variety of education projects designed to enhance the skills of its members, provide career information to students, and promote a better understanding of the advertising industry among the public. In recent years, the AAF has played a leading role in establishing a new program of advertising self-regulation through the National Advertising Review Board (NARB).

American Association of Advertising Agencies (AAAA)

The American Association of Advertising Agencies is the national organization of the advertising agency business. Formed in 1917, the AAAA serves as the representative of the country's leading advertising agencies. Today this organization is comprised of approximately 400 agencies that maintain more than 1,000 offices in 160 U.S. cities and in 100 cities outside the country. Close to 80 percent of all the advertising handled by all agencies in the United States originates with AAAA members, and these agencies employ over half of the people working in American advertising agencies.

Headquartered in New York, with offices in Washington and Beverly Hills, the AAAA operates with approximately 20 national committees that cover nearly all phases of advertising. Their work is directed toward three main objectives.

First, its aim is to foster, strengthen, and improve the advertising agency business. To this end, the AAAA has developed the "Agency Service Standards," the "Standards of Practice," and copyrighted contracts for space and time. In addition, the organization strives to maintain a continuing dialogue with governmental entities involved in advertising regulation.

Second, the AAAA seeks to advance the cause of advertising as a whole. Activities in this area include efforts to attract high caliber young people into advertising by explaining the business to students and vocational counselors. In recent years, the AAAA has cooperated with a number of other industry groups in organizing the National Advertising Review Board, an innovative approach to self-regulation. The AAAA is also involved in advertising research, and in the recruitment of agencies that handle public service campaigns under the auspices of the Advertising Council.

Third, it tries to serve its members by doing things for them that they cannot do for themselves. This includes the exchange of information among members and extensive studies of agency operations and management systems.

Association of National Advertisers (ANA)

The Association of National Advertisers represents the buyers of advertising space, time, and services. Its more than 400 corporate members include the full spectrum of industrial, consumer goods and service industries that include advertising as a major element in their marketing efforts. ANA members represent about three-fourths of the national advertising dollars spent by American companies.

Several internal groups help national advertisers use broadcast media most effectively—such as the ANA Board of Directors, the Media Policy Committee, the Research Policy Committee, the Television Advertising Committee, the Radio Advertising Committee, and other committees.

In general, these committees work toward improving broadcast advertising effectiveness through one or more of the following means: providing representation in dealings with media, agencies, governmental bodies and other groups that have a bearing on media usage; developing and disseminating information through workshops and research projects; and developing management skills by means of reports, seminars, and other instructional methods. General advertising and marketing information is gathered from members and disseminated to other interested members through the ANA Information Center.

In addition to these representational, instructive, and development programs, the ANA also plays an important role in negotiating broadcast talent union contracts. Every three years the Association of National Advertisers, the American Association of Advertising Agencies, the American Federation of Television and Radio Artists, and the Screen Actors Guild negotiate new contracts that cover the use of talent in radio and television commercials.

National Association of Broadcasters (NAB)

The National Association of Broadcasters, organized in 1922, is the national trade organization of the commercial broadcasting industry. Included in its membership are more than 4,000 radio and television stations, plus all the major broadcasting networks. These members elect from their ranks a board of directors that is composed of both a radio and television board, each with its own chairperson. The NAB is headquartered in Washington, D.C. where a full-time staff administers the affairs of the NAB in the several areas.

Government Relations represents its members' viewpoint on public issues affecting the broadcasting industry to the federal government, particularly to members of Congress and to the Federal Communications Commission.

Public Relations is the communication outlet for important broadcasting industry news, spotlighting in particular the accomplishments of broadcasters.

Station Relations is devoted to providing NAB members with information on broadcasting matters, engineering and financial management reports, research data, and the like. These services are designed to help members administer day-to-day station operations.

The *Legal Department* advises station members and services the NAB staff, particularly the Government Relations Department and the Code Authority.

The *Code Authority* establishes self-regulatory standards for broadcasters in programing and advertising. With headquarters in New York and offices in Washington and Hollywood, the Code staff advises its members and interprets regulations for advertisers and program suppliers.

Radio Advertising Bureau (RAB)

The Radio Advertising Bureau is the national trade association of radio. Devoted to sales development activities across a broad spectrum, the RAB works with national advertisers and agencies to sell the merits of radio as an advertising medium. It calls personally on decision makers and uses research and examples of radio creativity to convince companies to buy radio time.

For its 2,000 member stations, as well as for station representatives and the networks, the RAB provides a variety of sales tools and backup sales development services. Today these services are built around sound—that is, audio cassettes containing sales ideas, examples of outstanding creativity, updated facts on radio, and a variety of sales training information are sent to members.

Every year, the RAB holds a series of meetings designed to contribute to both the sales and management skills of participating members. In other efforts to increase the profits of radio stations, the RAB has assisted retailers in making greater use of radio advertising. Through promotion and research activities, the RAB has encouraged cooperative advertising programs in which national manufacturers share advertising costs with retailers.

With the Association of National Advertisers, the Radio Advertising Bureau holds a radio workshop each year that focuses on how to use radio as an effective marketing force for advertisers. Case histories are compiled and presented along with examples of creativity.

Station Representatives Association (SRA)

The Station Representatives Association is the national trade association of radio and television station sales representative organizations. Its members, who account for approximately a half-billion dollars of spot sales annually, have contractual agreements with broadcasting stations to maintain sales offices in the principal advertising centers throughout the country. Such firms act as a station's exclusive sales force for nonnetwork advertising—that is, national and regional spot advertising.

The SRA cooperates with other industry trade associations—including the American Association of Advertising Agencies, the National Association of Broadcasters, the Television Bureau of Advertising, the Radio Advertising Bureau, and others—to standardize industry procedures, to insure the vigor of the spot broadcasting industry, and to keep communication channels between the various elements of the industry open.

Much of the work of the SRA is done through standing committees such as TV Trade Practices, Radio Trade Practices, Radio Research, TV Research, and Financial Management. As an example of what such committees can accomplish, the Trade Practices Committee, working with other groups, has generated a number of standard forms for processing the huge volume of paperwork generated in the broadcast advertising industry. These forms included a standard availability form, a confirmation/contract form, and a number of standardized billing forms. The research committees of the SRA work with various audience research organizations in order to advise them of the kinds of data needed by those who sell broadcast advertising time. The SRA also stays in close contact with the Federal Communications Commission in order to represent the interests of both the station representatives and their clients in any pending regulatory matters.

Television Bureau of Advertising (TvB)

The Television Bureau of Advertising considers itself the sales and marketing arm of the television industry. It was created in 1954 as a service organization to member TV stations, the three networks, station representative firms, and television producers and syndicators. Headquartered in New York, the TvB maintains offices in cities where significant television advertising activity occurs, such as in Chicago, Detroit, and Los Angeles.

Staff efforts are aimed at continually increasing the investments of television advertisers, and the TvB has established a goal of $8 billion annually in TV advertising by 1980. To achieve that goal, the TvB works directly with advertisers and agencies. General as well as specially tailored presentations have been prepared for specific industries and prospective advertisers. In these presentations, the TvB reports on its research activities in order to document television's ability to solve marketing problems. TvB research projects have included measuring the public's attitudes toward the major media and the advertising they contain, and analyzing the efficiency of spot TV buys.

At the local level, the TvB conducts an annual Retail TV Commercials Workshop and various sales clinics. To assist local station account executives, TvB provides many sales aids, including case histories, reels of commercials in particular product or service categories, statistical reports on TV advertising trends, and a variety of special research data.

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Campaign Development

TWO

Objectives, Strategies, and Positioning

Try That in Your Carburetor and Slosh It Around!

4

If we could first know where we are and whither we are tending, we could better judge what to do and how to do it.

President Lincoln's observation regarding nineteenth-century politics can be applied just as appropriately to twentieth-century marketing problems. The changing complexion of the marketplace, the unpredictability of the consumer, the costs of advertising, and the high risks of the business world mean advertising programs today must be put together with reasoned strategy and great care. Before an effective advertising program can be developed, specific objectives for that program must be defined. The question is: Exactly what is to be accomplished?

Understanding the overall function of advertising helps us to answer that question. The purpose of advertising is *persuasion*. In order to persuade, advertising is usually directed to one or more of the following five broad aims: to *create awareness,* to *promote understanding,* to *shape attitudes,* to *enhance recall,* and to *motivate action.*

Developing reasonable objectives for an advertising program must always be related to *communication functions.* Ask anyone what they think advertising is supposed to do, and in most cases the answer will be to "increase sales." This objective is probably the one most commonly given to advertising, and yet increasing sales *is not* an advertising objective, because it is not a communication function! Certainly, almost all advertising programs contribute to making a sale, but the relationship between the two is seldom a direct one. There are too many other factors at work in the marketplace.

The tendency to expect advertising to accomplish goals that are really beyond the scope of the communications process is a basic problem in defining objectives. For example, increasing sales 10 percent, expanding distribution 15 percent, or achieving a 20 percent market share, are *not* legitimate advertising objectives. Advertising can contribute to each, but these goals are marketing objectives, and advertising is only one part of marketing. A total marketing plan encompasses all the variables—such as pricing, distribution, display, packaging, as well as advertising—involved in moving a product or service from seller to buyer.

Legitimate advertising objectives are, or should be, specific. They are "targeted" toward a specific outcome and normally include the following four essential parts:

1. to fulfill a specific communications job,
2. aimed toward a specified audience,
3. with an expected result,
4. over a given period of time.

For example, a detergent manufacturer might want (1) to communicate

information about a product improvement, (2) to users of a competitive brand, (3) so that 50 percent of this audience knows about the change in the product, (4) within the next three months.

Defining objectives is not simply an academic exercise. It is a practical necessity for many reasons. Advertising is communication of ideas, and as such, it is intangible. Clearly defined goals are extremely important when dealing with intangibles, especially since people work better when they have a clear idea of where they're going. Since a great many people may be involved in all of the aspects of an advertising campaign, a common direction is essential. Objectives not only minimize wasted time and effort, but they make it possible to measure results.

Criteria for Defining Objectives

Although there are no pat formulae on how to define advertising objectives to cover all needs, some general principles can be used as guidelines:

1. Objectives should be expressed as clear, written statements of the *communications* part of the marketing job.

2. Expected results should be realistic and within the capabilities of advertising.

3. Goals should be *actionable*—that is, it must be possible to translate them into a plan of action; they must not be resounding, but empty, ideals.

4. Written objectives should be agreed to and understood by all the people involved in creating and approving the advertising.

5. Advertising objectives should be separate from, but related to, marketing objectives.

6. Objectives must be based on a thorough understanding of the market, the product, and the consumer.

7. Goals should be measurable, and the techniques used to measure advertising results should be established at the outset of any advertising program.

Establishing Advertising Objectives

An advertising agency (or the advertising department in a business) serves as the caretaker of the advertising budget. The sum may be great or modest, but before a penny is spent, a great deal of information must be conscientiously gathered and analyzed. One of the most important functions an agency can fulfill is to provide a client with an objective picture of his products and/or services in terms of the marketplace. For an agency with a new account, or for personnel newly assigned to an account, it means beginning at the beginning.

Several years ago a major advertising agency, Cunningham & Walsh, Inc., devised a program that acquainted its own personnel as thoroughly as possible with its clients' businesses. This agency, which prides itself on its marketing skills, assigned several staff members to work several weeks in clients' offices, factories, and stores in order to familiarize themselves as much as possible with various aspects of these operations. As a result, the agency was able to develop advertising plans based on more knowledgeable perspectives of their clients. It also led to an excellent trade advertising program for the agency, known as "The Man from Cunningham & Walsh." Learning as much about a client as possible is a first step in defining advertising objectives, and the information any advertising planner needs usually falls into two basic categories—*product* (or service) analysis and *consumer* analysis.

Product Analysis

What is the product? What are its benefits? How is it made? How many models? What colors? What special features? How is it distributed? Where? When is it bought? What times of the year? What days of the week? Who does the buying? How frequently? Why do they buy it? What brands are competitive? What are their special features? The questions could fill a dozen pages, but these few serve as examples of what the agency account team must know if it expects

to participate intelligently in designing a client's advertising program. The answers to many of these questions are often relatively easy to come by, but not always. It is the function of marketing research, discussed in the next chapter, to seek out answers to some of these questions. Then, the researchers can provide the latest figures that give both the client and agency an up-to-date perspective.

Carefully compiling marketing research information should enable the client and the agency staff to sit down together and formulate intelligent advertising goals. One of their first considerations is the present status of the product in the market. The classic development of a national brand product might be described as consisting of four stages: *introduction, growth, maturity,* and *decline.* If a product is to be introduced to the market, or is still in the introductory stage, advertising objectives may be relatively clear-cut. In order to introduce the product to prospective consumers, the "news" function of advertising will be exploited to its fullest. Television, particularly, has proved to be extremely valuable in this respect. An introductory campaign may have a number of secondary objectives as well. For example, it may also be designed to help develop new distribution channels, or to arouse the enthusiasm of dealers.

Thousands of new products are introduced each year, and only a small percentage of them—estimated at 20 percent[1]—survive. Most products that do secure a foothold in the market, however, do not usually achieve that status with the same kind of rapid success as, for example, Mr. Clean. A manufacturer may spend millions on research and development, invest more in product promotion and distribution, inaugurate a major advertising campaign, and find that it will still take years before the brand will begin to return a profit. Some products never "turn the corner" and are eventually dropped. (Millions of dollars were spent in an attempt to win consumer acceptance of Red Kettle Soups until the line was finally dropped as a marketing disaster.) The smashing successes—excellent products introduced at the right time and in the right way—were usually accompanied by a brilliant advertising campaign.

If a product is in the growth stage of its development, the advertising objectives may be simply to enlarge the market share or to introduce it to new geographic areas. A variety of marketing devices may be used to achieve such goals. Print ads and broadcast commercials may call attention to a "cents-off" coupon packed in the product, demonstrate the product in use, or announce a special sale.

A wide variety of advertising objectives may be appropriate for a product in the mature stage. The goal may be simply to remind consumers that the product does indeed exist! Other objectives may include reminders to use the product, perhaps as a replacement for other products, or they may suggest new uses, seek new users, attempt to neutralize a negative impression revealed from consumer research, or seek to reinforce a favorable attitude among present users. Special problems are sometimes encountered in marketing a mature product. The baby food market, for example, changes continuously. The buyers are mothers and the consumers are obviously babies, and in a short period of time they both move out of this market. Thus, the advertising function for a baby food is constantly to reach new mothers and familiarize them with an established product.

A product in the decline stage is guaranteed to bring white hairs to both the brand manager and the agency; it presents special problems and challenges. A number of well-known major consumer products, like Nash automobiles, have passed through all stages of the life cycle and vanished from the marketplace. It's a sobering fact, well-known in advertising circles, that the life expectancy of a *successful* new product is sometimes as little as two years. The decline and ultimate demise of a product can be the result of many marketing factors—not necessarily the advertising program. Mediocre advertising, however, accelerates a downward trend. To arrest such a trend is a tremendous challenge.

Obviously, the first question to ask about a product decline is "why?"

[1]Francesco M. Nicosia, *Advertising, Management, and Society: A Business Point of View* (New York: McGraw-Hill, 1974), p. 60.

Competition, unfortunately, never stands still, and many product failures can be attributed to a competitor introducing a bigger and better "mousetrap." (More than half the products on today's supermarket shelves didn't even exist ten years ago. That's competition!) Product declines, however, may be traced to factors other than competition. In many cases, advertising may be able to help. Any product associated with a fad, and particularly certain products oriented to children or to teenagers, may swing through a life cycle in a matter of months. Soft drink bottlers must constantly update their advertising programs to keep their shares in this important youth market. Some product declines may be traced to the inconvenience of the product or its packaging. The frozen foods section of a supermarket is evidence of efforts to offset the inconvenience of certain food preparations. A working wife may be very willing to spend a little more to buy a prepared frozen dish; she may no longer buy brands that require elaborate preparation. The marketing problems of a product in decline must be faced realistically by both the agency and the client. "New, Improved" package labels in advertising campaigns may reflect a product in deep trouble. The product change may be minor or reflect a total overhaul. In any event, because of the number of factors involved, the managers of a declining product should not expect advertising to accomplish marketing miracles.

Consumer Analysis

Who buys the product? When, where, how, and why? If research can answer these fundamental questions, the resulting consumer data will be invaluable in formulating specific advertising objectives. Consumer analyses usually cover four areas: (1) geographic distribution, (2) consumption distribution, (3) demographic distribution, and (4) psychographic distribution.

Geographic Distribution Where do the client's customers live? Few products enjoy a pattern of consumer distribution that spreads like frosting on a cake. The urban, suburban, and rural distribution of the consumers is critical, and agencies must take account of the patterns in their media planning. There must be sufficient customers, or prospective customers, in a given area to make an advertising program worth the expense. The media are well aware of this, and also of the advertiser's need to use "spot" campaigns. Radio, TV, newspapers, and outdoor signs are all media that can be localized. Even magazines offer advertisers regional editions, and sometimes specific market editions. These kinds of media options enable the advertiser to invest his dollars where he anticipates the most promising return.

Consumption Distribution Just as customers for a given product are not evenly distributed geographically, neither are their consumption patterns. In fact, research on most products shows that relatively few heavy users account for the greatest portion of the consumption. Some products, such as beer, show some remarkable differences in personal consumption levels. It may be that 20 percent of a client's customers consume 80 percent of the brand. Naturally, the advertiser wants to identify and seek out that all-important 20 percent. In addition, the advertiser wants to discover what and how strong the brand loyalties are in these consumption patterns. An advertiser's dream would be a successful product that enjoyed both high brand loyalty and heavy usage by a clearly defined group of consumers.

Demographic Distribution Who are the customers and potential customers? Sex, age, income, family size, education, and ethnic groupings are broken out in many demographic analyses. These are the most easily identifiable consumer characteristics that assist the advertiser in further refining his advertising objectives. In some instances, demographic profiles will be rather narrow. (Chewing tobacco and sable coat customers are two extreme examples. Other, more ordinary examples of products with heavy usage by a small segment of the population are dandruff shampoos and instant potato mixes.) In other product categories, demographic data may reveal a wide market in

which customers cut across many different categories. The market for soaps, automobiles, and many food products can show diverse demographic break outs. In such an event, the advertiser may ask the researchers to look beyond the more obvious demographic characteristics of his market and search for significant psychographic qualities.

Psychographic Distribution Two different consumers may have identical demographic characteristics—same age, education, and income, for example. But their buying and consumption patterns may be as different as day and night. Why? The answer may come from psychographic research, which is often employed when demographic data are simply not enough to identify the consumers. This research is one of the newer and more elusive factors in planning advertising. Essentially, it asks the question "*Why* does the consumer buy this product?" It searches out common characteristics among product purchasers and employs modern psychological testing to obtain the information. The consumer profile for a particular product may show vast differences in demographics, but a fairly consistent pattern in such traits as aggression, compliance, dominance, autonomy, adaptability, and the like. For example, through consumer research Sunkist came up with a very precise demographic definition of the heavy users of lemons. Yet there are thousands of people with identical demographics that are *not* heavy users of lemons. The psychographic research, however, found significant differences between demographically identical groups in such areas as life style, attitudes about cooking, and venturesomeness in menu planning. The data gave Sunkist an enormous head start both in planning an efficient media strategy to reach these creative cooks and in creating advertising that would capture their imagination.

Consumer Awareness and Acceptance

Besides knowing the distribution of consumers in terms of geography, consumption, demographics, and psychographics, it is also helpful to identify consumers in terms of their awareness and acceptance of certain products. (See 4.1.)

Developing Objectives into Strategies

Once advertising objectives are defined, (see 4.2) the advertising plan requires a *strategy statement*. A strategy is simply the *way* the agency plans to reach its objectives. It includes both creative and media planning, and the two must work hand in glove. The questions asked are what shall we say, to whom should this message be directed, and in what medium or media? It might seem fairly easy to answer such questions, but it isn't. For any single objective, there may be a dozen strategy avenues. That's part of what makes advertising and the decision-making process so fascinating. In designing an effective advertising program, all the alternate strategies must be sifted and weighed and the best one determined. The individual experience of the people working on this strategy, and the collective experience of an agency or advertising department over many years is very valuable. ("Let's not do that! We tried that for Client X in 1969, and it bombed!")

Many advertising agencies have replaced the classic plans board of the past with *strategy groups*. These groups represent more than a semantic dodge. An agency's strategy group is concerned with advertising directions at an early stage of development. (One criticism of plans boards was that they tended to act as a pseudo client, primarily concerned with an eleventh hour review of plans before they were presented to the client.)

The strategy group examines the facts on which advertising recommendations are to be based. It reviews the stated objectives. Then, it works with the account group in evaluating various ways to accomplish a given objective and in deciding on the best method.

"Positioning" the Product or Service

When Gillette intorduced Right Guard as a man's deodorant, sales were moderately good. Later, however, the company "repositioned" this product as a *family* deodorant. Sales went straight up. The product had not been changed, but the position of the product in the marketplace and in consumers' awareness made the difference. The positioning of a product cannot be dreamed up, nor can it lack substance. It must be a legitimate outgrowth of the product and its use. (In the case of Gillette, the aerosol features made it a natural for family use. The new positioning of the product made sense to the company and made sense to consumers.) This kind of "repositioning" reflects the complications of modern marketing.

The goal of positioning is to suggest an alternative to the consumer. The advertiser and the agency seek to position the product in a "market vacuum"—if they can find one! Johnson's Baby Shampoo was formerly and exclusively oriented to an infant market. When the product was repositioned to include not only that market but also young women who wanted to wash their hair with a very gentle shampoo on an almost daily basis, the product's sales charts became a brand manager's dream. Later the product was positioned to be acceptable to the hairy-chested male market.

4.1 Consumer Awareness and Acceptance Sequence

The effectiveness of an advertising campaign will obviously vary with each consumer and with his status along the slope shown in the accompanying chart. Consumers are usually scattered, and the fall-off rate is terrific. For any one consumer, most of the brands he sees advertised are ones he will *not* purchase. Fortunately for the advertiser, there are so many prospective purchasers that the market for a product survives in spite of the tremendous attrition rate. Advertising objectives should be designed with this sequence in mind because each area represents support for the next. Some consumers, exposed to advertising that particularly appeals to them and that offers a product they *really* want, progress through this sequence in the wink of an eye. Others never make it.

The *unaware* may be made *aware* by a campaign specifically designed to introduce a new product or herald a change in an existing product. The objective is pretty straightforward, and the campaign may be considered a success if subsequent market testing shows a great increase in consumer recognition. Gaining the *attention* of those consumers is quite another matter. Advertising in the mass media is basically incidental to the consumer's use of the media. People learn to "tune in" and "tune out" messages at an early age. Thus, it is important to set objectives that define as clearly as possible the most likely prospects for this product. Forget the rest. (Consumer research can turn up interesting data, however. In certain lines of men's furnishings, a high volume is bought by wives, who not only decide to buy the product but also select the brand. They should not be forgotten.)

Perception is complicated by the fact that every person decodes messages in his own peculiar way. Consumers are selective in paying attention and also in retaining information. They pick out what is relevant, seek reinforcement of preexisting attitudes, and reject what is negative or meaningless. It is in this stage and in the *credibility* stage that the emotional context of advertising plays an extremely important role. The primary objective of an advertising campaign may be to proclaim that the product exactly fills a consumer's needs. It may do

Milk Duds, a product of M. J. Holloway & Company, catered primarily to a juvenile market, but it faced stiff competition from all the traditional candy bars. The product was repositioned through a strong competitive campaign that reminded the sophisticated ten-year-old candy buyer that "When a candy bar is only a memory, you'll still be eating your Milk Duds." It was a very convincing campaign to shrewd small-fry candy consumers.

The success or failure of a product can often be attributed to its positioning. Since there is usually not just one position for any given product but many, sound judgment and expertise are essential in this decision-making process. Extensive research and testing can also provide valuable data.

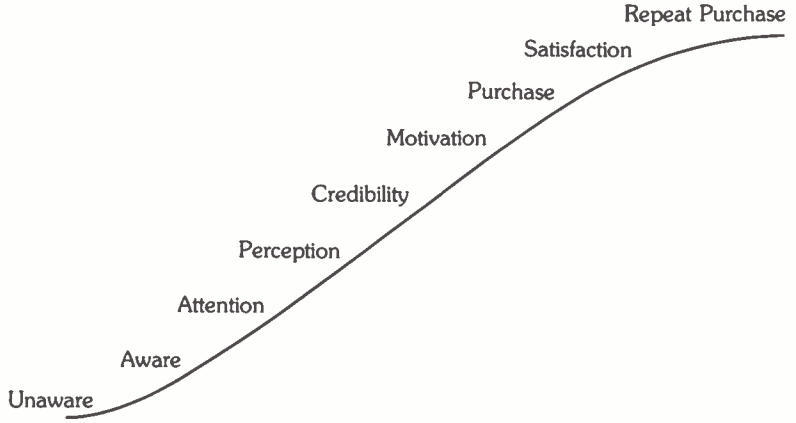
Establishing a Budget

Establishing an annual advertising budget is not an easy task. The client, who knows he must spend money in order to make money, must consider many factors in determining what he can and should spend in his marketing efforts. This total budget must support promotion and publicity programs, sales aids, point-of-purchase materials, advertising, packaging, distribution, and a host of other activities designed to move the product from the warehouse into the hands of the consumer.

The problems are more complex for large national brand product

so by building a "lack" in the consumer's mind and then by demonstrating how the product can come to the rescue. Whatever device is used, the purpose is to solidify the consumer's perception and positive acceptance of the product.

Motivation, the last step before product purchase, is the area where that last little nudge is needed. Many factors in the marketing mix may provide the motivation. A half-price sale, a friendly clerk, a point-of-purchase display, and a dozen other factors may influence the final sale. It is axiomatic that advertising is most important in the early stages of this consumer scale. It is also obvious that as the consumer approaches the moment of sale, more and more complex factors are at work. The sequence can get fouled up very easily, and this is one reason for the high attrition rate. Product *satisfaction* is fairly well beyond the control of the advertising program. Clearly there will be no consumer satisfaction if the product does not perform as promised. Untruthful or deceptive advertising, particularly for repeat purchase products, is folly. When it occurs; consumers deeply resent the advertising, the product, the manufacturer, and will probably never buy the



product again. *Repeat purchase* can be affected by advertising that encourages repeat use, contains reminders, and suggests new uses for the product.

manufacturers than for local retailers, but the latter have their share of headaches in deciding what they can afford to invest in advertising. It is not easy to measure the actual return on money spent in advertising, and those systems that have been designed constitute an inexact science. Very often, the response to the advertising investment may be delayed for weeks or months. An advertising budget still must be determined, however, and there are a number of approaches and "systems" utilized to establish that annual figure.

Task Method

This budgeting system is a favorite one, particularly with agency executives. When objectives have been established and the strategy determined, the job ahead is pretty clear-cut. For example, if it has been determined that demonstration TV commercials are necessary in order to accomplish a given objective, and if experience has indicated that 50 percent of the advertiser's prospects must be reached ten times in order to achieve desired awareness levels, the price tag for all this can be calculated. The production experts can estimate the costs of producing such a commercial, and the media experts can estimate the costs of contacting the desired number of people (reach), the desired number of times (frequency).

The proposed budget that emerges from this exercise is often considered too expensive by a client. (Everyone wants the moon, but NASA knows the price of getting there.) Thus, it is necessary to cut

4.2 Examples of Advertising Objectives

If one were to rummage through the files of a dozen advertising agencies, it would soon be obvious that the objectives for various clients are as different as the clients themselves. Specific objectives, committed to writing, provide a common reference point for both the agency and the client. Here are some examples:

- Introduce a new product.
- Announce an improvement in an existing product, such as a change in formula.
- Announce new features of an existing product, perhaps a new attachment for a household appliance.
- Suggest new uses for a product.
- Introduce and familiarize the market with new packaging.
- Demonstrate or dramatize a product feature.
- Reinforce a favorable opinion among present users.
- Suggest an increase in the frequency of product use.
- Suggest an increase in the volume of consumption among present product users.
- Extend the length of the product buying season. (Many food products are highly seasonal. A strong advertising effort may sustain the popularity of a product for longer periods of time. Turkeys and pumpkin pie are delicious on days other than Thanksgiving and Christmas, for example.)
- Familiarize a new generation of buyers with the product, such as a toy.
- Publicize a safety feature, such as with automobiles, tires, various home appliances, or shop and garden power tools.
- Publicize a guarantee, warranty, or the superior service available with a product.
- Persuade a prospect to visit a showroom, write for more information, telephone for an in-home demonstration, and so on. (This kind of advertising campaign is designed to move the prospect into contact with a salesperson, whose efficiency is enhanced by a list of "good leads.")
- Familiarize the market with the many different products of a corporation. (The excellence of certain well-established brands can enhance the image of lesser known brands.)

or reorder the budget in ways that will still achieve a successful campaign. The advertiser may have to settle for reaching fewer prospects, if frequency is of primary importance to him. On the other hand, he may have to be content with reaching his audience fewer times, if size of the audience is paramount.

The task method provides an ideal intellectual start for budgeting, but it must invariably accommodate itself to what can be afforded.

Unit of Sale

Some manufacturers regularly budget a certain percentage of the product's purchase price for advertising purposes. A fixed percentage, or a dollar sum, is often assigned to the sale of automobiles or major durable goods such as home appliances. The percentages may vary drastically between product groups, depending on the competitive picture. The advantage of this budget system is that if it is based on the previous year's sales figures, it's easy to determine next year's advertising budget. It can, of course, be based on anticipated sales. The problem is that it is not a very flexible method.

Percentage of Sales

A common and quite popular formula for establishing an advertising budget is to allocate a percentage of total sales to advertising. It is usually based on the previous year's sales, and may vary from 1 or 2 percent up to 12 or 15 percent or more. In highly competitive prod-

- Bring new information to the marketplace as a public service. (Commercials for the oil companies and public utilities regarding the energy crisis are considered by some to be a public service.)
- Educate the public regarding an entire industry and thus enhance its image. (Independent insurance agents might conduct such an advertising program.)
- Build company prestige and employee morale. (Institutional or corporate advertising often accomplishes this objective. Print ads or commercials may contain a "salute" to the outstanding performance of employees.)
- Build a favorable image with retailers and dealers. (The purpose is to facilitate the sales job of the manufacturer's representative, build preferred shelf space, and so on. Advertising for a home appliance manufacturer might stress not only product features but also the friendliness and service of its dealers.)
- Correct a wrong impression, or misinformation, or overcome bad publicity. (The Kraft Foods Company faced such a problem in 1974 with its macaroni and cheese dinners. The Food and Drug Administration and the manufacturer announced the recall of huge shipments of this product because of its salmonella content. To win back old customers in such a circumstance is an uphill fight.)
- Combat or neutralize a competitive claim. (Unfortunately, this objective too often degenerates into a "me too" campaign. There are better ways to do it.)
- Overcome an unexpected competitive development. (Such an objective is not an easy task when the competition has come up with a great product innovation and is in the process of announcing it to the world.)
- Demonstrate the superiority of a product by directly comparing it with a competitive product or products.
- Create a brand preference. (This objective might be possible in a product category where there is historically a great deal of brand-switching.)
- At the retail level, advertising objectives usually include one or more of the following:

  To promote specific merchandise.

  To generate store traffic.

  To tie in with a special event, such as Mother's Day, graduation exercises, and the like.

  To take advantage of a co-op advertising budget. (A retailer may promote his store and a specific product line and split time or space costs fifty-fifty with the product manufacturer.)

uct categories such as cosmetics and over-the-counter drugs, a higher percentage of sales is usually assigned to advertising than in less competitive categories. The high markup on certain products reflects high risks and heavy investments in marketing costs.

The problem with this system is that the advertising budget is based on past performance, not future estimates. It seems to suggest that sales precede advertising, not the other way around. As a result, the percentage of sales system can be inflexible and often not very realistic. Sales will not necessarily increase uniformly when the advertising budget is increased. A short-term, heavy advertising campaign may

4.3 A Carefully Researched Advertising Strategy Solves An Unusual Marketing Problem

Case Study: The Schick Hot Lather Machine

1. Situation Analysis The first year of the client's experience with this product was a disaster. Approximately 50,000 units were produced; 15,000 were sold. The company hired a new advertising agency and charged it with the responsibility of liquidating the 35,000 unit inventory. Before developing any plans, the advertising agency had to be sure it understood the marketing situation facing the product. In the case of the hot lather machine, new research seemed to be indicated, and so the agency placed the product in the homes of a representative sample of men and asked them to try it. The men loved this new appliance, but they also said they would not spend $19.95 *on themselves* for the luxury of a hot shave. When the agency staff talked to the wives and girlfriends of these men, their response was very different. They declared they would love to find a special gift, even at $19.95, that their men would really appreciate.

2. Client-Agency Meetings In most client-advertising agency situations, particularly on a large and complex account, countless meetings are held to discuss information obtained and actions indicated. The hot lather machine generated its share of meetings. The significance of the home placement tests was debated, and out of a series of client-agency conversations this hypothesis emerged: consider "positioning" the product as a gift item, with the entire year's advertising budget concentrated at Christmastime in a campaign directed to women who were desperate for a unique gift. The client agreed to explore this strategy. (Actually, other suggestions were simultaneously considered, but this example concentrates on the Christmas gift position for the sake of simplicity.)

3. Fact Gathering The advertising agency began to dig for information to support or refute the hypothesis. The staff had to be careful not to take a vested interest in the hypothesis and thus unconsciously bias their research efforts. They devoured huge quantities of data on gift sales, particularly in the small appliance field. The advertising agency also contacted department store buyers in five major markets that had been selected for testing. After explaining the product placement tests and a tentative advertising program to these buyers (with emphasis on a year's advertising investment placed at Christmastime), the buyers were asked to estimate the number of hot lather machines they could sell. Acting upon this information, the agency recommended that the client produce an additional 35,000 hot lather machines and sell them in just the five test markets. The client was sufficiently convinced by the field work and agreed to the extra production.

4. Campaign Development With a sales goal of 70,000 established, a budget was derived based on the client's ability to spend a

dramatically increase sales, or it may simply allow a product to hang on to its market share in face of a major competitive promotion. In some cases, a cutback in an advertising budget for a well-established product may prove that the product can retain its market share with less advertising, at least for a while.

Other Systems

There are other ways to establish an advertising budget, and each business manager must determine what method will best suit his company's interests. Exact formulae may seem reasonable in theory

given amount per unit on advertising. Account management, creative, media, and the client agreed on the target group for the advertising: affluent women of age 25 plus, looking for a unique solution to Christmas gift problems. The decision makers also agreed that this advertising campaign needed to generate high awareness during a period of heavy advertising. Goals for *media reach* (in other words, how many women) and *frequency* (how often they would be reached) were established, based on reasoned judgment and conditioned by budget availability. Because the product was one that would profit from demonstration, television was clearly called for. The advertising agency creative group designed commercials that would portray the benefits of a hot shave. In discussions with the media department, the creative staff developed 60-second commercials for the early days of the campaign in which a fuller explanation of the hot lather machine was possible. For more frequent exposure in the days just before Christmas, 30-second commercials were also produced. In summary, the hot lather machine was introduced as a new product, reaching women at Christmastime and providing them with an ideal gift solution for their men.

5. Client Approval The client had worked closely with the agency in developing the campaign, providing information, and responding to the agency's work. Formal approval was needed before proceeding with production, and this was obtained from the client's chairman and president, along with the marketing director and the product brand manager.

6. Production Once the client had approved the creative and media recommendations, the advertising was ready for production. Three production houses bid on the job. The winning company was selected because of its ability to do the job and its competitive bid.

7. Media Buying With the creative direction decided, the advertising agency's media department began the buying process. TV station representatives in the five selected markets were contacted by the time buyer. The specifications of the campaign—in terms of campaign length, reach and frequency goals, target audience, budget, and commercial length—were given to the station representatives. In turn, they contacted their stations so that they could present time availabilities to the client. Both the time buyer and the rep used published audience research data produced by an independent research company.

After the buys were negotiated, the agency's traffic department shipped the commercials, along with scheduling instructions. Later, the station invoices were sent to the agency, which paid the bills after first deducting their 15 percent commission from the total. The advertising agency then billed the client for the full amount.

8. Evaluation of Results In this case, measuring results was simple: one only needed to calculate total sales of the hot lather machine at the retail level. Happily, all the units produced were sold. In the following year, the number of major markets was expanded from five to the top 40 in the United States.

but often break down in day-to-day practice. Instead of allocating a budget based on a percentage of sales, or unit of sale, some managers prefer to establish a budget based on predicted sales, or on last year's profits, or on estimated profits for the coming year. They consider it a more realistic approach than other systems, because rising sales do not necessarily mean rising profits. Too many other factors can affect the profit margin. For example, in a year of declining profits, the first budget to be cut may well be the advertising budget. But such a move may not make sense at all, because in a period of declining sales, the only effective offense may be to increase advertising levels. Some companies watch their competitors closely and establish their advertising budgets in accordance with what they know or think the competition is spending.

Most intelligently planned advertising allocations tend to be established by considering the advantages of all these systems. Advertisers must find the formula that works for them and they may have to modify it each year. In addition to the systems briefly outlined above, they will consider general economic conditions, competitive factors, the relative importance of the retailer, the type of product, its newness and the public's familiarity with it, the recommendations of the advertising agency, evaluations of past advertising programs, and the sales expectations for the coming year.

Conclusions

There are probably few businesses that involve more decision making than the advertising business. Every client has a problem, or problems. The competition never stands still, and so the marketplace is constantly changing. Consumers can be fickle and very hard to please. It makes the crystal ball pretty murky.

Advertising programs cannot be put together willy-nilly, although it sometimes seems to work that way. When a program, poorly researched and ill-considered, is a success, it can only be attributed to blind luck.

Objectives should always be formulated in terms of the communications function of advertising. The objectives must be specific, actionable, and within the proper realm of what can reasonably be expected with a given budget over a given period of time. A thorough analysis of a client's product or service—and also of customers in terms of geographic, consumption, demographic, and psychographic distributions patterns—is vital to intelligent planning.

Strategies, which grow out of advertising objectives, constitute the battle plan for achieving those objectives. There are usually a dozen strategies that could be used to achieve a particular set of objectives; experience and expertise are needed to select the best plan.

Positioning represents an attempt to fit a product or service into a potentially profitable niche in the total market. A sophisticated understanding of marketing techniques is required to assure that the positioning is appropriate. In many cases, sales have been greatly increased when a product has been repositioned as a result of extensive research and analysis.

Objectives, strategies, and positioning are the key supports in developing a viable advertising program. The decisions based on these three factors are ultimately tested in the marketplace. The right ones succeed.

Marketing Research

What's the Answer? Wait, What's the Question?

5

The complexities of intelligently formulating advertising objectives, outlined in the previous chapter, make obvious the critical need for useful and plentiful marketing data. Knowledge is power, and knowledge about the marketplace cannot be attained without proper time and attention devoted to research. In its broadest terms, marketing research is scientific intelligence gathering, the analysis and evaluation of that data, and application of the data to marketing problems and opportunities. Advertising and marketing plans, launched in a sea of uncertainty or ignorance, run great risks. Although research will not eliminate the risk factor in marketing, adequate information can greatly mitigate the chances of misjudging the market. Research data are tools to be used by both the client and the advertising agency. They are not, however, a substitute for human judgment.

The responsibility for conducting marketing research varies with the particular agency-client circumstance. Many client companies maintain extensive research departments of their own that work in close cooperation with advertising agency personnel. All large advertising agencies have research departments, and their activities are dictated by the nature and needs of the clients. Because of the growing sophistication of research techniques and the need for highly specialized information, research programs conducted wholly by the agency are becoming less and less common. An increasing number of independent research companies have prospered by providing either general market data on a subscription or syndicated basis, or by conducting tailor-made research programs for clients. In most instances, major advertising agencies that service national brand manufacturers will use three sources of data: (1) internal research supplied by the client company, (2) general or specific data from independent research companies, and (3) the resource data within the agency.

Smaller agencies and advertisers usually do not have as much marketing information available as the larger companies. Of course, the availability of these data depends on management philosophy, the proven usefulness of marketing research, and the time and money allocated to gather the information. But because the marketing patterns of smaller advertisers are often relatively simple—such as when distribution chains are direct, sales personnel centralized, and the competition pretty well understood—the need for extensive marketing research may not be as critical as it is with major firms.

Functions of Marketing Research

Regardless of the type or size of the advertiser, marketing research is useful in a number of ways.

1. It reports on a company's status in the market and provides a benchmark for future measurements.

2. It helps to identify problems, analyze competitive developments, and formulate a marketing plan.

3. As an outgrowth of that marketing plan, the advertising objectives can be determined realistically and thus they will stand a better chance of success.

4. The availability of marketing research data greatly enhances the creative work of the advertising agency. The copywriters and the art directors who really do their homework will study the data, appreciate the objectives, and design a creative plan that will help fulfill the advertising objectives.

5. Armed with information regarding the marketing position of its client, the media department of an advertising agency can prepare a media strategy that will effectively and efficiently put the advertiser in touch with his prospective customers.

6. Continuing marketing research provides constant feedback on trends, shifts, or unexpected competitive developments. This feedback permits the agency and client to modify the marketing plan and minimize unpleasant surprises.

7. Marketing research, conducted and maintained in a professional manner, greatly assists the decision-making process. It is an important management tool in formulating future plans and in establishing budgets.

Categories of Marketing Research Data

Because marketing encompasses so many different activities—including product line, pricing, packaging, distribution, sales promotion, and advertising—it follows that marketing research reflects a wide diversity of information. The importance of certain kinds of data will vary with the advertiser and the problems encountered. Marketing researchers, as a result, devote their efforts to gathering and categorizing information most useful in resolving the most pressing problems of a client. Their research falls into a number of categories.

Market Data

This information is concerned with the client's position in the marketplace, particularly in relation to sales analysis. Company records will reveal trends in terms of production levels, sales volume, price changes, distribution patterns, sales areas, quotas missed or met, and so on. Much of this internal data should be made available to the advertising agency for its own analysis and evaluation.

Syndicated research may be obtained on a subscription basis from a number of independent research companies. The information they provide is useful in evaluating a client's market position in relationship to competitors. Competitive data are generally reported in broad categories, but they may be available with specific breakouts of individual companies and product lines.

Product Information

Product information is particularly important in determining product appeals—or shortcomings. Most of it is available within the client company. The research technique may be no more complicated than a reading of company records and a long conversation with engineers or designers. For packaged products, data on the product—on color, packaging, convenience, shelf life, and special features—should be analyzed for relative strengths and weaknesses. Certainly, agency personnel assigned to an account use the client's product, if at all possible. Familiarity with a product, and with its competitors, increases knowledge that can be used in formulating plans. Many advertising agencies have unearthed quite interesting differences in the way the client and the consumer perceive a product. Because the former is so

close to the product, it often is easy to misjudge a consumer's rather casual response to that product. In some instances, what the manufacturer believes to be his product's most important quality is overlooked by the consumer, who is buying it for a totally different reason. For example, a soft drink manufacturer conducted some marketing research to determine the ways in which his product was used. He thought his customers bought his product (ginger ale) as a mix for alcoholic beverages, and this belief was reflected in all of the company's marketing and advertising plans. The research, however, showed that most of his customers bought and consumed this soft drink as a soft drink. Back to the drawing board.

Consumer Research

Consumer research looks at the attitudes and behavior of consumers. Although it seems to suggest that the advertising industry will be able to manipulate consumers like so many puppets, research data does not manipulate. Its objective is simply to gather, report, and analyze facts. Most consumer research is based on the search for market segmentations, which is essentially identifying and describing market groups in relation to various criteria. The data may be reported demographically in terms of such criteria as age, sex, income, and geographic location. Beyond these simple breakouts, researchers may classify consumers by social, cultural, or psychological factors. It all depends on what the advertiser needs to know and understand about his customers. Consumer research may entail anything from basic census analysis to elaborate survey research projects.

In addition to customer "profiles," consumer research can also reveal differences in brand image, levels of brand loyalty, and in product consumption. For repeat-purchase products, identifying heavy product users is very important. A tremendous number of very ordinary products show great differences in light versus heavy users. Almost every household may have coffee in a kitchen cupboard, but if a coffee company discovers that more than half the instant coffee is guzzled by a relatively small proportion of the adult women, that's valuable information. Who are these women? Where do they live? Where do they shop? What brands do they presently buy? The answers to these and other questions, as well as the answer to the key question—what are their media habits?—can greatly enhance the effectiveness of marketing and advertising programs.

In some instances, new consumer research has led to the development of new products specifically designed to fit the needs of a particular market segment. Convenience foods, new features in automobiles, and new package designs have often been developed because consumer research revealed either a dissatisfaction with an existing product, or a real desire for a new product.

The importance of motivational research to advertising was demonstrated in the 1950s by Dr. Ernest Dichter and his Institute for Motivational Research. The research, an outgrowth of clinical psychology, sought to explore a subject's deepest attitudes and beliefs regarding a product, its function, and satisfactions. The technique involved indirect questioning, projective tests, individual or group interviewing, and role playing in psychodramas. Although the technique is somewhat out of fashion now, it has not disappeared. It is a valid system for gathering consumer information, even though it is rather time consuming and expensive.

Focus groups are a popular technique in consumer research. Such groups usually consist of no more than ten members, often housewives (who make most of the family's purchases), and a discussion leader who asks questions and keeps the group on the subject. The topic may be no more exciting than laundry detergents, but when properly directed these consumers may have plenty to say. The information gained from these discussions may prove invaluable to an advertiser and the agency.

Survey analyses of consumer attitudes can be very useful, but ideally they should be considered along with consumer behavior. The two are not the same. What people actually do in the marketplace is often quite different from what they say they will do. A subject, when interviewed,

"There! There she is! Now go back to the agency and write something for her!"

Drawing by C. Barsotti: © 1974 The New Yorker Magazine, Inc.

may say he does not like a product's packaging and therefore is not inclined to buy it. The truth may be that he considers the price too high, but is reluctant to admit it. Another subject may try a complimentary sample of a new product, and express great interest and satisfaction, but never buy or use it again. Why? Unless he pries out the real reasons, the researcher may never know.

Audience Analysis

Consumers are only available to an advertiser as members of an audience. The audience may be found in newspapers, magazines, outdoor, direct mail, a variety of specialized media, and, of course, the broadcast media.

Radio and television audiences are regularly measured by a number of well-established research companies. In radio, The Pulse measures individual markets by using an area probability sample and by having interviewers conduct in-home surveys; respondents are asked to recollect their radio use for the previous 24 hours. A competitor, Arbitron, also measures individual radio markets, but sends diaries to cooperating families. All members of the family are asked to keep a record of their radio listening for a one-week period. Arbitron also uses the diary method for measuring television audiences, as does the A. C. Nielsen Company. To measure national audiences tuned to the three TV networks, and to estimate TV audience size in New York City and in Los Angeles, Nielsen uses both a diary and an electronic system. An Audimeter is attached to every set in the home under study, and this little device measures the time the set is tuned on, the channel it is tuned to, and when it is turned off. The syndicated research from these three companies includes individual market data on the size of the radio or television audience for each hour of the day, and then it breaks out the data for each station, to indicate program rating, share of audience, and the demographics of that audience in terms of sex and age.

Because audience estimates are so important in both programing and advertising decisions, Chapter 11 on Audience Research explores the methodology and data reported by these three companies in much greater detail.

Concept Testing

Translating consumer research data to the actual development of advertisements can present problems. For example, not everyone is a "best" prospect for a given product, even though he or she may buy and use it. Consumer research may suggest that concentrating on heavy users may be the best plan. Or, it may suggest that since the heavy users have great brand allegiance, the better prospects for an advertising campaign are light users who may be induced to use a product more. Or, perhaps the best prospects are people who know about a given product but haven't tried it. A different approach in the advertising concept would be necessary for each group of prospects. To further complicate matters, there may be great differences within any group in relation to consumer attitudes, brand experiences, and in

what consumers *expect* from a product. Therefore, it is essential that the creative team clearly understands the specific objectives of a given campaign. A product is always sold on the basis of *benefits,* and there may be many. Selecting the right benefit, or benefits, to advertise in the best way to the "right" group, is an unsure business at best. Concept testing sometimes can reduce the numerous options and put the client and agency on the right track.

Of the many different ways to test advertising concepts, some involve gadgetry from the laboratories of psychologists. A procedure called *pupilmetrics* utilizes an eye camera that measures the dilation of a subject's pupil as he views a particular ad. The conclusions of this research suggest that the more interested the subject is in the message presented, the greater the dilation factor will be. Another aparatus, the galvanic skin resistance (GSR) machine, determines a subject's emotional response to an ad by measuring the resistance of his skin to a slight electrical current. If the subject's emotional response is manifested in a physiological way (like perspiring), the GSR machine can record that response. These are experimental methods that take place in a laboratory situation, and those who use the data recognize them as such. It would be foolish to translate the conclusions of this kind of research to the actual marketplace indiscriminately. The experiments may reveal, however, some new insights into consumer attitudes and product acceptance.

Less exotic methods may expose subjects to advertising and then ask them to articulate their response or complete a questionnaire. In print advertising, it is a relatively simple matter to send an interviewer with a magazine or two under his arm on a door-to-door canvass. It would be difficult to use the same technique in the broadcast media, unless the interviewer carried a tape recorder to play commercials for consumers and then recorded their responses. Most audience researchers use other methods.

Two common techniques for testing commercials are telephone interviewing and theatre or group testing. The former technique measures recall of TV commercials by telephoning a sample of homes 24 hours after broadcast. Theatre testing of both programs and commercials has been used for many years. Results must be interpreted with the knowledge that audience members are captive for all intents and purposes, and their attention is therefore highly focused. Another service offers its subscribers both the benefits of information derived from a consumer panel and the ability to test commercials on a cable television system. Two panels of households cooperate by keeping purchase diaries of food, drugs, and similar items. The advertiser can carefully follow these records and, at the same time, test commercials by inserting them in a cable system directed to one panel, and use another commercial on the second panel.

These three methodologies—telephone recall, group or theatre testing, and commercial testing on CATV systems—are explored in depth in Chapter 10, Evaluating Commercials.

Test Marketing

Test marketing involves an experimental method in which products and advertising are tested in selected markets. There's a long research and development process that precedes the test, especially when the subject of the research is a new product. A large manufacturer turning out a multiplicity of products will be constantly researching new product ideas for feasibility and marketability. Only a fraction of these ideas will ever reach the prototype stage, and of those that are advanced to a test marketing situation, the fatality rate is terrific.

Test marketing is a complex business, but most of this research is directed toward measuring four key aspects of marketing a product: awareness of the product, attitudes toward the product, purchase, and repeat purchase. Knowing about and understanding these aspects of consumer behavior are vital for devising successful marketing strategies. For large corporations contemplating marketing new products on a national basis, test marketing is an obvious way to reduce the risks. It can make it possible to identify a bust in a test market stage or to modify a product or plans so that a failure can be turned into a success.

For a new product, one or more markets may be selected for testing purposes. That market is usually thoroughly researched, hopefully to ensure that it is free of local marketing peculiarities that would make it unique instead of typical. It takes a tremendous amount of work to set up distribution, locally promote and advertise the product, and then measure results. Store audits are conducted to keep track of sales. A consumer panel may be enlisted to record household purchases. Interviews and focus groups may be used to solicit consumer responses to the new product. Repeat purchase patterns are studied, and consumer profiles are carefully charted to determine the product's greatest market potential. Test marketing is a costly and time-consuming proposition. The results of the research, however, are worth the investment to the advertiser who is considering spending millions to launch a new product in the national marketplace.

Test marketing for an established product (with new features or packaging, for instance) sometimes involves the use of two matched markets. They may be cities or metropolitan areas, or even states or regions, that are extremely similar in terms of economic, social, and cultural characteristics. One of the areas serves as a control, and the new marketing campaign is launched in the other. Different advertising programs may be conducted in each market and their results compared. Advertising weights can be varied, different media used, and various concepts incorporated into the campaign. The efficiency and effectiveness of new marketing schemes are then measured and evaluated in an effort to find an optimum that can be applied in national campaigns.

Postcampaign Evaluations

All the effort and money expended in a major marketing effort should not be shortchanged. Both the client and the advertising agency will profit from a thorough analysis of a marketing program and learn as much, or more, from the failures as from the successes. Was the marketing plan realistic? Did sales reach the hoped-for levels? What role

5.1 What Research Can and Cannot Do

1. Research is a management tool, not a decision maker. It provides new insights and answers questions. Interpretations of research can serve as guides in formulating plans, but research cannot and should not dictate the marketing plan.

2. Marketing plans are made for the future. Research data are history. The marketplace may change drastically or not at all, but it is crucial to keep the possibility in mind.

3. Research data does not roll out of a computer to be carved in stone. Some degree of error is inevitable. Conclusions of a major pilot study should not be resurrected repeatedly as the answer to all questions.

4. The quality of the data is a direct outgrowth of the integrity of the research. Surveys with unclear objectives, inadequate samples, poorly designed questionnaires, or one that attempts to cover too much ground, can render the results of a major effort useless.

5. The value of research is enhanced if the most appropriate sampling method is selected and then carefully drawn. However, unless field staff are thoroughly trained and supervised, the care expended in sample selection will be lost.

6. It is not necessary to reinvent the wheel every time a research project is undertaken. A continuing long-range research program, carefully planned and executed, can build an invaluable body of data over the years. Such a sophisticated program requires management's commitment to budget for it, as well as the expertise of true professionals to conduct the research.

did the advertising program play in this success? Should advertising levels and the budget be increased next year? How much did other factors, such as promotions or premiums, contribute to total sales? What was the level of competitive activity during this campaign? What went right? What went wrong? How can we improve in the future?

Answers to many of these questions can be obtained from company and agency records kept throughout the campaign. Evaluating the data, along with the objective judgments of the people most deeply involved in the campaign's formulation, can be invaluable in preparing future marketing and advertising plans.

Marketing Research Information Sources

Research information in marketing and advertising can be obtained from a great variety of sources, but the data can be categorized generally as either *internal* or *external* research.

Internal Research

Information from within a company is the most readily available source of marketing research data. Company records reveal a wealth of data on the market, such as product lines, distribution patterns, past and present promotions and advertising campaigns, and sales records broken down geographically, seasonally, and along product lines. These records are the most obvious starting point for a marketing research effort, and they provide the most basic and most essential information.

External Research

Store Audits Companies such as the A. C. Nielsen Company, and Audits and Surveys, Inc., utilize a system of retail auditing of invoices, inventories, and sales records derived from a sample of retail outlets across the country. The data are syndicated to subscribers, who may select the reports they want by product groups. The sales volume of

7. Research data should be realistically interpreted. They should not be stretched beyond the project's intended scope. Inferences can and should be drawn, because marketing research is usually unable to make predictions. These inferences, however, should be confined to situations similar to the one studied. Wholesale translations of the results of one project, applied to another set of problems, are rarely accurate. But since it is sometimes easy to transpose selected conclusions to a new problem, the marketer may lead himself astray.

8. Marketing research, by definition, is concerned with all the variables present in a marketing mix, and thus it is often hard to isolate particular facets of a marketing program. Those who analyze the data should do so in the total context of a marketing effort.

9. Marketing research does not always recognize the impact of repetition in advertising. Measurements may be made on the basis of a test market situation or consumers who respond to a one-time exposure. In this latter instance, what a consumer may consider as an exaggerated product claim at first may eventually become acceptable after repeated exposure. This credence, built up over a period of time, tends to substantiate the theory that if a consumer is told something often enough, he will eventually come to believe it.

10. Consumer panels, subjects in a laboratory setting, or people interviewed during the course of a survey can provide valuable data. They are not, however, engaging in normal behavior. The degree of error of such marketing research methods is impossible to measure. Scientists have devised a number of ways to mitigate the problems posed by unnatural settings, but they will always be present to some extent.

11. The results of survey research designed to record consumer attitudes should never be used as indicators of consumer behavior. The two are not the same.

selected brands within each group is regularly reported, and these data keep the subscriber up-to-date on the market share of his brand in comparison with competitors. The movement of food products through warehouses is regularly audited by Selling Areas-Marketing, Inc. (SAMI) and reported to its subscribers.

Consumer Panels Consumer panels have long been popular as a research technique for studying purchase patterns. Some major advertising agencies have established their own continuing consumer panels. Others are maintained by independent research companies; Market Research Corporation of America and National Family Opinion, Inc., are two well-known examples. Households in these panels are carefully selected, and the sample is designed to serve as a valid indicator of the total marketplace. Diaries are provided and family members are asked to record their purchases in terms of brands, quantities, prices paid, store where purchased, and so on. The resulting data also include demographic information on the sample, correlated to the buying habits of participants. For their cooperation, families usually receive some modest remuneration or are awarded points toward premiums of their choice.

Surveys In many cases, the internal research available in a client's organization, or within the advertising agency, is insufficient. The marketing data supplied by an independent research company may also be insufficient. In that event, the agency and client may decide that a tailor-made survey research project is indicated. Depending on the kind of information needed, and the research methodology established, the client and/or agency may conduct the research, or they may enlist the services of an independent organization. Regardless of what organization conducts the survey, the preliminary steps will be the same.

A good researcher will insist that the client clearly explain what kind of information he wants. Such an explanation is the best guarantee that survey results will be significant and useful. Then, the researcher will undoubtedly make a number of recommendations based on the desired information. From that a budget and timetable will be established.

Selecting a sample in survey research is a scientific process that can be done in many different ways. Selection may be determined by the kind of information wanted, the geographic area to be covered, time requirements, the budget, and any special demographic targets. One research project, for example, may be directed to middle- and low-income mothers with babies under the age of two. Such a survey will be quite different than one directed to high-income executives who fly their own planes.

Dozens of methodologies can be employed. Direct mail questionnaires may be sent to selected lists—previous customers, for instance—to ask for evaluations of a product purchased within the last year. Names may be drawn by computer from telephone directories, and interviewers may phone and ask the "lady of the house" to respond to questions. Interviewers may conduct door-to-door surveys.

The director of a survey research project is responsible for designing a questionnaire that will yield a maximum amount of accurate consumer feedback. The English language is so filled with ambiguities that only a trained researcher can design the sequence and wording of questions in ways that will minimize bias. An old axiom is that the answers will be no better than the questions. Interviewers must be trained to conduct the interrogation without influencing answers. (Guarding against bias is sometimes difficult if the project is "saving" money by using inexperienced and poorly paid interviewers.) Some researchers like to use open-ended questions, such as "What can you remember?" The answers often yield some very interesting insights about respondents' perceptions and attitudes toward a product and its advertising.

Because of the efficiency of computers, most questionnaires are designed for data processing techniques. Even opinion questions can be phrased so the respondent can mark a category indicating the degree to which he agrees or disagrees; "all of the time, some of the time, none of the time" are common options given to the interviewee.

After the questions are asked and the data compiled, the research director is responsible for supervising the data processing. Then the real work begins in organizing and evaluating the survey results. Subsequently, he or she must both explain and interpret the conclusions of the research to those who make final decisions in marketing strategy.

Library Materials The following library materials may be useful in conducting marketing research:

- *Readers' Guide to Periodical Literature*
- *Business Periodicals Index*
- *The Standard Periodical Directory*
- *Ulrich's International Periodicals Directory*
- *Topicator, Classified Article Guide to the Advertising/Communications/ Marketing Periodical Press*
- *The Marketing Information Guide, The Annotated Bibliography*
- *Sales Management Survey of Buying Power*
- *Supermarket Institute Index*
- *Broadcasting Yearbook*
- *Television Factbook: Stations Volume and Services Volume*
- *Editor & Publisher Market Guide*
- *Standard Rate and Data Service*
- *Funk & Scott Index of Corporations and Industries*
- *Bradford's Directory of Marketing Research Agencies and Management Consultants in the United States and the World*
- *Concise Guide to International Markets*
- *Standard Directory of Advertisers*
- *Standard Directory of Advertising Agencies*
- Advertising and marketing periodicals: *Advertising Age, Broadcasting, Direct Marketing, Editor & Publisher, Journal of Advertising, Journal of Advertising Research, Journal of Marketing, Journal of Marketing Research, Madison Avenue, Media Decisions, Promotion, Sales Management, Television/Radio Age, Variety*
- Materials and publications of the following organizations: *Television Bureau of Advertising, Radio Advertising Bureau, Newspaper Advertising Bureau, Magazine Publishers Association, American Business Press, Inc., Advertising Research Foundation, American Marketing Association, Association of National Advertisers, American Association of Advertising Agencies*
- Government publications, mostly available through the Superintendent of Documents, include: materials from the U.S. Department of Agriculture, U.S. Department of Commerce *(Survey of Current Business)*, Federal Trade Commission, U.S. Bureau of the Census *(Statistical Abstract of the United States)*, U.S. Bureau of Labor Statistics, *Federal Reserve Board Bulletin*
- Trade publications related to marketing specific products or services.

Conclusions

The American marketing system is the envy of the modern world. Americans are accustomed to being able to find what they want when they want it, and in great abundance. The movement of goods and services to meet the demand is an amazing enterprise, but it did not just grow like Topsy. Too much capital has been invested to leave marketing systems to chance. Risks are always present, but they can be reduced by gathering and interpreting marketing research information.

No one is scrutinized more intensely than the American consumer. Marketing research now analyzes geographic, consumption, demographic, and psychographic distribution patterns. Consumers are also studied in terms of their response to both products and advertising and as members of audiences to various media.

Marketing research is a complicated business, and millions of dollars are spent each year to obtain useful data. Marketing research has multiplied in both quantity and quality over the years because of the need for the information, and because of constantly improving data-gathering techniques. The result has helped marketers to minimize risks. It has also benefited consumers, since efficient marketing systems are the ones that provide the goods and services they need.

Media Planning

What Do You Mean, I'm Demographically Unacceptable?

6

No department in any advertising agency has witnessed more changes in the past two decades than the media department. Its goal has always been to put clients in touch with prospective customers in the most effective and efficient manner. Years ago it really didn't seem that complicated to do so. Today, the media department's newest plebe may wonder if he needs a degree in higher mathematics to survive.

Since World War II, the advertising industry and the media in this country have undergone such tremendous changes and shifts that merely keeping track of them is an accomplishment. The agency media planner must not only understand the complexion of the advertising media, but be able to interpret it to others and prepare recommendations that sometimes involve millions of dollars. It's a huge responsibility, and mistakes are costly. Media planning and buying has become so complex primarily because of the abundance of new research and increasingly available computer facilities for rapid, in-depth analysis of research findings. Nothing can be left to guesswork, and so media plans are now formulated and analyzed in many different ways. The sheer volume of advertising, now exceeding $23 billion annually, means the consumer is bombarded with messages. Yet every client wants his message to rise above the din. What can the media planner recommend?

Answers do not come easily, for the tremendous proliferation in media has greatly complicated decision making. There are numerous ways to put advertisers in touch with consumers. Which is best? All the media can offer attractive options. As a result, the work of the media planner is largely devoted to evaluating the pros and cons of various possibilities in relation to the objectives and strategies of a given advertising campaign.

Television significantly altered media planning because of its great impact on how the public spent its leisure time, and because of its proven selling success. Other advertising media have had to shift and settle into new roles. Radio, once a relatively easy sale, especially national network, is now an entirely new ball game. There are about ten times as many radio stations on the air as there are television stations. Almost every station seeks to serve a somewhat specialized segment of the total audience, and so a media strategy involving radio requires extensive analysis in order to match consumer and listener profiles.

Other media have also undergone extensive changes. Numerous newspapers have folded or have merged into large business enterprises as a result of their economic doldrums. They have had to adjust to rising costs, declining circulations in proportion to population growth, and to the public's new reliance on television as its primary news source. On the other hand, small neighborhood weeklies in urban and suburban areas have increased and now fill an important function in providing shopping information and very localized news. Many

national consumer magazines have disappeared, to be replaced by more specialized magazines catering to specific interests and reader demographics. Billboards have been banned in some communities. Direct mail costs have risen dramatically. Technological innovations in both print and broadcasting have contributed to the growing complexities of media planning. In the electronic media, innovations include cable TV, satellite distribution systems for broadcast signals, audio and video cassettes, stereo in FM—to name just a few. These changes are just a sampling of the many that have affected, or may affect, the public's use of the media. And because the public's use is affected, so are plans to reach that public with advertising messages.

Developing a Media Strategy

The media strategy of any advertising program must be as carefully analyzed and executed as the creative strategy. Each are equally important. In the creative process, planning is rarely very orderly, but media planning can and should be disciplined and as exact as possible. Any expert media planner will explore a number of questions, detailed below, before submitting recommendations to a client.

What Are the Objectives of the Campaign?

In most cases, objectives are determined by the client working closely with the agency's account management team. When committed to paper, they can be reviewed by the media planner, who should be convinced that they are actionable. Sometimes the stated objectives present problems, however. For example, an objective to increase a product's market share by 5 percent may warm the client's heart but may have very little directional validity for the media planner. If, however, the objective is to demonstrate a product's superior performance to middle- and high-income men, ages 25 to 49, then the media planner can begin to zero in on the best of a number of media alternatives.

Advertising objectives should always be expressed in terms of what is to be communicated to whom. This is home base. With a clear understanding of these basic objectives, the media planner can move on to the finer points.

What Is the Geographic Distribution of this Product?

The client's distribution patterns may quickly eliminate certain media, or strongly indicate the wisdom of using other media. For example, an advertiser whose product is distributed in only 20 states is not a candidate for network television. *Spot* media buys may be the answer, for they permit the agency to select only the important markets. Because a product's share of total sales will always vary from market to market, a media plan must permit flexibility in adjusting advertising weights in each market. Advertising buys are an investment, and the various geographic markets must be analyzed in terms of their potential to return a profit on that investment.

Where Is the Market?

Stated in other words, the question is: "Who and where are the best prospects?" The answer is usually based on the geographic distribution and on the demographic qualities of the target group. It is here that sufficient and accurate research data are critical. The advertiser should define as precisely as possible the target prospects for the media planner. The agency needs to know where the customers are; then, it needs to establish a consumer profile based on age, sex, income, education levels, and other demographics. Additional marketing research may be necessary to detail these profiles, and this information often includes both product and media usage.

For certain kinds of advertisers, psychographic identifications of

consumers are very important, for they attempt to qualify target audiences in terms of life styles and various psychological qualities. It is not easy to translate them to media usage, however. Only a limited number of media have even scratched the surface in developing psychographic profiles of their readers, listeners, or viewers.

Since demographics and psychographics are not the same thing, they may relate only occasionally. One may be venturesome at age 9 or 90, and clearly consumer needs for products and services are vastly different for people in the two age categories. On the other hand, a 20-year-old woman and a 45-year-old one may both be excellent prospects for a particular cosmetic because they share a common trait—insecurity in social situations. They may both buy a product because they think it will make them attractive, and therefore more confident. Yet these two women may or may not share similar media habits. This example suggests the complexities of not only identifying the market, but also reaching the market. Certainly it would be helpful to know the marketplace in such microscopic detail that all media planning could be predicated on both demographic and psychographic data. Perhaps someday it will be possible.

What Is the Message to Be Conveyed?

The advertising objectives of a campaign establish the basic message to be communicated to a target audience. The shape and form of this message is the work of the creative team that is well aware of the special environment of each of the advertising media. Creative aspects, including the style and presentation of the message, may largely dictate media selection. Nothing can hold a candle to the highly refined color reproduction of magazines, for instance, and the humor of an animated TV commercial is impossible to duplicate in other media. The central message, or *copy platform,* however, may be used in a media mix and it should be quite adaptable to such a mix. The trick is to develop a plan that will accommodate the creative objectives and the media objectives in reaching the target audience effectively.

How Much Money Is Available?

Whatever the budget, the media planner always wishes it was a bit larger. Since many attractive options are available to any advertiser in selecting media, the problem is to choose the best one. The dollars must be stretched to their most efficient use. Adjustments always have to be made, because media costs may be disproportionately large in relation to the size of the audience delivered. Some media simply cost more than others. Further, certain markets may be more important to a client than others, and so the planner may have to allow for varying advertising weights. For example, a nationally distributed product having 60 percent of its sales in the top 20 markets might benefit by heavy campaigns in these markets and reduced maintenance schedules in the balance of the country. In particularly important markets, the budget may have to be designed to combat an aggressive competitor. Certain demographic groups may be harder or more expensive to reach than others, and in this instance, media budgets will have to be modified.

What Media Are Available to Deliver the Message?

In the practical business of devising a campaign strategy, all advertising media must be evaluated on two bases: (1) the suitability of the medium to deliver a particular kind of message, and (2) the ability of the medium to deliver the right kind of audience for this particular advertiser, and to do so efficiently.

All media have specialized and unique qualities, different coverage patterns and different audiences, and different kinds of advertising environments. There is no "perfect" medium. Each has some assets, and some liabilities. Thus, the experienced media planner must know what can be reasonably expected from each of the advertising media, whether television, radio, newspapers, magazines, outdoor, direct mail, or a variety of specialized media. Since this book is devoted to the

broadcast media, the following sections discuss both the advantages and disadvantages they present to the advertiser.

Advantages of Television If, as television's critics have said, the industry is not really in the business of delivering programing to audiences, but rather delivering audiences to advertisers, then one must grant that it achieves this goal with huge success. The billions of dollars now annually invested in TV advertising by American and foreign business present an impressive testimonial to the power of the medium in moving goods and services through the marketplace. What is it about television commercials that make them so captivating and compelling? Why is TV such a persuasive selling tool? It may be helpful to analyze television from the advertiser's viewpoint, not the programer's or the viewer's, in order to understand the power and success of the medium.

The combination of sound and visuals, including both motion and color, constitute the sensory aspects of this electronic medium. This combination offers the advertiser certain opportunities simply not available in other media. TV's unparalleled ability to *demonstrate,* to show the product, to display it in the most favorable circumstances, and to familiarize the viewer with a package, sign, or trademark, is probably the medium's prime advantage over other media. It is an exceptional vehicle for the introduction of new consumer products. In addition, being able to presell the consumer is extremely important in this day of self-service shopping, for an indifferent check-out clerk is no replacement for an enthusiastic salesman. Advertising is, in large part, a replacement for personal selling, and thus TV's ability to reach consumers and influence their behavior is most attractive to the advertiser. TV's capability to persuade is enhanced by another great asset: its ability to sell on an "eyeball to eyeball" basis.

The effect of personal testimonials or of a compelling spokesperson on TV can elicit an emotional response in the viewer that is subsequently felt in the marketplace. Television need never worry about getting a foot in the front door, because it is usually firmly ensconced centerstage in America's living rooms. In theory, at least, the members of the family are relaxed, ready to be entertained, and receptive to the advertising messages. TV is an "up front" medium, which means that when the commercial is on the air, the advertiser does not have to share the stage with anyone else. (In newspapers, an ad must compete for a reader's attention with everything else on the page.)

The massive amounts of time Americans spend with the medium indicate its growing popularity. A major audience research company, the A. C. Nielsen Company, reports that the average American television home now has its set (or sets) in use more than six hours each day. Although some social critics decry the amount of time the American public devotes to this medium, the advertiser can only rejoice. From his viewpoint, television can not only be tremendously effective, but efficient as well. Even though the costs may be high, the results are worth it. Television network advertising constitutes the only real national advertising medium in terms of mass coverage of the nation's population. Tens of millions of viewers may be simultaneously exposed to each commercial scheduled in prime time. If the advertiser knows his consumer profile and can match it reasonably well to viewer profiles, efficiency is improved.

Prime-time television is not the only attractive buy for advertisers who want to reach mass audiences. Daytime, weekend, and early and late fringe time periods can deliver significant audiences with reasonably defined demographics at efficient prices. Television audiences are continuously researched in order to provide advertisers with as much data as possible about audience size and demographics at various times of the day. This information permits the advertiser who wants to reach 18- to 35-year-old women to identify the programs that deliver this important demographic group in large numbers. Because a television station's program schedule provides a rather extensive "menu" for each member of the viewing family, the option of reaching certain members is available to the advertiser. Daytime television catering to large numbers of women, weekend sports programs with broad appeal to men, and Saturday morning children's shows are just a few exam-

ples of the variety of times and audience compositions available to the advertiser; they also represent a variety of price ranges.

The television medium is also attractive to advertisers because of its flexibility. Time buys can be made on a last-minute basis, if necessary, and the advertiser can buy commercial schedules on either a network or spot basis. With one buy of network time, an advertiser has access to approximately 200 affiliate stations, and the purchase of that time can be a reasonably quick and easy negotiation. In spot buying, the advertiser can select just those markets and stations where he wishes to advertise. This market list may be matched with product distribution patterns, and weighted up or down depending on the particular objectives of the advertising campaign. An advertiser with national distribution (and a hefty budget) may supplement a basic national network buy with "heavy-up" spot schedules in high-potential markets. Of course, time should be bought on only those stations that provide the most efficient and attractive investment. Flexibility also allows schedules to be juggled and commercials rotated or moved from time period to time period, if necessary.

Spectacular scenery, fabulous colors, and glamorous talent can be captured in a blend of beautiful visual techniques and skillful audio execution. This advantage need not be belabored, for it has become cliché to note that the very best (and the very worst) material on television are the commercials. The constantly improving technology of TV offers advertisers a variety of creative options. Special effects, computer animation, and chroma-key techniques have all been used successfully to lend visual interest to commercials. A commercial extravaganza is not necessary to effective selling, however. Many advertisers are convinced by their own success that a simple "standup" television commercial with a convincing spokesperson can capture the interest of prospects and sell their products. Other advertisers prefer to use the intimacy and immediacy of TV to present commercials with "slice-of-life" techniques. If well executed, these commercials can generate a great deal of emotional involvement on the part of viewers.

Prestige is another benefit that may accrue to the television advertiser, depending on how he uses the medium. Network sponsorships of specials—documentaries, important dramas, and live coverage of major current events—can identify the advertiser with quality, social concern, and a degree of corporate altruism not available in other media. This kind of sponsorship may effectively promote short-term sales, or it may enhance a company's image through effective institutional commercials.

Disadvantages of Television The intelligent advertiser and an advertising agency's staff must recognize that television is not necessarily a Shangri-La destined to solve any and all marketing problems. Television's disadvantages as an advertising medium do not outweigh its advantages for most advertisers, but they should be considered. Time is perishable and the commercial is a fleeting message. (The print advertising industry is gleeful to stress this point in underscoring the relative permanence of ink on paper.) Commercials are sold in 10-, 30-, and 60-second lengths in most markets, and that simply isn't very long. This time limitation can produce considerable problems for the agency in designing effective and persuasive messages. The copy platform must be simple and the selling concept clear. Commercials usually cannot deal with technical explanations, although sometimes TV can make the complex seem simple—as, for example, with animation. Nonetheless, the advertiser is severely restricted in the amount of detail and the sales points that can be presented.

Some national advertisers have not used television because they consider it too expensive. They have determined that their budgets are more efficiently invested in other media. The same is true at the local level. Talent costs as well as time costs can skyrocket the expenses of a television campaign, unless the situation is closely monitored. Depending on the number of actors and models hired for a commercial, and whether or not the services of a high-priced celebrity have been used, an important cost factor is *residuals*—payment to talent for the reuse of a commercial. These payments are adjusted on a sliding scale

that is affected by the number of times the commercial is run and by the number of cities in which it is shown. (Residuals will be discussed further in Chapter 8 on Talent.)

Television advertising is generally confined to campaigns intended to sell mass consumer goods and services. Further, much TV programming is nonselective in terms of the audience it attracts, although certain kinds of programs—sports, children's, and others—deliver more narrow demographics. In general, selectivity is not at work in a network program that delivers 30 million viewers, and for some advertisers this is a disadvantage. They prefer to use other media.

Because the print media are usually paid for by the reader, and thus selected and sought after, newspapers and magazines are often thought to enjoy much higher "loyalty" than broadcasting. TV audiences are fickle and channel-hopping is common. The advertiser must realize that the viewer turns to TV for the program, not his commercial, which constitutes an interruption. Naturally, a string of commercials invites the viewer to divert his attention or exit the room. A number of studies over the years have attempted to measure viewer absenteeism during the "clutter" at station break time. The results are sobering at best. The advertiser who concludes that his message is watched by the same number of viewers who watch the program is deluding himself. The actual figure of program viewers devoting full attention to the accompanying commercial message may be less than 50 percent!

This drop-off rate of viewers watching commercials represents another disadvantage of TV to the advertiser. It may be identified as some degree of viewer antagonism, but the exact degree is impossible to measure. Thus, to what extent the on-going criticism of the medium, both in specific and general ways, "rubs off" on the advertiser is not known, but it is certainly safe to conclude that television advertising itself has contributed generously to viewer antagonism!

Advantages of Radio Mark Twain's comment, "The reports of my death are greatly exaggerated," might well apply to radio. The industry rallied from a staggering blow dealt it by the new television industry during the 1950s. The recuperation was largely financed by advertisers, not out of dedication to a faltering medium, but because they considered dollars spent in radio a wise investment. Radio offered the advertiser certain advantages often unavailable in other media. Virtually every home in America has a radio; in fact, the average is over five sets per home. Listening in bedrooms, kitchens, family rooms, and almost every room in the house means radio is a highly accessible and also very personal medium. Few cars are manufactured today without radios, and the Radio Advertising Bureau (RAB) estimates that the car radio is on more than 60 percent of the time a car is in use. This fact helps to explain why radio's prime time is early morning and late afternoon commute hours. Small transistor radios accompany listeners on a variety of outdoor activities. The result is that radio enjoys a mass coverage and accessibility unmatched by other advertising media. Its popularity has been apparent for many years in RAB studies that report the average adult listens to radio more than three hours per day.

The tremendous proliferation of stations in the past two decades has meant a proliferation of programing formats—such as all-news, contemporary music, country-western, and rock—each attracting a particular demographic segment of the population. Because of the appeal to a limited group, many advertising agencies consider radio a "narrow cast" medium. (It is obvious that consumer profiles based on the advertiser's marketing research should be accurately matched with radio listener profiles, a task that is more easily talked about than accomplished.)

Radio is very competitive with other local media, and advertising time and production costs can be very modest yet still produce effective results. Although many large stations in major markets will charge what seems to be high rates, they generally base them on audience delivered and frequently will negotiate with the advertiser. The top stations will charge rates commensurate with audience reach. Small stations, particularly the FM stations, offer lower rates; although they reach a smaller audience, they still constitute an attractive advertising buy.

Most radio stations offer a variety of discounts to advertisers, depending on the number of commercials run each week, the number of weeks in the schedule, the total dollar expenditure, or some other basis. It is possible to run a high frequency campaign on several stations on a relatively low budget. Although production costs for radio commercials can be considerable, they really do not have to be. Recorded music and sound effects and experienced talent can produce a low-cost but high-impact commercial that wins awards in advertising competitions and wins customers at the check-out stand.

The "theatre of the mind" is an old cliché in radio, but it still rings true. As a result of effective production, the radio listener can "see" the setting, the characters, and the product. If the advertiser wishes to place a commercial on a sandy South Sea beach, all that is needed for the listener to visualize the scene are proper sound suggestions. The warmth of the human voice, a catchy jingle, a "picture" painted with sound effects, or a popular disc jockey who can read copy with "friendly persuasion" offer most attractive opportunities for the radio advertiser.

Because listeners use radio in very personal ways, and often in some degree of isolation, its function as a companion should not be overlooked. Many advertisers produce slice-of-life commercials that provide easy identification for the listener. Bright, topical, and humorous commercials may be tremendously effective in reaching the radio listener on an emotional level.

As with television, flexibility is another attractive asset. Radio stations can be selected in only those markets important to the advertiser. Schedules can be bought for only a few days, or for an entire year. Commercials can be rotated and changed according to the advertiser's direction at no additional charge. Although local advertisers are the bread and butter of the industry, many national advertisers make significant investments in the radio networks. Program fare has changed with the times, and clients have found that network radio buys, usually newscasts, are extremely efficient. Costs are low, audience reach levels are impressive, and with one simple purchase the advertiser buys time on several hundred stations.

Disadvantages of Radio The advertiser who carefully constructs his advertising objectives and critically evaluates what each of the media offer must also be aware of shortcomings. In the case of radio, one attribute is also a serious disadvantage. Although this aural medium can inspire the listener's imagination, it is still "blind." The product, its packaging, a store's interior, or its location cannot be visualized as they can in television or the print media. In addition, radio is not particularly conducive to elaborate verbal detail on product attributes, colors, sizes, prices, store location, phone numbers, or mail order instructions. The fleeting, perishable nature of a commercial is a further limitation, as it is with television. In 30 or 60 seconds, it vanishes into the ether. For the station soliciting local advertising from businesses that have relied historically on newspaper advertising, this impermanence is a real handicap. Educating and re-orienting retailers in relation to the advantages of the medium is an on-going process of local radio account executives.

If the advertiser seeks some measure of market saturation, he must buy time rather extensively since radio audiences are fragmented. Prime-time buys on a local television station, or several full page ads in the local newspaper, may reach an impressive audience. To duplicate this kind of coverage in radio, time must be bought on a number of stations over an extended period if any degree of awareness and impact is to be achieved. The way audiences fragment by demographic groups is a constantly changing phenomenon in most major markets. Listeners' preferences may change, or stations may switch their programing formats in a relatively short period of time. The astute radio advertiser must keep on top of such changes. Unfortunately, as in all media, buying for the future is usually predicated on past performance.

Listeners often tune in music programs, the staple of modern radio, only as an incidental background to their activities. Thus, the commercial must fight a wall of inattention, to whatever immeasurable degree that may be, in order to communicate a message. An equally immeasurable response of listeners is to "button push," particularly in automobiles, where they desert the commercial and find another station.

Listeners who change stations are often antagonized by advertising "clutter." The self-regulatory guidelines of the National Association of Broadcasters' Code Authority stipulate that no more than 18 minutes per hour may be devoted to commercials. But that's still close to one-third of the schedule if a station is sold out.

Ever since the Lone Ranger last galloped down radio's memory lane, the medium has not been particularly suitable for reaching children. Modern programing formats are oriented to teens and adults, particularly young adults. Thus, other specialized audiences besides children may be fairly elusive: men and working women may be available for only very short periods of time, and senior citizens and high-income listeners may also be very light radio users.

The advantages and disadvantages of both television and radio will affect each advertiser in different ways, and each must evaluate the media in terms of what success he can reasonably expect from them. Formulae don't work—only human judgment, and maybe a little luck.

What's the Competitive Picture?

Competition, unfortunately, never stands still, and it is often maddeningly unpredictable. If the competition is aggressive, consistently outspends the agency's client, and dominates in one or more media, it is exceedingly difficult to devise an effective media strategy. One school of media planning theory ascribes to the belief that it's better to use media in which the competition has little or no exposure than to meet on a battlefield where the competition dominates. This strategy often has worked very well, but it is simply not possible in all instances. If the target audience is available in one or two media in large enough numbers, it would be impractical to try reaching these same people through other, less efficient, and perhaps more expensive, media.

Competitive information on media usage, advertising expenditures, and schedules is always useful. A number of independent organizations regularly syndicate such reports, but there is an inevitable time lag that agencies and advertisers must consider. Reports are based on past activity, perhaps 60 to 90 days earlier. Agency planning, however, is always for the future. Since the reports all use samples, expenditures can only be estimated. There is bound to be some error in the reports, and critics allege that expenditure levels are usually inflated. Nonetheless, reports from independent researchers fill an important need in media planning, because advertisers and agencies—notoriously secret about their own activities and expenditures—are always anxious to learn what the other fellow is doing.

Reports on competitive activity in the broadcast media are available from two major independent companies: Broadcast Advertiser Reports and Radio Expenditure Reports, Inc.

Broadcast Advertisers Reports (BAR) This organization, established in 1953, is located in Darby, a suburb of Philadelphia. Through extensive radio and television monitoring with audio tape, BAR accumulates data on markets, stations, programs, time and length of commercials, products, parent companies, product class, and estimated costs. Spot activity is measured in the top 75 television markets and on the three television networks and on three radio networks. (The Mutual Broadcasting System is not measured.) BAR estimates that in spot TV alone, the organization monitors more than three million commercials each year. From all these data, sales analyses and competitive activity, reports are prepared for subscribers.

Radio Expenditure Reports, Inc. (RER) RER was started as a family business in 1948 and operates from headquarters in Larchmont, New York. The company publishes a quarterly all-advertiser report listing all spot radio advertisers by product category and estimated national expenditures by company and by brand. Expenditure figures are compiled from information supplied by a sample of stations and station representative firms. This sample includes more than 800 stations in about 150 markets, and RER estimates that they cover approximately 80 percent of all spot radio activity.

RER also sells individual market reports, which comprise the sum

total of all the stations reporting in that market, to advertising agencies, stations, and station representatives. Under no circumstances, however, is spot activity on individual stations revealed to subscribers.

How Should the Campaign Be Scheduled?

Because advertisers' sales are often seasonal, the campaign schedule must be planned with this point in mind. Some products are bought fairly consistently year-round, but most product sales reflect some seasonal variations. The account management team should inform the media planner of any promotional periods when either regular schedules or "heavy-up" advertising should be purchased.

Beyond the obvious dictates of scheduling a campaign just preceding and during peak sales months, there are a number of other, more sophisticated dimensions in media planning. Working within the budget framework, a media plan must be built by accommodating the variables of reach and frequency, continuity, flights, media dominance, media mix, cost-per-thousand, and commercial length.

Reach and Frequency Reach and frequency are closely linked variables. Because the total advertising weight consists of reach (expressed as a percentage of the target universe) multiplied by frequency, the improvement of one is always at the expense of the other. The greater the reach, the less the frequency, and vice versa.

Reach indicates the number of different persons (or households) who have been exposed, at least once, to an advertisement, or series of advertisements.

Frequency is the *average* number of times this exposure takes place. Some people will be exposed many more times than this average figure, and some may be exposed only once.

All media deliver audiences in reach and frequency variables. In general, prime time produces reach objectives more quickly than other day parts for television. Special interest magazines build frequency, and so do radio stations with specialized formats. A single dominant newspaper in a particular market may provide excellent reach, with the number of advertising insertions building frequency. For advertisers spending a significant amount in one medium, frequency obviously builds once reach ceilings are achieved. Most advertisers, however, must decide where to put their emphasis (and their money)—in building reach, or in building frequency.

For most advertisers, reach has been the primary concern because of their desire to contact as many different customers or potential customers, as possible. Because the logic is self-evident, it seems to make good sense, but it can be a mistake. If a prospective customer is not exposed to an ad or a commercial frequently enough to capture his attention, then the advertising investment has been wasted. In other words, if strategies for new product introductions and special promotions are to be successful, they must not only plan for reach but also for frequency. In highly competitive product categories, or with products that require a fairly complex recitation of sales points, frequency is more important than reach. Frequency may be the goal of a campaign aimed at audiences with highly defined demographic characteristics. Frequency may also be predicated on purchase cycle patterns. For example, more impressions are required for products purchased weekly (food), than for occasional purchases (appliances).

The budget is always the controlling factor. For example, over a given period of time the advertiser may want to reach 60 percent of a particular target audience, with an average frequency figure of four exposures. The media planner may estimate a number of different options, available in a variety of media, and conclude that something has to give—either reach or frequency—because of budget limitations.

Reach and frequency considerations are some of the finer points in planning advertising programs. They do not always occupy center stage, but they do have a very important influence on the success or failure of a campaign.

Continuity and Flights Since audience exposure is obviously related to reach and frequency, the question of campaign length must

be evaluated. How long the campaign runs will be dictated primarily by budget size and the seasonality of sales. Planning can be pretty clear-cut for the highly seasonal advertiser, but what about the client whose product is purchased year-round? Many advertisers feel that it is important to sustain a fairly continuous advertising program in order to maintain a position or build a larger share in the marketplace. A local automobile dealer, for instance, not only must deal with seasonality patterns, but also with the problem of constant customer turnover. Today's new car buyer can vanish from the car market for several years. This buyer must be replaced with new prospects.

Some advertisers, who seek a broad market where products are bought frequently, may ascribe to the flight theory. This plan sacrifices continuity since the advertising schedule is concentrated in shorter flights, perhaps spanning six or eight weeks, or even less. Then, the advertiser withdraws from the media for a short time. The theory is that the effect of these short bursts of advertising will create a sufficient impact to carry through a hiatus—that it will achieve maximum reach and frequency within the discipline of the budget.

Sometimes clients ask questions such as, "What's better—to run 200 spots a week for four weeks, or 100 spots a week for eight weeks?" There's no magic formula; each plan has its own merits depending on campaign objectives. In some cases the best a media planner may be able to do is analyze reach and frequency projections and, based on past experience, make an educated guess.

Media Dominance and Media Mix Should the advertiser use a variety of media, or dominate in one medium? The strategy for dominating a medium is based on the premise that the advertiser will overshadow whatever competitive activity is occurring concurrently. Saturation is the goal, and the advertiser hopes viewers, listeners, or readers will gain the impression that he is a well-known and widely accepted advertiser. Some advertisers, who subscribe to the media dominance theory, switch from one medium to another in order to build coverage.

For a variety of reasons, most advertisers prefer to use a media mix. They have found that using several advertising media, all reinforcing each other, is not only more effective but more efficient than using just one. For example, target audience reach can be greatly enhanced by using a combination of media. The *synergism principle* also applies to such a strategy. This theory suggests that the use of two media together reinforce and build the effectiveness of each medium. In other words, one and one make three. Radio and outdoor are often used as supplemental media not only because of reasonable costs but because they are often considered reminder and reinforcing media. Radio, however, is very capable of delivering a full message.

The same message in TV and radio can be effective. Sometimes audio tracks from TV commercials that can stand alone have served very well as radio commercials. It's an inexpensive way to widen the coverage of a campaign. The *imagery transfer* theory states that the TV commercial with a strong, memorable message will enjoy a kind of cerebral playback in the mind of the radio listener, provided he has had sufficient exposure to the TV commercial. The success of this transference is apparently greater with younger and better educated people, who have been able to quite accurately describe in laboratory experiments what they "saw" while listening to a radio commercial.

Imagery transfer and the reinforcement factor are partial reasons to use more than one medium, but the primary reason for a media mix is an effective, efficient, and an increasingly broader reach of the target audience.

Cost-per-Thousand Cost-per-thousand, or CPM, is the result of a simple arithmetic formula that translates the cost of an advertisement and the audience it is expected to reach into a meaningful relationship. CPM really answers the question: what will it cost to reach 1,000 homes? (Or women, 18–49; or adult men; or pre-school children, or whatever particular demographic group is important to that advertiser.) CPM provides the media planner with a comparison of different vehi-

cles *within the same medium*. It's a simple formula that can be computed by a fifth grader. Simply divide estimates of the thousands of homes (or women, men, and so on) into the cost of time or space for the ad. The answer is the CPM.

$$\frac{\$350}{100 \text{ M Homes}} = \$3.50 \text{ CPM}$$

In comparing different media, CPM figures vary tremendously. Prime time television and many magazines run quite high CPMs—$4 to $8, for instance. Newspapers and radio deliver much lower CPMs —$1 to $2. Outdoor has the lowest CPM, considerably less than $1. Such general figures, however, are dangerous. First, they are averages, usually based on households, and CPMs within a medium can vary greatly. Second, a comparison of two different media on the sole basis of CPM suggests that CPM is an indicator of value. This is not necessarily so, for if it was, only the media that delivered the cheapest CPMs would be used. It is also misleading to assume that CPMs in two media are necessarily a comparison of the same thing. In television, CPMs are usually based on the number of households or viewers at a particular time. Newspaper CPMs are usually based on total circulation, but they are not an indication of the actual number of readers exposed to an ad. In radio, CPMs are usually based on persons reached, not households. Thus, it's always important to ask the question, "Cost-per-thousand *what*?" If the apples are kept separate from the oranges, false comparisons can be avoided. It's also important to know the basis for the cost figure used, because adjustments have to be made for the different lengths of commercials, ad sizes, color, and the like. CPMs for 30-second announcements should be evaluated separately from CPMs for 60-second announcements.

A high CPM is not necessarily a bad buy. In many instances, there are good reasons for paying a premium. Particular media may be preeminent in reaching the right kinds of prospects within an optimum editorial or programing environment. For example, a high household CPM is competitive if the buy has a minimum of *waste circulation*—in other words, if the target audience is a high percentage of the total audience, the cost can be recomputed in relation only to the target group. The final figures may be revealing, as shown below:

Station	Household CPM	Target Audience as a % of Total Audience	Target Audience CPM
A	$3.50	50%	$7.00
B	$5.00	80%	$6.25

Certain high CPM media may be uniquely suitable for delivering a certain kind of message. Prime-time television, or time buys in a major network sporting event, usually have high CPMs, but the total circulation of these popular programs increases the advertiser's reach sufficiently to make the high CPM worth it.

There are other ways besides CPM to relate cost to the number of people or households reached by a given commercial. Audience estimates for any given station (or network) at a particular time can be divided by the cost of a commercial. This simple computation produces the *number of persons or households reached per dollar spent.* For example, the audience tuned to radio station KXXX is estimated at 16,000 persons at 8:00 A.M. on a particular day, and the cost of a commercial at that time is $20. The arithmetic looks like this:

$$\frac{16{,}000 \text{ persons}}{\$20} = \begin{matrix}800 \text{ persons reached} \\ \text{per dollar spent}\end{matrix}$$

In order to make the most efficient use of every dollar spent, time buyers can quickly compute these figures in evaluating and comparing the options available on a number of stations.

Ad Size and Commercial Length The creative aspects of an advertising program will largely dictate the size of print ads and the length of radio and television commercials. The media planner, how-

ever, can provide comparisons on media costs for various ad sizes and commercial lengths. The options are far wider in print than in broadcast. Commercials, with few exceptions, run 10, 30, and 60 seconds. The standard length in radio is 60 seconds, whereas the TV standard is the 30-second commercial.

The media planner will remind the client who wants to use spot television (rather than network) that it is often very difficult to place 60-second commercials in prime time. Station breaks between network shows usually allow only enough time for a 30- and a 10-second commercial and a station identification. So, the advertiser who wants to use prime time spot television better confine the commercials to 30 seconds.

In television, 30-second commercials often, but not always, cost half of the minute rate. In radio, 30-second commercials usually run about 70 percent to 80 percent of the minute rate. Ten-second announcements are variously priced and are sometimes half the 60-second rate. In radio, therefore, many advertisers elect to go with minute commercials because they obviously save very little by using a 30-second format. All of these finer points of media planning and budgeting must be evaluated in relationship to overall objectives.

Conclusions

Media planning sounds as if it could be a science, but is not. It would be wonderful if all the questions involved in designing a media strategy could be fed into one end of a computer, and if all the right answers came out the other end. Unfortunately, it doesn't work that way. Even though mathematical formulae—and computers—can be invaluable in providing information, final decisions must come from people, not machines.

Fortunately, a media plan can be tremendously flexible. It can be altered by geography, target audience, budget, media selection, competitive considerations, reach, frequency, continuity, flights, and commercial length. The job of the media planner is to evaluate all of these alternatives, and then cut, fit, and rework the possibilities in order to devise an effective media strategy that will enable the client to achieve his advertising objectives.

Creative Planning

It Came to Me in a Dream, See . . .

7

Only a genius or a fool would presume to expound a perfect formula for creating persuasive and distinctive commercials. The creative process is essentially subjective, and no two agency copywriters or art directors will approach a problem or work through its solution in the same manner. Creativity is a highly individual process. Nonetheless, very creative people tend to share a number of common attributes according to psychological research. They have a restless intellect and a compelling curiosity about life, people, and situations that prompts them to explore new ideas and seek out new experiences.

In the advertising industry, good broadcast commercial copywriters are usually incurable eavesdroppers, and they constantly observe people as they cope in life's prosaic situations. Their observations provide them with a wealth of lay psychology, not always very scientific, but it reflects a human empathy for how people feel, act, and react. For some creative people, writing a commercial is a slow, agonizing process; for others, it may come easily once the basic concept is developed. Some writers may suffer through an endless number of rewrites, but a few may be able to turn out a finished commercial in one draft. All members of the creative staff share one attribute, however—a tough hide. It's a vital characteristic, for everyone loves to be a critic. For better or worse, by the time the original commercial has been scrutinized by layers of staff at both the agency and client level, it may be unrecognized by its creator.

The creative team in an advertising agency often consists of a copywriter and an art director working together on a common problem. In many small agencies, however, and with many small local advertisers, creative work often falls to one person. Methods of turning out creative work are as diverse as the people themselves, but analyzing the final product reveals that good commercials stand foursquare on the following factors: (1) advertising strategy, (2) commercial format, (3) emotional appeal, and (4) presentation.

Understanding the Advertising Strategy

Chapter 4 explored the process of determining advertising objectives. A campaign may be dedicated to reinforcing brand loyalty, introducing a new product, demonstrating a product feature, or achieving some other specific goal. Based on the particular objective, the campaign strategy is designed. Strategy essentially answers these questions: What shall we say? And to whom should this message be directed? Subsequent creative work must be compatible with the strategy, or else all preceding work will have been wasted effort. Members of the creative team must keep the central purpose or strategy foremost in their minds as they begin work.

The client and the account team may have determined that the objective of a particular campaign is to relate the product to daily use. The advertising result may be a slogan such as, "Things Go Better With Coke." A goal to promote brand loyalty may produce this slogan: "Aren't You Glad You Use Dial?" Examples of campaigns designed to build a positive corporate image include Chrysler's "Extra Care in Engineering," Zenith's "The Quality Goes in Before the Name Goes on," and "You're in Good Hands with Allstate." Regardless of message design, however, the campaign goal will never be achieved unless its premise reflects and promotes the client's basic advertising strategy.

Commercial Format

Just as the best radio and television shows are built around a well-organized program format, so are the most effective broadcast commercials. The format for a commercial may be developed in many different ways, but it provides the all-important structure on which hangs the advertising objective, the emotional appeal, and the presentation or production excellence. With such a short amount of time for broadcast commercials, organization is mandatory in order to capture the listener's or viewer's interest immediately. The format permits the logical development of the selling idea. It should start somewhere and go somewhere, and hopefully take the audience along. The extraneous must be omitted. The message must grab audience interest in the opening few seconds. The penalty to the advertiser who neglects these basic points is an audience either mentally or physically absent during the commercial. Sadly, an hour spent with the broadcast media will yield ample evidence that many advertisers have never learned the most basic rules of persuasion.

Commercial formats provide many options to the creative team, yet experience has shown that certain ones are often classically harmonious with certain advertising objectives. A *demonstration* format, for example, is often used to prove that a product has a genuinely superior feature or to introduce a new product. A *problem-solution* format is obvious when the product can genuinely solve a problem. The most common formats for radio and television commercials are described below. Some can be used in both media, but a number are unique to either one medium or the other.

Dramatic Format

The five classic steps of the dramatic format are as useful to the modern advertising copywriter as they were to Shakespeare: (1) *Exposition.* This step sets the stage, and often simply answers the question of who is trying to get what done. (2) *Conflict.* What's the problem? Who's the protagonist? Who or what is the antagonist? (The antagonist doesn't necessarily have to be a person. In the case of a commercial, it may be a headache, a dirty kitchen floor, or unexpected company.) (3) *Rising action.* The story builds, the conflict heightens the suspense, and the complications thicken. (4) *Climax.* The dilemma is answered and shows where and how the circumstances change. In a commercial the product should be the hero. (5) *Denouement, or resolution.* This step should wrap up the story, answer any unanswered questions, and clearly register the most important selling points and the product name.

The storyline developed in a 30- or 60-second minidrama has great potential for getting the audience involved. As the plot unfolds in television commercials, the picture should tell the story. It's an easy trap for copywriters to overwrite a dramatic commercial and end up with what's essentially a radio commercial augmented with pictures. The viewer should be able to follow the story with the sound turned off. In radio, the copywriter can utilize the theatre of the mind concept. The possibilities are endless.

It is tremendously important to cast likeable and believable characters in dramatic format commercials. The characters should be well-defined and readily identifiable to the audience. The problem, obviously, is to avoid perpetuating stereotypes, such as precocious

children, their frumpy housewife-mother, her befuddled husband, his acerbated boss, and so on.

Because Americans have spent so many thousands of hours viewing dramatic television programs and going to movies, the conventions of dramatic structure are familiar to them. This familiarity works to the advantage of the copywriter who must squeeze both a story and a selling message into a very short time span. Quick cuts that jump both time and space can be accomplished almost instantaneously. A smooth dissolve in television, or a music bridge in radio, are eminently more satisfactory than the old-fashioned "meanwhile, back at the ranch" transitional devices.

In dramatic format commercials, it's easy for copywriters to become so engrossed in developing the story and interesting characters that the product is given short shrift. It is absolutely necessary that the product provide the payoff at the commercial's climax. To write tight dramatic commercials is an art that comes with long practice and keen observation.

Problem-Solution Format

Problem-solution commercials constitute perhaps the most common format used today in the broadcast media. They also sometimes result in obnoxious advertising. The plots, which often follow dramatic structure, are ridiculously simple: a problem is presented, and the product is introduced as a solution. The problem with the problem, however, is that it is rarely believable. It should be one that the product commonly solves. (No one believes a problem situation in which the British Ambassador happens in for afternoon tea and wrinkles his nose at the finger smudges on the coffee table.)

The dilemma should take one of two routes: (1) a believable and logical development of a problem with which the audience can identify, or (2) total hyperbole where the complications are so humorously exaggerated that the result is a farce. Anything in between will probably be resented as insulting or simply ignored.

7.1 Solving the Tooth Fairy's Problem

The radio commercial of the Commercial Credit Corporation of Baltimore, Maryland, utilized a problem-solution format, with plenty of hyperbole. The Tooth Fairy had a problem, and only Commercial Credit could help.

ANNOUNCER: Commercial Credit presents—how not to borrow a thousand dollars . . . or . . . who not to put the bite on.

TOOTH FAIRY: Charles . . . wake up, little Charlie . . .

CHARLIE: Who are you?

TOOTH FAIRY: I am the Tooth Fairy.

CHARLIE: Wow.

TOOTH FAIRY: Charlie, do you remember a month ago when you lost one of your teeth . . .

CHARLIE: Yeh.

TOOTH FAIRY: I left a quarter under your pillow in exchange for it?

CHARLIE: Right.

TOOTH FAIRY: I wonder if you could do me a favor.

CHARLIE: Sure.

TOOTH FAIRY: Could you lend me a thousand dollars?

CHARLIE: A thousand dollars? That's a lot of money, Tooth Fairy.

TOOTH FAIRY: It is, Charlie.

CHARLIE: Well, you could have my teeth if that will help.

TOOTH FAIRY: Charlie, I'm up to here with teeth, it's cash I need.

CHARLIE: Well, maybe Daddy will give me an advance on my lunch money.

TOOTH FAIRY: Charlie, do you want to gum your food for the rest of your life?

ANNOUNCER: Next time . . . put the bite on us. Commercial Credit . . . with over 500 personal loan offices coast to coast. Need money? Commercial Credit . . . that's what we're here for.

Phony dialogue is undoubtedly the main fault of problem-solution commercials. The attributes of the product must be presented, and in the absence of an announcer, what device is left? The friendly neighbor who just happens to have a bottle of a new dish detergent in her apron pocket? Hopefully not. The product should be introduced as a logical outgrowth of the quest for a solution. Then, a demonstration and the enumeration of the product's attributes are in order. Too often, however, the spiel is unnecessarily verbose. The characters in the commercial need not wax eloquent if the product can be just as effectively presented in a visual demonstration. Viewers are not idiots. They will get the message.

The usual closing sequence of a TV commercial in this format is a happy scene of activity that reinforces the idea that the problem has been solved. The product is always prominently displayed.

Demonstration Format

The sight, sound, motion, and color of television make it a perfect medium for demonstrating new consumer products. The mass coverage of television means this demonstration can be viewed simultaneously by millions of prospective customers. For these reasons, the demonstration format is one of the most popular commercial structures with advertisers. Demonstrations can be simple, using a voice over announcer and a lot of close-up camera work, or they can be exotically staged in unusual locales with a large number of talent.

Demonstration commercials should strive to generate curiosity and suspense and to provide sufficient visual evidence of a product's attributes. In comparisons with competing products, commercials should be absolutely honest in comparing like features with like features.

Advertising people who produce demonstration commercials often encounter numerous frustrations. One common problem is that a superb product may not show up very well on TV. The color, or the texture, or any one of a number of product qualities may not look right. Production personnel quickly learned how to "dress" a product to enhance the demonstration. Shortening has stood in for ice cream under hot lights, small pebbles for rice, and whipped cream for shampoo. These solutions may have been satisfactory to the production crew, and provided what the client wanted, but they found little favor at the Federal Trade Commission. Unless the advertiser and agency are willing to risk severe scrutiny by the FTC and the possibility of a formal complaint, the production crew is well advised to "play it straight." Advertising agencies and their clients are now filing away demonstration evidence and affidavits by witnesses in case the legitimacy of their commercials is questioned.

Requests by the FTC for substantiation of advertising claims have made it clear that this regulatory body is concerned that TV demonstrations be relevant to "typical use" of the product. In other words, the demonstration should prove what it sets out to prove, and not stumble into a nonsequitur. (If an automobile is dropped from a 20-foot cliff and a person climbs in and drives off, does it necessarily indicate the vehicle's ability to withstand five year's punishment on bumpy roads?)

An agency's creative staff may feel that these restrictions cramp their style, but they do not make it impossible to produce exciting, suspenseful, and interesting demonstration commercials. They can result in high product recognition and brand familiarity by consumers convinced of the credibility of television demonstrations. The importance of any advertisement's credibility to the consumer should be paramount in *all* creative planning and production.

Interview Format

The two-person dialogue commercial is suitable to both broadcast media, but it is particularly popular in radio. Production costs are quite reasonable, and the interview permits the advertiser to break away from the overused announcer-spokesperson format. The question and answer format provides great potential for comedy, characterizations, and a continuing storyline if used in a series of commercials. Such

commercials are fairly easy to write, and the creative team can approach the interview in a number of ways. A fully scripted commercial using professional actors may be the best way to control the message's direction and to maximize humor. Music, sound effects, and the acting can be thoroughly rehearsed to perfect the comedy timing.

As an alternative, the advertiser may elect to present spontaneous and unrehearsed commercials in a "man-on-the-street" format. An announcer, a tape recorder, time, budget, and patience are necessary. Perhaps several dozen people may have to be interviewed in order to get the kind of responses the advertiser wants. A lot of time must then be spent in editing to find those perfect responses and fit them into 30 or 60 seconds. The result of all this effort, however, should be a highly effective commercial that communicates that these are "real people in real situations" who are truly enthusiastic about the advertiser's product.

The skill of the interviewer, the phrasing of the questions, and the rapport established between the interviewer and the interviewee can make the difference between an interesting and honest bit of dialogue, and a commercial that seems so slick it's greasy.

Testimonial Format

Advertising is a substitute for personal selling, and advertisers have learned over the years that nothing can be more persuasive than the testimony of a satisfied product user. Consumers have always been more apt to trust what a friend (or a friendly face) says than what the maker of a product says about himself. Testimonials in print advertising have been common for hundreds of years. When radio was developed a half century ago, advertisers soon discovered that testimonials adapted beautifully to the new medium. They not only adapted, they were enhanced, for now the listener could actually hear the voice of the user in enthusiastic endorsement.

Like the interview format, the testimonial format can be developed in several ways. It can come from ordinary consumers, in which case the advertising agency must cope with unprofessional talent—but the results may be most effective and worth the trouble. Or, the advertiser may elect to use professional talent. Regardless of the choice, a few guidelines should be followed. The setting of the TV commercial should be simple and compatible with product use. The message should focus very directly on the endorser and the product. The audience should be able to perceive the testifier as an actual product user, and the testimony should seem natural and truthful. (Professional actors, hired for the job, will drip sincerity.)

A host of celebrities is available to personally endorse products in radio and television commercials. A day spent before the television set will provide a parade of them, all testifying to their confidence in and loyalty to everything from cat food to shaving cream. Why do they do it? Because the fees are handsome, the commercial can be produced in a very few hours, and the residual payment checks will come in the mail for as long as the commercial runs.

The testimonial can be delivered directly to a camera (or microphone in radio), or delivered in an interview context in which the talent rhapsodizes to an announcer-interviewer. More than any other format, the testimonial may achieve exceptional impact. Members of the audience may be greatly affected by advertising in which they perceive someone besides the advertiser talking about a product or service. The fact that almost all testimonials are bought and paid for can limit the believability of this commercial format. Because of this problem, the American Association of Advertising Agencies in its *Standard of Practice* (Section 1, b) states: "Specifically, we will not knowingly produce advertising which contains testimonials which do not reflect the real choice of a competent witness."

The National Association of Broadcasters' Radio Code (Section II-C-9) states: "Advertising testimonials should be genuine and reflect an honest appraisal of personal experience." The Television Code (Section IX-15) states: "Personal endorsements (testimonials) shall be genuine and reflect personal experience. They shall contain no statement that cannot be supported if presented in the advertiser's own

7.2 Torture Test Demonstrations

Torture tests have been used for many years in automobile advertising. This demonstration commercial for the Sears Steel-Belted Radial used the back roads of Morocco as part of a "Tough Roads of the World" campaign. (Other commercial locales included the Mexican Baja, East Africa, and Greece.) The commercial emphasizes the product's overall performance—both steel belts and radial design features—and the performance of the product in tough road conditions. An exotic locale and the excellent use of closeups make this a fine example of a demonstration commercial.

FCB

DATE: December, 1973
PRODUCER: Sarra/Chicago

CLIENT: Sears, Roebuck and Co.
PRODUCT: Tires
FILM NO.: N10-873-9560
FILM TITLE: "Morocco-60"

FILM LENGTH: :60

1. (Musical and sfx under, Anncr VO) There are still some places in the world where people seldom see a car.

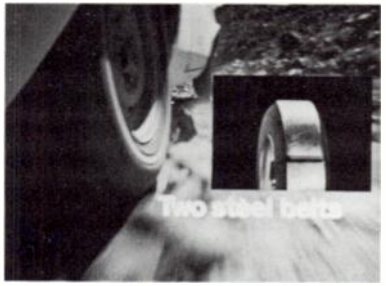
2. Where they don't worry about what roads do to an automobile tire.

3. We went to such a place. To show what the Sears Steel-Belted Radial is made of:...

4. ...To Morocco. The back roads.

5. (Natural sfx)

6. We matched our radial design against the Atlas Mountains.

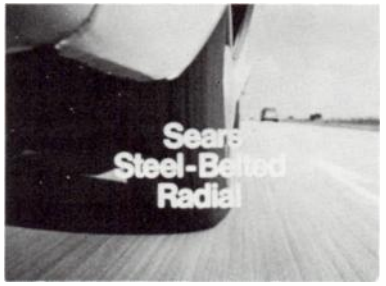


7. Our two steel belts against roads with guts of pure granite.

8. Over 1000 miles, from Marrakech to Erfoud and back again.

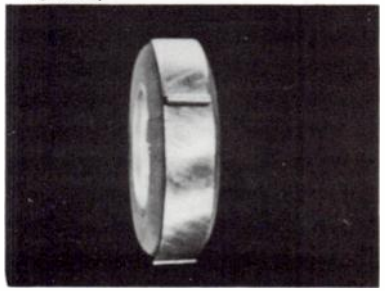
9. (Natural sfx) But we still weren't through.

10. We put the same set of tires on a car like yours. And drove 'em another 72,400 miles on American highways.



11. The Sears Steel-Belted Radial.

12. We proved it on some of the toughest roads in the world.



13. Radial design. Two steel belts.

14. The Sears Steel-Belted Radial.

15. Only at Sears.

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words." In 1966, the TV Code Authority clarified its policy on testimonials and stated that using the word *dramatization* in either audio or video was insufficient to bring a staged testimonial into line with the provisions of the Code. The testimonial must be a *bone fide,* genuine situation. A dramatization should be clearly recognized as a dramatization without the use of a disclaimer. (Apparently the only way to dramatize a testimonial is to make it so preposterous no one will believe it! But obviously no advertiser will support a self-defeating message.)

Over the years, the Code Authority has issued guidelines and illustrations that help an advertising agency develop a commercial in accordance with Code standards. For example, the Code Authority poses this question, "A commercial for Product X takes place in a public place, such as a supermarket, train station, or street corner. Shoppers or passersby are interviewed. How does the testimonial rule apply?" It answers:

> These slice-of-life commercials require that the persons interviewed be members of the general public and not professional actors specifically hired to endorse, as though spontaneously, the advertiser's prepared copy. The individuals interviewed, of course, must be *bone fide* users of the product, reflecting their real and honest choice. Further, the advertiser must not use the testimonial out of context or in any other way distort the personal experiences that are related. As with all testimonials, the advertiser also should have available: affidavits or contracts from the testimonees which attest to the truthfulness of the representations as depicted in the advertising, and documentation in support of product performance claims.[1]

Self-regulatory groups were not the only ones to act in the area of testimonial advertising. In 1972, the Federal Trade Commission proposed guidelines for testimonial advertising. Written comments were invited from interested parties and the comments were put on public record. In 1975, after considering all the documents, the commission adopted *Guides Concerning Use of Endorsements and Testimonials in Advertising,* which contain two key provisions:

> *Expert Endorsements.* Whenever an advertisement represents, directly or by implication, that the endorser is an expert with respect to the endorsement message, then the endorser's qualifications must in fact give him the expertise that he is represented as possessing with respect to the endorsement.
>
> While the expert may, in endorsing a product, take into account factors not within his expertise (e.g., matters of taste or price), his endorsement must be supported by an actual exercise of his expertise in evaluating product features or characteristics with respect to which he is expert and which are both relevant to an ordinary consumer's use of or experience with the product and also are available to the ordinary consumer. This evaluation must have included an examination of testing of the product at least as extensive as someone with the same degree of expertise would normally need to conduct in order to support the conclusions presented in the endorsement. Where, and to the extent that, the advertisement implies that the endorsement was based upon a comparison, such comparison must have been included in his evaluation; and as a result of such comparison, he must have concluded that, with respect to those features on which he is expert and which are relevant and available to an ordinary consumer, the endorsed product is at least equal overall to the competitors' products. Moreover, where the net impression created by the endorsement is that the advertised product is superior to other products with respect to any such feature or features, then the expert must in fact have found such superiority.
>
> *Endorsements by Organizations.* Endorsements by organizations, especially expert ones, are viewed as representing the judgment of a group whose collective experience exceeds that of any individual member, and whose judgments are generally free of the sort of subjective factors which vary from individual to individual. Therefore, an organization's endorsement must be reached by a process sufficient to ensure that the endorsement fairly reflects the collective judgment of the organization. Moreover, if an organization is represented as being expert, then, in conjunction with a proper exercise of its expertise in evaluating the product under *(Expert Endorsements),* it must utilize an expert or experts recognized as such by the organization or standards previously adopted by the organization and suitable for judgment and relevant merits of such products.

[1]NAB Code Authority Testimonial Interpretation, *Radio Code News,* May 1967; *TV Code News,* June 1965.

Spokesperson Format

The spokesperson format is the traditional commercial technique in the broadcast media. Since the 1920s, announcers have delivered "straight sell" commercials for thousands of advertisers. This format was quickly adapted to television when that medium appeared, and it is still common today for many good reasons: The spokesperson approach can be very effective if delivered by talent who have a strong, likeable personality, who can establish an immediate rapport with an audience, and who relate to the product. Spokesperson commercials are usually quite inexpensive to produce in comparison to other formats. The selling is direct, hopefully compelling and convincing, and often a maximum number of sales points can be woven into the commercial. Unfortunately, audiences accustomed to more elaborately produced commercials often find spokesperson commercials uninteresting. To enhance audience attention, these commercials are often augmented with close-ups of the product, short demonstrations, music, sound effects, and other devices.

Writing spokesperson commercials requires skill, because consumers will *hear* the copy and not read it. Long involved sentences, unfamiliar words, and awkward phrasing should be avoided. The copy should sound natural, conversational, and as spontaneous as possible.

Spokesperson commercials run the gamut—from the DJ delivery of live copy on a small radio station to the compelling presence of Lord Olivier delivering commercials for Polaroid cameras. A fine line distinguishes spokesperson commercials from testimonials. A testimonial commercial is almost always phrased in the first person and the talent relates personal feelings and experiences. ("I use Product X every day because. . . .") In the spokesperson commercial, the talent, in the most convincing manner possible, states, "You should use Product X every day because. . . ." If one were to conduct a survey and ask consumers what commercials they remember that use celebrities, and if they were further asked to distinguish whether the talent delivered testimonials or simply served as spokespersons, chances are that most people would not discern the difference. Thus, in order to avoid the complications of testimonial guidelines, many advertisers will simply use spokespersons to deliver their messages.

Symbolism Format

If an army platoon is not available to serve as talent in a television commercial, what alternatives are available to the imaginative copywriter? Perhaps with music, sound effects, and expert editing a dozen or more toy soldiers will serve just as well. The symbolism format is useful and flexible in presenting a wide variety of tangible products and intangible services to the marketplace. It is a more sophisticated advertising device than some of the other formats and offers the opportunity to design exceptionally interesting and involving commercials. Since curiosity appeals are commonly used in order to create a measure of suspense, the symbol should not be immediately compared with the product, but the comparison should be gradually revealed as the commercial progresses. The analogy must make sense and be a logical parallel to the advertised product. Such advertising is really explanatory in function and attention-getting in device, but it should be augmented with narration that bridges the comparison. It would be foolish to assume an audience will necessarily or automatically deduce that the plays on a chess board represent expert financial planning by a local bank's trust department. A voice over announcer must provide the explanation.

Symbolism advertising is especially advantageous for advertisers who must work within limited budgets. Location shooting and elaborate production are not necessary if a proper symbol can be used in a studio along with tight camera work. A lighted match can mean fire; a cat with kittens may represent family responsibilities; and a toy boat on a small pond can double for an ocean cruise. The possibilities are endless to the advertiser with a little imagination.

In radio, metaphors and verbal analogies can make an announcer's copy more colorful and create a vivid, though imaginary, picture in the

listener's mind. Musical effects, especially on an electronic synthesizer, can produce tremendously effective sound suggestions.

In all symbolism advertising, the advertiser must be sure his audience will understand the analogy and be convinced of its logical application to his product or service. If the device doesn't work, the audience will forget the entire message. If it backfires, the audience may remember the gimmick and forget the product!

Special Effects Format

The ever-expanding technology of broadcasting offers marvelous possibilities for the advertiser willing to experiment. Engineers are invariably ahead of those responsible for programing. Special effects boards, computer animation, stereo sound, and many other developments over the years are examples of engineering innovations that needed application. In a number of cases, advertisers have led the way.

The attention factor and news value of using special effects in radio or television, enables the commercial to surround the product with an image that says, "We're not only up-to-date, we're way ahead of our time!" Novelty and complexity are two important ingredients in capturing attention. The routine and pedantic style of most commercials is usually a total bore to audiences; seeing something *new* can be a thrill! Complexity doesn't mean facts and figures recited in a torrent of verbal fallout. It means the visual complexity of an artfully designed commercial that can delight the eye. The selling message itself can, and should, be rather simple. Videotape is catching up with film in its capacity to handle special effect commercials, but most TV commercials in this genre still rely on the versatility and control that film provides.

Slow motion, stop motion, flash cutting, and all the other devices of special effects commercials must be compatible with the objectives of the advertising campaign. Otherwise, this format runs the same risks as the symbolism format: the audience will remember the gimmick and forget the product.

Emotional Appeal

Novices to advertising copywriting often delude themselves into believing that a commercial that packs an emotional wallop will automatically sell products. This rationale couldn't be further from the truth. Sigmund Freud reminded his readers that "The voice of the intellect is a soft one, but it does not rest until it has gained a hearing." A housewife doesn't skip down a supermarket aisle like a fairy princess dropping advertisers' products willy-nilly in a shopping cart. If consumers were so emotionally suggestible that they bought everything they were told to buy, families would be bankrupt within a week. Most families operate on a budget that sets aside a certain amount for basic necessities and another for discretionary purchases. Emotional appeals have a hard time getting around budget limitations. A consumer's lifestyle is dictated by a variety of factors: education, family background, income, ethnic grouping, and social mobility. All of these identifying factors indicate a buying and consuming pattern that is reasonably predictable, if the advertiser is willing to pay for the research. The greater the quantity of valid demographic and psychographic data available, the easier the job is for the astute creative team assigned to design the message. Understanding the consumer's problems and satisfactions provides the copywriter with a tremendous head start.

An objective analysis of much advertising, particularly print, provides ample evidence that exaggerated emotional appeals are usually confined to graphics and headlines. The same is generally true in the broadcast media. The opening few seconds should reach out to the listener or viewer on an emotional, not necessarily rational, basis. Emotion is utilized to garner interest, but rational and believable sales points are what sell the product. It should be noted that a few important product categories prove exception to the general rule. Such products are purchased and consumed on an almost exclusively emotional level: cosmetics, grooming products, perfumes, and so on, wherein the consumer often subconsciously buys a new self-image along with the prod-

uct. Most products, however, are not purchased on such an arbitrary basis, and so the copywriter must seek the optimum blend of emotional appeal and rational, factual promise. There is no magic formula.

All successful programs in the broadcast media involve audiences on an emotional level. Successful commercials do likewise, but for somewhat different reasons. A primary reason is because the length of the messages is so short. There is little time to build involvement in a gradual, subtle way. Emotional appeals are most commonly employed to gain immediate attention, to sustain audience interest, and to reinforce the persuasive aspects of the message. Most advertisers who recognize that consumers are thinking, rational people try to weave emotional appeals into the structure of commercials in a manner both relevant and tasteful.

A number of emotional appeals commonly used in commercial formats are listed below. The list is arbitrary at best, but hopefully it demonstrates that the advertising industry is aware of growing consumer sophistication.

Security Appeals

Survival and the attainment of a satisfactory level of security constitute two primary human motivations. These drives are manifested in the most mundane aspects of a consumer's lifestyle. If one peruses the marketplace to discover the extent of products and services that cater to the need for security, the list soon becomes unending. Needs for shelter, food, clothing, health, and safety encompass a vast marketplace. The advertiser who markets a product or service that helps the consumer achieve the security he seeks will do well to incorporate this appeal into his advertising message.

Vigorous health and personal safety for one's self and for family members are basic human desires with all consumers. In a country where the finest medical and dental care is available, and where extensive health insurance can be obtained, Americans are now enjoying better health and living longer than ever before. The population is learning more and more not only about serious disease, but also about preventive medicine. Naturally, this increasing consciousness manifests itself in personal concerns for sniffles and sneezes, hacks and coughs, headaches and hangnails. A plethora of proprietary medicines is available to minister to minor and temporary ailments. The physical discomfort of the customer makes him particularly susceptible to commercials utilizing health and safety emotional appeals. If effectively executed in a commercial, sympathy with the sufferer and a believable promise of relief can move mountains of products. The product may or may not be beneficial in alleviating the symptoms, but the cold sufferer clutching a box of tissues with one hand and a throbbing head with the other probably isn't reasoning all that clearly.

The creative team can emphasize the emotional appeal of security by selecting reassuring words, by using an announcer with a sympathetic voice, or sometimes by employing an authoritative delivery. (Many years ago the "man in the white coat" commercials were banned by the National Association of Broadcasters' Code Authority. Actors costumed in a physician's white coat and standing in a laboratory set were not considered in the public's best interest.) It is important that advertisers understand their obligations to the public (and to the Federal Trade Commission) and be absolutely truthful in their health and safety claims.

Since many minor ailments often call for the use of personal products, good taste is mandatory in broadcast commercials. Radio and television enter the privacy of the home as an invited guest. Badmannered salesmen are never tolerated, and neither should badmannered advertising. The NAB codes, which used to ban whole product categories from code-subscribing stations, have been continuously liberalized over the years. Now, many of these products can be and are being advertised on the broadcast media. Commercials for feminine hygiene products, hemorrhoid treatments, and other personal products are reviewed by the Code Authority on an individual basis. Published guidelines available from the Code Authority should always be consulted before writing commercials for products in these sensitive

7.3 Animation Knocks 'Em Dead

For two decades S. C. Johnson & Son, Inc., has used the special effects of animated television commercials to sell its insect killer, Raid. Over 75 animated commercials have been produced to present the product's sales story. The unique stylization of the bugs, developed by Zander's Animation Parlour, enabled the advertising agency, Foote, Cone & Belding, in Chicago, to turn the rather distasteful subject of killing insects into a humorous reminder of the product. Many of the more successful commercials are redubbed for foreign use in a number of European and Latin American countries.

FCB

DATE: November, 1973
PRODUCER: Zander

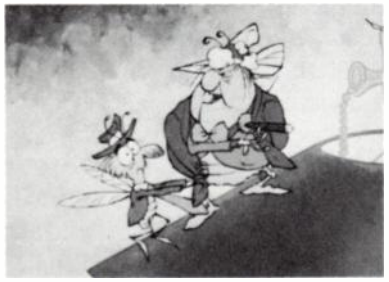
CLIENT: S.C. Johnson & Son, Inc.
PRODUCT: Raid Fik
FILM NO.: JSRF3131
FILM TITLE: "Bug Boss Rev."

FILM LENGTH: :30

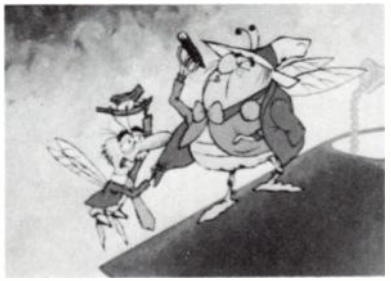
1. BUG BOSS: (Hoarse whisper) OK Stinger...Long-Nose...

2. ...I give youse guys the bedroom territory. Go put the bite on 'em!

3. BUGS: Thanks, Bug Boss!



4. BUG BOSS: (Puff) Ah...yeah?



5. HUMBLE: I need...a favor.

6. The big guy--he's gonna rub me out...

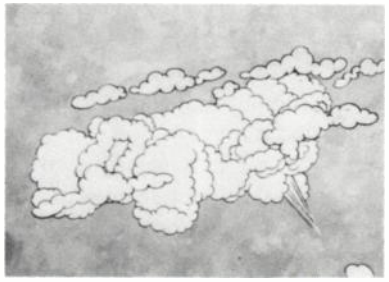
7. BUG BOSS: Don't let it bug you...

8. Needles'll stick it to him...

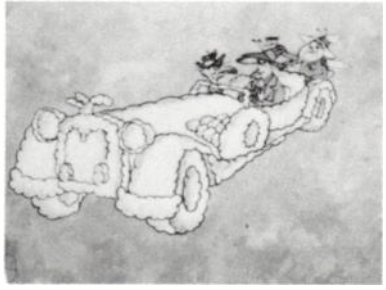
9. (Sfx: twang of stinger) NEEDLES: Right, what's his name? BUG BOSS: What's his name? HUMBLE: Raid. BUG BOSS: Raid.

10. BUGS: RAAAID!

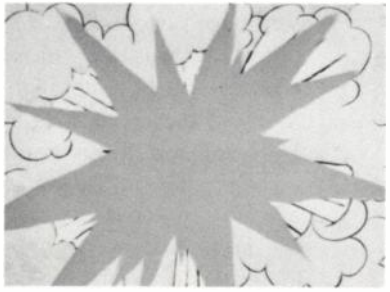
11. (Sfx: spray, Anncr VO) Raid Flying Insect Killer...



12. ...smells so good...



13. BUG BOSS: Doncha love the smell of dis new car?



14. (Sfx: ka-whamblooey!!)

15. (Anncr VO)...but it kills bugs dead. Get Raid!

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categories. Although the code has permitted advertising in new categories, a number of other over-the-counter drug products are now being subjected to strict code guidelines. Also, since public health and safety is a legitimate concern of government, the current legal and self-regulatory guidelines should be carefully followed by advertising personnel working in this area.

Safety can be equated with security, and therefore with peace of mind. Besides a wide variety of proprietary medicines, many other products and services stress safety as a basic emotional appeal. Home heating products, insurance, lock systems, and automobile tires are just a few examples.

Threat Appeals

The advertiser may find that the reassuring promises extended in his ads are insufficient to keep him competitive in the marketplace. But he has another option available—threat appeals, which are a variation on a theme of health and safety. Threat appeals, well understood by social psychologists expert in political propaganda, often are effective in stimulating conflict, or cognitive dissonance, in the receiver. *Cognitive dissonance* refers to people's desire to neutralize or resolve the degree to which their perceptions or beliefs are inconsistent. Threat appeals are most commonly used in the problem-solution format or in dramatized commercials. The plot is simple: a threat or fear is introduced (bad breath, vitamin shortage, insufficient insurance, an unsafe automobile), and the advertiser's product is presented as the solution to the dilemma. Although the plot is simple, the consumer's response to the cognitive dissonance may be complex. He may ignore it, reject it, or feel that it is relevant to his circumstances and that possession of the product will eliminate the threat. In the latter case, the advertiser will have succeeded in his purpose.

One of advertising's functions is to suggest alternatives. Since choices automatically mean that decisions have to be made, advertising in and of itself produces some degree of conflict. How the consumer responds to that conflict and reduces the cognitive dissonance may be greatly shaped by advertising that incorporates threat appeals.

Sex Appeals

"The omnipresent process of sex, as it is woven into the whole texture of our man's or woman's body, is the pattern of all the process of our life," wrote Havelock Ellis, (1859–1939.)

The desire to find a mate, to discover sexual fulfillment, and to achieve true love has cut across the span of life to carve a history both of joy and despair. The lengths to which men and women will go to achieve their hearts' desires are reflected in behavior patterns that become conspicuous in the marketplace. Purchases of clothing, cosmetics, grooming aids, jewelry, accessories, automobiles, and myriad other products and services represent billions of dollars invested by consumers as they seek and try to maintain their attractiveness to the opposite sex.

The agency that realizes that its client's product is, or can be, associated with sex appeals must appreciate certain sensitive problems. Too often advertisers have used these appeals in an irresponsible and exploitive manner. Overt sexuality in advertising may either offend the consumer or eventually dull his senses. If the product will make the user more attractive, or comfortable, or confident, then the advertiser should certainly communicate that message. Advertising always contains a promise, and a promise extended in an emotional context can make the product highly desirable. However, the advertiser who incorporates sex themes that are not relevant to the product does a disservice to both the consumer and the advertising industry.

The self-regulatory guidelines of the NAB Code Authority and broadcasters who are concerned about the public interest aspects of their FCC licenses have helped to keep overt sexuality out of commercials. Advertisers have still been criticized for presenting women in commercials as sex objects and nothing more. Some women's groups have brought pressure on these advertisers; they point out the destructive

self-image these commercials present to women viewers and also to impressionable children who can assimilate false ideas about sex roles at a very early age. Many advertisers have become more sensitive to how women are portrayed in commercials and have tried to avoid stereotyping. Other advertisers and their agencies who have been roundly criticized on this matter have made it clear by their comments, or their lack of comment, that they have no intention of altering their advertising strategies.

Good taste and a respect for the sensibilities of the audience should be overriding concerns of the creative team that incorporates sex appeals in broadcast commercials. Such sensitivity does not mean that these appeals cannot be presented in a bright and spontaneous way. Some of the most effective and delightful commercials utilize sex appeals with a touch of comedy to create an aura of light-heartedness. (Who seriously believes he'll be assaulted by a bevy of beauties if he changes brands of after-shave lotion? Perhaps only the advertiser who is convinced by experience that sex appeal can present the face that launched a thousand shipments.)

Love and Sentimental Appeals

A host of products have been found to be eminently adaptable to advertising themes that stress love and sentimental appeals. Usually the product is associated with a close and happy home life—examples include baby products, camera equipment, pet supplies, and a wide group of food products often consumed in a social setting such as coffee, soft drinks, cereals, desserts, and snacks. Greeting card manufacturers obviously rely on love and sentimental appeals in marketing their product, as do a number of proprietary medicine manufacturers who stress concern for family members in providing relief for morning backache, iron-poor blood, and irregularity.

Almost any product associated with family life could probably attempt to use sentimental appeals in its advertising. Attempting it is one thing; succeeding is another. In broadcast commercials, the trick is to touch the viewers' hidden emotions yet avoid mawkish sentimentality. That's quite a trick in 30 seconds! With time so precious, the viewer must be projected immediately into the scene and be presented with a circumstance with which he can readily identify. The classic film techniques of cinema vérité are often employed, and the viewer seems to enter the action through the "subjective camera." Some of the visual techniques include extreme closeups, quick cuts, reaction shots, the soft-focus lens, and colored filters. All these devices create a soft mood and enhance the viewer's feelings of intimacy and involvement.

Most commercials with love and sentimental appeals incorporate a strong audio track. Music is most important in setting the mood and must be carefully selected. A soft-spoken announcer, invariably off camera in a voice over role, delivers the soft-sell. The most successful commercials in this genre are ones advertising established products, familiar in the marketplace for many years. The excellence of the director, actors, and the tape or film editor is a prerequisite for creating and presenting the mood, but such excellence usually entails a considerable budget.

Humorous Appeals

Humor, more than any other emotional appeal, can be tremendously successful in getting consumers to like the commercial and thus the product. The client who envies the competitor's funny commercials and tells the agency, "I want something humorous too," may be making a bad mistake. (Besides, the writer who is told to be funny will probably, under that kind of pressure, be anything but!)

Humor in advertising may or may not be suitable to the product and to the objectives of a campaign. Undoubtedly, however, many more advertisers could effectively use it than do. Why, then, are advertisers and agencies reluctant to pursue campaigns built on humorous appeals? There are many answers, all valid. The "funny" commercial, after a lot of work and expense, may simply not be funny; it may even

7.4 Commercials Put to Music

Singing commercials have been around for a long time—since the late 1920s. One of the most successful advertisers to use this format in both radio and television is The Coca-Cola Company. A number of outstanding musical commercials have been developed for Coke.

One was this prize-winning commercial, "I'd Like to Buy the World a Coke," which was very popular in the early 1970s. It was followed by two other successful singing commercials, "Country Sunshine" and "Look Up America." Although the target audience is obviously young people, the commercials have enjoyed a universal response, partly because they effectively appeal to feelings of love and sentiment.

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be a disaster. The audience may remember and enjoy the comedy, but screen out or forget the selling message. It is often difficult to make the humor germane to the selling points. The agency may slip into the trap of turning out humorous advertising that delights the client, but misses the same response from the audience. The creative team may have achieved a truly amusing script, but somewhere in the actual production the comedy may slip through the fingers of the producer, or director, or talent, or film editor, or any one of a number of key people who translate an idea on paper into a piece of film or tape. Since comedy is usually defined as being "at the expense" of someone or something, some advertisers are reluctant to risk offense. (Nowadays, even the slightest touch of ethnic humor may be marketing suicide. Everyone loves a joke, but usually not about himself.) Humor is so often topical and thus is often short-lived. Comedy usually does not stand up under heavy repetition. A final, but by no means minor, consideration is that clients and agencies are reluctant to risk embarrassment if the humorous commercials fail. No one will ridicule a straightforward advertising program, even if it's "dull as dishwater."

Despite the risks involved, there are a couple of excellent reasons for incorporating humorous appeals into an advertising campaign. First, the comedy attracts immediate attention. Second, if the commercial works, the audience will respond positively to both the advertising and the product. Humor in commercials, like humor in programs, can travel any one of a number of paths. It may be subtle and sophisticated, burlesque and slapstick, or somewhere in between. Comedy deals in incongruities, the unexpected, and the nonroutine. It must walk a middle line between the serious and the absurd. A commercial that becomes totally absurd loses its humor, and the audience fails to identify with the characters and the situation. Reality, but not truth, is suspended in the comic situation—a most important point to the advertiser selling an actual product.

All forms of comedy, if well done, will find positive emotional responses. But writing humorous commercials is undoubtedly the most difficult of all copywriting challenges. Those who can successfully turn out such commercials usually have a touch of genius as well as a zany approach to advertising. They empathize with all kinds of people and know intuitively what makes people laugh. When asked, "How do you do it?" one copywriter recalled E. B. White's admonition: "Humor can be dissected, as a frog can, but the thing dies in the process and the innards are discouraging to any but the pure scientific mind."

Convenience Appeals

Being able to use a product in a simple way may not seem to generate a great deal of emotional value, but to the consumer it implies efficiency. Efficiency, in turn, suggests that two important things are conserved—time and effort. Working men and women and industrious housekeepers may respond emotionally and positively to a product that promises sought-for convenience. This is one reason why packaging today is so crucial in marketing products, particularly repeat-sale items. (The mousetrap may be no better than the competition's, but if it's more convenient, the consumer will buy.) Marketing research and the advertising agency's contributions to product development and packaging decisions are resources that should be highly valued by the advertiser. If the convenience factor of a product constitutes its greatest strength, and the agency staff understands this, the resulting advertising may be straightforward, informational, and seemingly nonemotional. But if it speaks to a consumer's real need, success is assured.

Curiosity Appeals

An emotional appeal that reaches the consumer's desire to explore the unusual, the novel, and the strange in order to find out what makes it tick can create tremendously effective advertising. The structure most commonly used is the demonstration commercial, and the device is often an unconventional approach that generates a high degree of suspense. Torture tests of cars, watches, tires, and appliances will generally hold the viewer to the end. What will happen?

7.5 Retail Selling with Radio Comedy

A large clothing chain in California, Roos/Atkins, sought a distinctive and humorous way to use radio. The Erwin Wasey Agency and a production company, Imagination, Inc., developed this prize-winning commercial. The commercial "plays" much better than it reads, but imagine the bride and groom at the altar, encountering a clothes-conscious minister.

ROOS/ATKINS EXECUTIVE OFFICES

MINISTER: Dearly beloved . . .

BRIDE: (Almost inaudibly) What?

MINISTER: We are gathered here tog . . .
Excuse me, that's a wonderful-looking shirt you have on.

GROOM: Like it?

MINISTER: Oh, it makes you look like a million dollars!

GROOM: (Chuckles) Well, it was only $79.50.

MINISTER: Where?

GROOM: Roos/Atkins.

MINISTER: Really? . . . On sale, I suppose.

GROOM: Oh no—everyday prices . . .

MINISTER: (Interrupting) Where'd you get that shirt?

GROOM: The same place.

MINISTER: Roos/Atkins?

BRIDE: (Quietly) I do?

MINISTER: How much was that?

GROOM: (Aside) Not yet, Phyllis!

BRIDE: Oh. . .oh

GROOM: . . . the shirt?

MINISTER: Yeah.

GROOM: Ah . . . the shirt was . . . $9.

MINISTER: And the tie? Sets it off beautifully . . . Roos/Atkins?

GROOM: Yeah . . . the tie? The whole . . . the whole outfit.

MINISTER: How much were those shoes?

GROOM: $26. . . . like 'em?

MINISTER: Oh, I do!

GROOM: I do.

BRIDE: I do.

GROOM: Not yet!

BRIDE: Don't I?

MINISTER: Not yet . . . I just did.

BRIDE: Oh . . .

GROOM: I do like . . .

BRIDE: (Confused) I do . . . ah

MINISTER: Well, I'll look in the book; wait a second . . .
ah, here it is . . . ah, go ahead. . .

GROOM: Okay . . . well, I do.

MINISTER: I do . . . now it's your . . .

BRIDE: I do . . . ah . . .

MINISTER: Now, you both did so . . . it's done!

BRIDE: Are we?

MINISTER: I now, I now pronounce you man and wife . . .
Could you, could you excuse us for a few minutes?
I'd like to talk to your husband.

Reprinted by permission of Roos / Atkins, San Francisco.

BRIDE: I will.

MINISTER: Yes, I knew you would. Could we . . . ah . . .

GROOM: Sure!

MINISTER: (Fades) Do you know anybody down there? . . .

ANNOUNCER: Roos/Atkins . . . dressing active westerners since 1860.

The protagonist will win, of course, but *how* the winning is achieved may be unraveled in an intricate or unusual storyline. Special film techniques (such as microscopic photography) can build curiosity by revealing, bit by bit, the message to the viewer. Animation can take the viewer on flights of fancy that explore the phenomenon. Curiosity appeals are often ideal vehicles for introducing new products or services. Even familiar products may achieve a new level of awareness if the agency can produce a commercial that provokes inquisitiveness in the viewer or listener, perhaps by introducing a new package design or a new use, or simply by withholding the name of the product until the commercial's climax. (The risks of the latter technique are obvious.) Curiosity appeals are difficult to employ and should be thoroughly tested. The viewer or listener must be provided sufficient stimuli throughout the commercial to sustain interest, and the payoff must satisfactorily resolve the suspense.

Ego Appeals

The advertiser with some understanding of the complexities of the psyche has abundant opportunities to promise gratification through advertising utilizing ego appeals. The enormous quantity of material goods generated by a capitalistic society require high personal consumption rates to keep the system moving. The American consumer has obviously responded positively. (A quick look in any family's garage or basement is cluttered testimony to this fact.)

For better or worse, possessions provide tangible evidence of status in life. Comfort, luxury, and status symbols (however defined) are all related to emotional security. Pride of ownership may gratify the ego by providing eloquent testimony to the owner's good taste, desire for quality, and personal accomplishments.

Ego appeals may be particularly important to the advertiser who markets a product or service that is purchased by discretionary income —in other words, by money not earmarked for essentials. Furs, jewels, and swimming pools are certainly nonessentials. However, many

7.6 Humor Sells Direct Dialing

In its radio commercials, Michigan Bell used an expansive Uncle Edgar (with a broad Texas accent) and a penny-pinching kid. The humorous result was a prize-winning commercial and a successful campaign to publicize low rates for direct long-distance dialing.

SINGER: Dial Direct . . . anywhere within Michigan . . .
Anytime you wish to send . . . all your love to a nephew . . .

SFX: Phone rings.

EDGAR: Hello.

UNCLE: Hello, Edgar?

EDGAR: Yes?

UNCLE: This is your rich uncle, Edgar, sitting up here on top of my ski ranch in upper Michigan.

EDGAR: Mommy named me after you.

UNCLE: That's right. And in return I promised you 17 million dollars after I'm gone.

EDGAR: Did you dial direct?

UNCLE: Well, of course not. I'm going through the operator like I always do.

EDGAR: That's my money you're throwing away.

UNCLE: Uhhh . . . You're going to do well, boy.

EDGAR: And besides, I'm not a boy, I'm a girl.

SINGER: Dial Direct . . . anywhere within Michigan . . .

ANNCR: Dial direct long distance . . . save 40% weekdays after five, and weekends from five p.m. Friday till five p.m. Sunday. Any other time you save 20%. And when you talk for a minute, you pay for a minute . . . not for three.

SINGER: Lower the cost of loving . . .

ANNCR: Through Michigan Bell.

Reprinted by permission of Michigan Bell.

essential products also utilize ego appeals to sell high priced models. Automobiles, appliances, stereo systems, TV sets, home furnishings, and personal clothing are typical examples. The advertiser should be careful to research the market and be sure that (1) an ego appeal is truly the most appropriate and effective emotional base for the advertising, and (2) the ego appeal is exactly "on target" for a particular segment of the market. If the second rule is violated, the advertising may backfire. Poorly constructed ego appeals can degenerate into frivolous "snob appeals," and the consumer may go out of his way to disassociate himself from that image—and the product. Unless the creative team truly understands consumer motivations and gratifications, the use of ego appeals can be a very risky business. The problems are compounded, of course, by the fact that every "receiver" will decode the advertising message in line with his own perceptions. The growing sophistication of the public implies a need for subtlety, good taste, and soft sell in ego appeals.

Hero Worship Appeals

Everyone loves a winner, and to emulate a hero or heroine may be the secret, personal desire of many people. This Walter Mitty dream may be one that the advertiser can touch effectively on an emotional level. In broadcast commercials, a sports figure is most commonly cast as the hero, for here is true Americana: the strong, youthful Lancelot who vanquished the enemy. If Lancelot is handsome, personable, and poised on camera or microphone, so much the better. Often, stars from the entertainment world are employed in hero worship commercials. Such "beautiful people" may lend an image to a product it never before enjoyed. Testimonial formats are obviously the most common commercial structure for this kind of emotional appeal.

Believability should be the key concept in hero worship commercials. If the consumer does not accept the spokesperson as a true advocate of the product, this lack of credibility hurts both the talent and the product. The copywriter should spend some time, if possible, with the talent in

order to write copy that fits his or her style and speech patterns. No one, least of all nonprofessional talent, is at ease with sentences and vocabulary foreign to his own style. In this instance, a credibility gap is guaranteed! Although professional talent from the entertainment world are obviously highly trained and therefore more adaptable than sports figures, the copywriter must remember that the celebrity is theoretically not playing a role, but being himself, in hero worship commercials.

A common pitfall is placing the talent in the limelight rather than the product. Further, the agency creative team should avoid constructing a situation that results in the viewer or listener not *liking* the talent. Ralph Waldo Emerson once observed that "Every hero becomes a

7.7 Copy Guidelines for Creating Successful Television and Radio Commercials

First, a "Don't."

Don't ever write advertising based on "Do's" and Don'ts." A "Do" for one product may be a "Don't" for another, and a "Don't" at one point in time may be a "Do" at another.

Since rules are made to be broken, think each creative problem through on its own merits. A formula approach to advertising usually results in mediocre copy and often strays into the cliché. Stay with a few basic guidelines, like those listed below, and then let your hard work, research, and imagination take over.

1. Be absolutely, positively, blindingly clear about the attributes of the product (or service). Get every scrap of information you can on the product —what it does, how it does it, why, and how it compares with the competition. Know the product's strengths and weaknesses, and if possible, use the product yourself.

2. Study the consumer. Who uses the product? What are the demographic and psychographic characteristics of your target audience? Do these people constitute a special group? What makes them special? How do they use the product—where, when and *why*? Form in your own mind a single profile of your audience—and write to that one person, not to an abstract statistic. Since advertising is a substitute for personal selling, how would you sell your product if you met the prospective customer face to face?

3. Watch and listen carefully and analytically to all the advertising that comes your way, especially the competitions'. Examine the commercials you like and those you hate. Talk to people—advertising professionals and consumers. Ask them what they think of your product, and what they think of various commercials.

4. Find out the legal parameters in which you must work. Broadcast media are particularly (and properly) tough about product claims. Don't ever lie or bend the truth; be able to document every single claim. Study the guidelines published by the NAB Code Authority, and search the files for any problems that may have arisen in the past regarding advertising claims. If you don't do this homework, your agency or your client may be sued!

5. Keep the advertising objective foremost in your mind when you begin work. What does this advertiser want to accomplish? Stay on the track.

6. "Do" plan to nail your audience to their collective seats in the first three to five seconds of the commercial. But "Don't" overwhelm the audience with your cleverness. Commerical writing can and should be bright and witty, but the product must be the hero, not your deathless prose.

7. Respect your audience. The consumer is not a moron, and he or she is more perceptive, better educated, and more sensitive than you may think. Don't write *down*—write up! Stretch your imagination and invite your audience to accompany you.

8. Don't settle for "good enough." Get your efforts critiqued. Rewrite and improve what you've written. Try a number of approaches.

9. Don't get discouraged. Try, if you can, to detach your ego from your work. Write to please yourself first, and others will be pleased too. Never settle for less than your very best.

bore at last." If the listener responds negatively, talent ceases to play the role of hero, and the product suffers. Modesty should be a part of the presentation, and good humor, too.

Sensory Appeals

There are innumerable advertisers whose products minister to the creature comforts, and their advertising agencies face an enormous challenge in communicating a product's qualities in the media. Man has five senses; yet television provides only sight and sound; radio only sound. How can touch, taste, and smell be effectively communicated in the media? If these properties are crucial to the product, some substitute suggestions will have to be found.

How does coffee smell? Perhaps it can be equated with sounds in a suburban neighborhood early in the morning. How does a soft drink taste? Perhaps as refreshing and exciting as a swim in the ocean surf. How soft will a hand lotion make the skin? As smooth as a rose petal? If these kinds of analogies are used, they must make some kind of sense and avoid clichés, or the viewer or listener will reject them as meaningless.

For the advertiser whose products can be demonstrated by sight and sound, or just sound, analogies are not necessary. The advertiser simply capitalizes on the impact the broadcast media can provide. In radio especially, good descriptive copy can do wonders. The listener's imagination should be expanded through verbal suggestions. In TV, of course, seeing is believing. A good director will make sure the cameras fully explore whatever sensory appeals are inherent in the product.

Presentation

The creative people seemingly control the direction of a commercial. With a thorough understanding of the campaign strategy, they develop commercials both in terms of format and emotional appeal. But since a commercial doesn't exist until it is actually produced, the important ingredient of *presentation* rests with the production team. (Its work is explored in detail in Chapter 9, Producing Commercials.)

Presentation makes the difference between an adequate communication and a truly delightful and memorable bit of persuasion. Advertising agencies, competent in the concepts of presentation, will be sure that (1) the best production house available is assigned a particular job, and (2) an experienced agency broadcast supervisor is on the set, understands the client's goals, and is responsible for the finished product.

What are those specific factors that make up presentation? They include the proper selection of sets, lighting, stage props, color, music, sound effects, and certainly that special chemistry of professional talent carefully cast in believable situations and characterizations. The perfect blend of makeup, hairdressing, facial expressions, costuming, gestures, and staging subtly contribute to the overall excellence of production. Attention to minute detail reflects a professionalism that makes the whole greater than its parts. Showmanship is the key concept, and presentation should be of the highest standard possible within the production budget.

Conclusions

The creative process is rarely orderly, and no one really expects specific formulae to apply. In advertising, however, the results of creative labors are expected to be both original and to effect the advertiser's campaign strategy. Anyone working in the creative area of advertising, whether developing TV commercials for a multimillion dollar account or writing radio copy for a small local retailer, faces similar challenges. Sometimes the perfect commercial comes to a writer "out of the blue," but that is unusual. In most cases, the work is arduous, demanding attention to the smallest detail, and is often mentally exhausting.

What is the advertising strategy? What are the objectives of this

campaign? What do we want to communicate? These are the most basic questions the creative person must ask before developing a commercial. With a clear understanding of the answers, many writers, through a process of trial and error, finally end up with a commercial that will fulfill the campaign goals.

Advertising is communications, and in the broadcast media, commercials constitute a quick and perishable message. A commercial must be developed into some sort of format (such as dramatic, demonstration, testimonial, interview, etc.) and augmented with a suitable and attention-getting emotional appeal. In such limited time increments of 30 and 60 seconds, everything extraneous must be eliminated; effective commercials are "tight." With a commercial in script or storyboard form, and cut and polished to achieve the advertiser's goal, the groundwork is laid for the final creative touches that come when the commercial is actually produced.

Talent

Smile, Sweetheart, This Is a Take!

8

We'll need two actresses for this commercial, plus a teenage boy to play the son of one of them. This is a national commercial, and all the talent is on camera. For the women we want talent age 35 to 40, housewife-looking types. Neatly groomed, but no fashion plates. Maybe a little on the plump side. For the boy, we need a kid about 16—a big husky all-American type. No long hairs. This commercial's for a laundry bleach, and this kid comes in a kitchen set from football practice all covered with dirt. We'll start auditions on Friday, so send me up about eight women for the housewife parts, and maybe six boys. Check their clearances, will you? We want union members, of course. Oh yeah, this client only pays scale.

The speaker is a casting director. At the other end of the line, a talent agent is taking notes. Calls like this one are common because thousands of commercials, both national and local, are produced each year. They all need talent.

When the creative plans of an advertising agency have been approved by the client, and commercials are ready to go into production, the first order of business is often casting. The importance of casting the right performers in the right roles cannot be overemphasized. It is so obvious it need not be belabored. Procedures for conducting auditions and casting will vary with the circumstances. In a local market situation, where commercials are being produced for a local retailer, auditions for talent may be simple, straightforward, and completed in a few hours. The pool of available talent is usually pretty limited for any given part, and the better performers are already familiar to local advertisers and agencies. Auditions may even be skipped when the client knows exactly who he wants to hire.

At the national level, casting is a lot more involved for elaborate commercials with big budgets. Some large advertising agencies that turn out a multitude of commercials every year employ a full-time casting director. When commercials are approved and ready for production, this person contacts several talent agencies with a summary of talent requirements. Because most advertising agencies cannot justify the expense of a full-time casting director, they use the services of a freelance one. These people (and there are relatively few of them) are well known in the business and have extensive contacts with talent agents and the advertising community. Sometimes casting responsibilities are turned over to the company that will be producing the commercials. The larger production houses may have a casting director on the staff, or they may hire a freelancer. Casting directors are usually used on high-cost, national commercials. For local and regional commercials, and for commercials produced on a limited budget, casting responsibilities usually fall to the producer from the advertising agency or the director at the production house.

The Talent Agent

There are hundreds of talent agents in cities across the country. They represent clients who appear on stage, screen, and in other media. Some of these clients are involved only in the performing arts, but a great many are eager and available to appear in advertising, whether print or broadcast. A few giant talent agencies employ several hundred people and operate branch offices across the country. Most talent agencies, however, are relatively small, sometimes a one-person shop. In any event, a talent agent may represent several hundred performers. Keeping track of all of them isn't easy. To help a prospective employer select the talent he needs, *head sheets* are prepared by the talent agent. These contain a head portrait and a minimum of very basic information. More elaborate composites are also available and contain information on both sides of one sheet of paper, including several photographs (one a full head portrait), information on what the talent can do, special skills, and the kinds of markets this talent fits. Credits are sometimes listed; union affiliations are always listed.

A good talent agent, called with the specifications for an up-coming commercial, will typically send down four or five of the most likely prospects to audition for the part. The number sent depends upon the casting director's request. A child's part will require that many kids audition for it, because a truly professional child actor is pretty rare. On the other hand, auditions for a male announcer for radio copy may be confined to just a handful of pros.

Talent agents, who earn 10 percent of the gross of their client's earnings, are always anxious to have one of their people land the part. Several talent agents are usually called, so the competition is stiff. For talent selected to appear in national advertising, a substantial fee and residual payment is the prize. If the performer has lines and must move around a set, the agent is very careful about what kinds of talent he selects for the audition. Only a professional can win that kind of part. A neophyte may be sent, however, for a small part with no lines. Since the agent wants to find opportunities for less experienced talent, a bit part in a commercial may be ideal—it means some money and a chance to learn. It's the agent's job to be sure the talent's union memberships are in good standing and that he or she is "cleared"—that is, that this performer has not appeared for at least one year in a competitor's commercial. Good agents will always try to obtain over-scale payments for their clients. *Scale* is the minimum payment for union performers. Over-scale payments may be negotiated between an agent and a casting director at one-and-a-half, double, or triple scale, or even more. Exclusive contracts with top stars can really get complicated.

Celebrity Talent

Celebrities have been doing commercials for decades. There was a time, however, when many celebrities would not consider doing anything as tawdry as a commercial. Times have changed.

Eleanor Roosevelt was one of the first really famous people who did not come from the world of show business to do commercials. When an advertising agency approached the former first lady and asked if she would be willing to do a TV commercial for a margarine, Mrs. Roosevelt agonized over the possible damage to her public image. The $35,000 fee would purchase a tremendous number of CARE packages, reasoned Mrs. Roosevelt, and so she consented.[1]

Much of the celebrity talent since Mrs. Roosevelt's time has come from the entertainment world—Jose Ferrer, Richard Kiley, Jane Fonda, Diahann Carroll, Michael Landon, Jill St. John, and Vikki Carr. The list could fill pages. Astronaut Wally Schirra, Conductor Arthur Fiedler, the late newsman Chet Huntley, and an unending number of sports figures (Johnny Miller, Mark Spitz, Joe Namath, O. J. Simpson,

[1]Joseph P. Lash, *Eleanor: The Years Alone* (New York: Norton, 1972), p. 304.

and dozens more) augment the long list of show business commercial talent.

Years ago, many celebrities only did voice overs, so they could be cloaked in anonymity. In the 1960s, after a few top names were persuaded to endorse products in TV commercials, the stampede was on. (One casting director remarked, "I don't want to sound crass but, for enough money, you can get just about anyone.") Top stars may command a guarantee of $10,000 to $20,000 or more for one commercial. They collect residuals, of course, as the commercial runs. Once that guarantee is reached, they collect more for any continued use of the commercial. The fees are handsome, and a top star may spend a day or less in production and easily fit it in with other commitments. The number of takes may be less than with other talent, because these celebrities are experienced professionals. Sports figures need much direction and the final result may lead the viewer to believe that whatever coaching this person was given was not enough. Crews and directors, accustomed to working with celebrities, say the secret to success is completely thorough preparation. Because stand-ins are used while lights are adjusted, the star need only step in at the last moment. Most of them are cooperative and hard-working; the word on prima donnas travels quickly through the grapevine, and such types are rarely used.

Testimonials by celebrities are increasingly criticized by consumer groups. (The FTC's guidelines on such advertising are included in the previous chapter.) Most advertisers, in order to avoid any possible legal problems, ask talent who deliver a testimonial to sign an affidavit. In it they swear as to what they said (the commercial may be edited for time, but not content), and they testify that they have, in fact, used the product. These simple requirements are no great obstacle. Betty Furness, who delivered the Westinghouse commercials back in the 1950s, and who now serves as New York City's Commissioner of Consumer Affairs, has sharply criticized celebrity testimonials. She sees a clear-cut distinction between commercials in which a celebrity delivers the spiel (she considers her Westinghouse commercials in this category), and those in which the star personally endorses the product and

"It's not a good commercial, but we worked the sponsor's kid into it."

Drawn for BROADCASTING by Jack Schmidt
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poses as a product user. She believes the public has a right to know whether or not the spokesperson has any real knowledge of the product. In addition, she criticizes the use of the pronoun *we* delivered by star talent in institutional TV commercials. "We at the Great and Wonderful Company" implies the celebrity is closely associated with the sponsor and intimately knowledgeable about its corporate affairs.

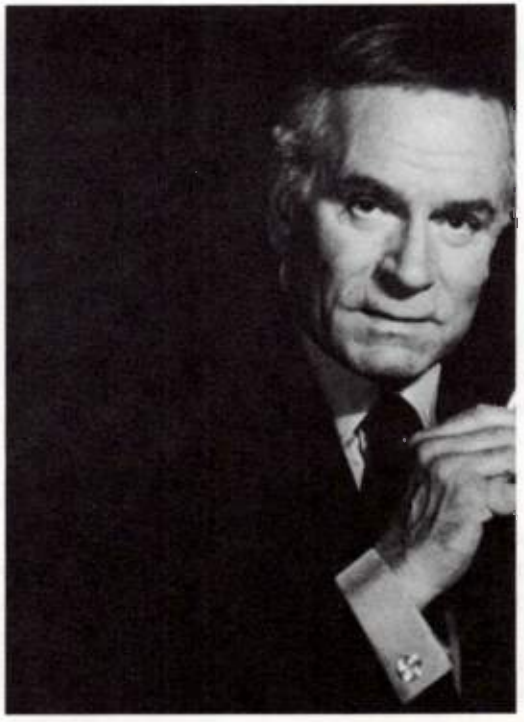
Auditions

The timetable in auditions is a pretty efficient operation. Talent agents are rarely given more than a few days to round up their best prospects. They say it's never enough time. A talent agency may represent 50 performers who *might* be likely candidates for a given role. Agents will "cream the crop" and select only those performers whom they

8.1 Celebrity Talent Star in TV Commercials

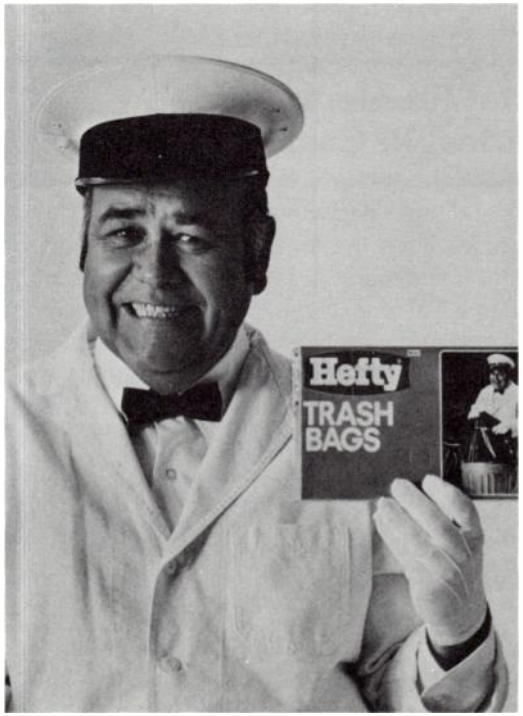
Talent: Billie Jean King
Product: Carnation Instant Breakfast
Client: Carnation Company
Agency: Erwin Wasey, Inc.

Talent: Lord Olivier
Product: SX-70
Client: Polaroid Corporation
Agency: Doyle Dane Bernbach, Inc.



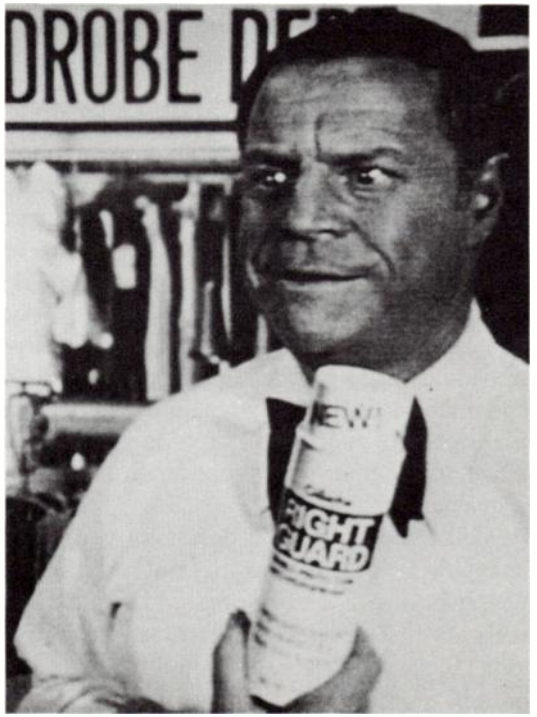
Talent: Pearl Bailey
Product: Jell-O Pudding
Client: General Foods Corporation
Agency: Young & Rubicam

Talent: Jonathan Winters
Product: Hefty Trash Bags
Client: Mobil Chemical Company
Agency: Lee King & Partners, Inc.



Talent: Cathy Rigby
Product: Florida Grapefruit Juice
Client: Florida Department of Citrus
Agency: Tinker, Dodge & Delano, Inc.

Talent: Don Rickels
Product: Right Guard
Client: The Gillette Company
Agency Batten, Barton, Durstine & Osborn, Inc.



know can do a particular job. Performers who have a record of being late, or who are temperamental, are often passed over. A performer typically may be given no more than a day's notice to audition for a role. ("If I told them a week ahead," said one agent, "they'd forget to show up.")

The job of conducting auditions and casting talent sounds glamorous and like lots of fun. In truth, however, it's a tough and exhausting business. The people who sit in on auditions will vary with the client, the agency, and the circumstances. The casting director is obviously there, and usually the director of the commercial is too. Agency personnel may include the producer, the copywriter, art director, and an account executive. Sometimes a client representative is present. They must all be in general agreement on the objectives of the commercial, the general mood to be conveyed, and the basic talent requirements. Specifications should not be too limiting, however, because a performer may turn up in an audition who does not fit exactly what was visualized, but who adds a unique dimension to the commercial.

Auditions are often conducted in an emotionally charged atmosphere. All performers want jobs, but only a few will land parts. Only a limited, and probably insufficient, amount of time can be devoted to each person. No matter how objective the decision makers try to be, personal prejudices are always at work. The trend nowadays is to video tape auditions so particular performers can be reviewed at a later time. The poor ones are eliminated, and the best ones can be assembled for final decision making. A tape audition also reveals how the talent relates to a camera. Without tape, this quality is sometimes difficult to evaluate.

"Cattle calls," wherein dozens of people try for each role, should be avoided. Mass confusion is not necessary and just complicates the casting business. Performers and agents sometimes complain that freelance casting directors are most guilty of holding extensive auditions. Since they are paid by the day, they are accused of prolonging the job. (On the West Coast, the complaints are directed to casting directors who come from the East and stretch out the auditions in order to "justify and enjoy a trip to the Coast.") Performers aren't paid anything for an audition, but if they are kept waiting more than one hour, they are supposed to be paid a $10 fee.

Decisions are usually made quite promptly; rarely do they take more than a day or so. However, in an instance when an advertiser is searching for a major TV spokesperson who will do a long series of commercials under exclusive contract, auditions may go on for many weeks. Once talent are hired, they are notified of where and when to report, and the kind of clothes to wear. If wardrobe is not provided, and it often isn't, a $5.00 fee is due the performer.

Special Problems (and Opportunities) in Casting Talent

What do casting directors and other decision makers look for in talent auditions? It obviously depends on the requirements of a particular commercial. Most performers find themselves type cast, even the most versatile ones. An experienced actress who has assumed a dozen different roles in stage plays may find herself confined to housewife roles in commercials. Casting directors seek performers who not only meet the type they are casting, but who also appear natural, real, and personable. It's always important that the audience like the performer.

In the early days of TV, commercials usually presented only "beautiful people." Advertisers quickly came to realize that for many products, less glamorous—but sometimes more interesting—performers successfully established characters who seemed real, and therefore believable, to an audience. Realism in commercials is greatly enhanced with proper casting, but that's only part of the formula. Natural dialogue, good directing, and superior editing, are the other major ingredients.

It isn't always easy even for a professional performer to "feel" the

part he or she may have landed in a commercial. Pity the actress playing a housewife who must deliver a 30-second spiel on some floor wax to her "neighbor." Nobody really talks like that—and yet this phony baloney is produced in commercials year after year. Sometimes talent can persuade a director to change a line here and there to make the dialogue more natural. The suggestions are usually good ones, but agency personnel have to be very careful that changes do not affect the acceptability of product claims. Most national commercials have been reviewed by lawyers, and often by the NAB Code Authority or the Broadcast Standards departments of the various networks, before they are produced. Changing one word could mean that a commercial already cleared would no longer be acceptable.

Casting children presents special problems. It's necessary to hire a few extra just in case the first choices do not do well on the day of the shoot. Parents all think their children are adorable, and as cute or cuter than the rest of the kids they see on TV. When some small-fry spokesperson turns into an overnight star, talent agents are sometimes stampeded by ambitious parents who want the same success for their offspring. After some coaching and pampering, many children lose their marvelous spontaneous quality. They smile, giggle, pose on cue—and lose all believability.

Directors who deal frequently with children always handle them with special care. The kids must be disciplined enough to get the job done, but still enthusiastic and free enough to be natural on camera. The director's biggest enemy is the fatigue factor, and so the hardest scene, one requiring dialogue, for instance, is usually shot first. In New York and Los Angeles, the law requires that a social worker be on the set when children are working in commercials. The kids can work an eight-hour day only if they have 20 minutes on and 20 minutes off. Depending on the social worker, these rest periods may be strictly followed or not. For children who must miss school, special arrangements must be made to provide tutoring, and often the social worker serves as a teacher.

Some advertisers, seeking maximum believability, have used their own employees in commercials, or actual consumers. These people must be paid the same fees and residuals as union talent. (Nonunion talent, through a provision in the Taft-Hartley Act, cannot be precluded from appearing in commercials. After doing a commercial, they have 30 days in which to join one of the talent unions if they want to do more commercials.) People who appear as themselves must be in a "natural setting" (the employee is shown on the job, for instance), and their remarks must be original, not scripted.

". . . Sorry, Nolan, but I couldn't get you a panty-hose commercial. . . "

Drawn for **Broadcasting** by Jack Schmidt

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Any agency will carefully consider using actual consumers in a commercial before recommending this idea to a client. The cost factor is difficult to estimate, because it may take days of interviewing and filming to happen across the right consumer spokesperson. Some agency producers have nicknamed nonprofessionals "the uglies." Although anyone can be spontaneous, not everyone looks or sounds convincing to an audience, and even fewer can really *sell* the product. When nonprofessional talent is used, talent agents and the talent unions naturally grumble about it, because it eliminates an employment opportunity for one of their people.

If a commercial has any unusual requirements, casting can turn into a first-class headache. If an animal, tame or wild, is needed, it may not be easy to find a human performer who can work well with it. In some commercials, someone special may be needed—a water skier, a magician, an acrobat, or a hay fever sufferer. The list of possible requirements is endless, but the talent may not be. If an advertiser wants to include minority members in a commercial, and additionally needs unusual skills, the search process may be expensive and time-consuming.

Performers must be able to adapt to a host of circumstances and personalities. The location may be a comfortable studio, or a broiling desert at high noon. In addition, they must follow the instructions of a director, and be able to perform with other actors and actresses. "Goofs" kill time, and time can kill a budget. Performers must also be able to adapt to either film or video tape. Some prefer to work with videotape, because of the instant playback. With their director they can immediately review a take, and evaluate it. The performer can see what he has done, and the director can point out small details for improvement. Pretty young things, however, usually prefer film over tape. Film can have a soft, flattering quality, whereas tape is harsher. Besides, the TV camera always adds some unflattering pounds to the performer anyway.

A performer's life is not a succession of ego trips and checks in the mail. Complaints run the gamut. Auditions are often agonizing, especially if they're cattle calls. Some casting directors are not very considerate, and they can be very abrupt and tactless in dismissing actors or actresses. Top performers sometimes complain that even if they don't get a certain part, their ideas for that part are "borrowed." Later, when an actor views the finished commercial he auditioned for, and sees his interpretation of that role being used by another actor, he feels exploited. Talent are always under a great deal of pressure. There's no opportunity to build the role. The actor or actress, in a 30- or 60-second commercial, must be immediately "in character" when the director calls, "Action." When the director is inexperienced, professional talent may complain that they are asked to do take after take when it really isn't necessary. A director who doesn't have control of the situation presents real problems. Some advertising agency personnel, client representatives, and assorted hangers-on all envision themselves as the greatest dramatic coaches since Stanislavsky. The poor performer is told to do a part six different ways by six different people. A top director *directs,* and never allows that sort of thing to happen.

As for talent payments, performers complain that they are never paid on time. They or their agents often have to bird dog the payment of fees and residuals. If the checks are not correct, it means more delays. Holding fees, which are due performers by advertisers who may wish to use a commercial again at a later date, are often "overlooked" unless the talent agent keeps careful records. The talent unions sometimes get involved in disputes over payments. Checks are made out to the performers but are mailed to the agents, who have power of attorney and can thus deposit them. The agent then pays his clients, deducting the 10 percent commission. ("Otherwise, we'd never be paid," said one agent.)

The "care and feeding" of talent by their agents is a subject unto itself. Talent may be egotistical, demanding, unreliable, and may take up a tremendous amount of the agent's time. On top of that, talent may deeply resent paying the agent's commission. (For the agent, the commission sometimes doesn't seem worth the handholding necessary.) Many performers, however, are gracious, cooperative, and strictly professional. They appreciate the high cost of production, and report to the set on time and ready to go. Top performers can bring a great deal to a part, and add a dimension to the commercial that was never envisioned in the storyboard stage. They latch onto a part almost immediately, and only a few takes may be needed. Often, the first take is the best. The performers are just as important as the creative team, or the director. A look, a gesture, the posture, and the voice of a really gifted performer can turn an ordinary commercial into an absolutely delightful one.

Talent Unions

Two talent unions have jurisdiction over performers in major roles in radio and television commercials. They are the American Federation of Television and Radio Artists (AFTRA) and the Screen Actors Guild (SAG). Extras in filmed commercials are represented by the Screen Extras Guild. Talent payments for SAG and AFTRA members are identical. Most performers who do commercial work belong to both unions. No performer can be paid less than scale, and if he can command it, he will earn over scale. The payment will be negotiated by the agency producer and the actor's talent agent.

American Federation of Television and Radio Artists

AFTRA was started in 1936 and represented radio artists in New York, Chicago, and Los Angeles. Today AFTRA has 22,000 members across 50 states. The union is headquartered in New York, and its jurisdiction includes commercial radio transcriptions, phonograph records, slide-film recordings and other recordings not broadcast, local live television commercials, and videotape commercial recordings. (The last category of videotape recordings (VTR) runs into some overlap, and some problems, with SAG.) The initiation fee for members varies, but $250 is average. Half of this sum is sent to national headquarters. Dues vary from local to local, and are established on a sliding scale, depending on how much the member earns under AFTRA contracts. Most members are actors, announcers, singers, dancers, specialty acts, or employees of broadcasting stations. (Broadcast newsmen, who usually do not care to be labeled "performers," are included in AFTRA jurisdiction.) In New York and Los Angeles, most AFTRA members are freelancers. Depending on what they make, they may pay less than $50 per annum, but as much as $400+. A relatively small number can earn a living doing commercials exclusively. But doing commercials usually constitutes moonlighting and augments an income from the programing side of broadcasting—or from an entirely different line of work.

Screen Actors Guild

A few years older than AFTRA, SAG was organized in 1933 by a group of actors disgruntled with the poor pay and difficult working conditions at the motion picture studios. Today its membership numbers almost 30,000. Headquarters are in Hollywood. After an initiation fee of $300, dues are figured on a sliding scale, which may vary from $20 to $200 every six months.

Unlike AFTRA, where so many members have full-time jobs, SAG members must find acting jobs where they can. The television commercials industry is tremendously important to these performers. In 1974, the union estimated that 60 percent of its members' income under SAG jurisdiction came from commercials. Only about 25 percent to 35 percent of its members are involved in making commercials, and so—as in many other fields—things are lean at the bottom.

SAG jurisdiction covers filmed motion picture features; filmed television entertainment programs; industrial, educational, and religious films; all filmed TV commercials; and it shares jurisdiction with AFTRA in relation to taped TV commercials. The determining factor in this last category is where the commercial is shot. If a taped commercial is shot in a studio normally used for film, and is a SAG signatory, this taped commercial falls under SAG jurisdiction. Performers at the three television networks are covered by AFTRA, but the traditional movie studios (which now produce so much for TV), are SAG signatories, even though they are producing programs on tape. In recent years, the use of tape has greatly increased, especially by smaller national advertisers, as well as by regional and local advertisers. The major national advertisers still do most of their work on film. SAG, of course, would be alarmed if there were a mass desertion from film to tape; thus, it very much wants to stake a claim in videotape performance. Members of both unions have started a grassroots movement urging an

AFTRA-SAG merger. A large number of performers are paying dues to both unions and see a consolidation as efficient and economical. Some union spokesmen are pessimistic about this prospect. "It's not practical," "It won't really save members' dues," "It may be inevitable, but not imminent," they say. Organizational adjustments seem to present the greatest number of problems.

Performers in commercials are paid the same, whether represented by AFTRA or SAG. The reason is that the two unions join forces every three years when they meet with the American Association of Advertising Agencies and the Association of National Advertisers to negotiate new contracts. Together, the four comprise a *Joint Policy Committee on Broadcast Talent Union Relations*. The contract they hammer out covers such matters as fees, repayment compensation, holding fees, length of sessions, exclusivity of talent, auditions, interviews, travel, meal periods, overtime, late penalties, foreign use of commercials, and so on.

Compensation gets the most attention in these negotiations and constitutes the most complicated issue. Session fees are simple and easy to understand. If a performer spends his day acting before a camera or microphone, he should be paid for his services. In a commercial, however, his performance will be recorded and played to an audience many, many times. This performer, like the stage actor, wants to be paid for the number of times this performance is presented. (If he presented the same commercial live on TV every night, he would be paid accordingly.) It's the advertiser, not the performer, who elects to record the commercial, but the performer still expects to be paid. This expectation has resulted in the economic philosophy behind repayments, or residuals, in radio and TV commercials. Many other variables come into play as well. No one would expect an advertiser to pay a performer the same sum for a commercial played on CBS-TV as for a spot scheduled on a TV station in Fargo. The size of the potential audience is just one of the many factors considered in establishing payments. As a result, residual payment schedules often seem terribly difficult to understand. They are, but they're not impossible.

Radio Payments and Residuals

AFTRA has exclusive jurisdiction in radio, and performers may be categorized as actors, announcers, solos, duo singers, or group singers. Most of their commercial work is for *wild spots*—commercials that will be placed on a number of stations in various cities on a spot basis. For actors, announcers, solos, or duos, the present AFTRA contract calls for a wild spot session fee of $40 per commercial plus a $10 rehearsal fee for transcribed commercials of one minute or less. A minimum of one hour is required for rehearsal. The advertiser can contract for an 8- or 13-week cycle, and the $40 session fee will be credited toward that cycle. The sum to be paid to the performer during the first cycle depends on the number of units the advertiser will use in scheduling his commercial. *Units* are accumulated according to the number of cities in which the commercial is used, not the number of times the spot is aired. In other words, the advertiser is entitled to unlimited use in certain categories of cities. Small cities constitute 1 unit; cities like Baltimore, Atlanta, Indianapolis, and others are 2 units; Boston, San Francisco, Detroit, and Cleveland are 3 units; Philadelphia is 5 units; and New York, Los Angeles, and Chicago, because of their size, are in a special category. The more units an advertiser uses in an 8- or 13-week cycle, the more residuals the performer earns. For example, for a commercial used in New York, Chicago, and Los Angeles, an announcer would earn $123.50 for a 13-week cycle, plus $.65 for each additional unit if the commercial is used in other cities. If the advertiser wants to continue to use a commercial, then he must pay a reuse fee for each additional cycle. It's the same fee as the original cycle, minus the rehearsal fee. The amount paid the performer in subsequent cycles depends, of course, on the number of units used.

Payments for commercials aired on radio networks are different. An advertiser may have unlimited use of the commercial on a network, and pay on a 1-, 4-, 8-, or 13-week use basis. For 13 weeks, for example, an announcer would be paid $551. If the advertiser chooses, he may

contract for a limited use cycle with a total of 26 or 39 individual uses. In this way the advertiser, who anticipates limited use of a particular commercial, can save on talent payments. *Dealer commercials* in which a manufacturer or distributor provides commercials to local dealers, are also specified in the AFTRA contract. The local dealer, in turn, buys time on local stations. Rates for talent are on a six-month basis, and in the case of an actor or announcer, the fee is a flat $290. If the commercial is renewed for another six-month period, the talent payment is the same.

Television Payments and Residuals

The structure for television residuals is similar to radio but a bit more complicated because of group singers, group dancers, general extras, helicopter and airplane pilots, hand models, and so on. Payments vary for on- and off-camera talent. The three primary commercial categories are wild spots, program commercials, and dealer commercials.

On-camera principals receive the highest rate. (Pilots are an exception and in a special category.) They are paid a session fee of $158, covering an eight-hour work day and one commercial appearance. If the performer appears in two commercials shot in one day, he is paid $316. If it takes two days to shoot one commercial, he is paid $316. The session fee for off-camera principals is $118, and is stipulated at two hours. These are really recording sessions, for voice overs usually, and the contract states that there is no limit to the number of commercials which can be made in one such session. A well-planned recording session can keep down talent costs.

Cycles for wild spot TV commercials all run 13 weeks, and the commercial may be used as often as desired during this period. Payments due talent are computed on the basis of accumulated units, similar to the system used in radio. If an advertiser wants to use a commercial beyond a 13-week period, a separate *holding fee*, equivalent to the initial session fee, is due performers. This fee is considered a fair one, because during a commercial's air life, the advertiser has exclusive use of that performer in that product category.

The payments above may not seem like a princely sum, but when a spot advertiser uses a commercial in 50 or 100 markets, the units pile up. For an on-camera principal, for example, one cycle's residual payments in the top 50 markets total $655.25; in the top 100 markets the total is $767.75. The actual production of one such commercial may have taken a day or less, and so naturally performers are anxious to appear in wild spot commercials for national advertisers.

Program commercials are divided into A, B, and C classes, based on the number of cities in which the commercial is telecast. (C equals one to five cities; B, six to 20 cities; A, over 20). These classes indicate payment rates for advertisers who sponsor programs. Network commercials obviously are in Class A. An on-camera principal earns the $158 session fee, which is applied to the first use. Thereafter, the fees for adding other cities are on a per-use, but descending scale, according to the total number of cities. It adds up pretty fast. An on-camera principal performer would earn $956 per use for 13 cities and then $27 for the addition of each new city. Dealer commercials for television are similar in structure to radio, but complicated by the addition of various categories.

The above information on talent payments is all based on *national* codes negotiated by AFTRA and SAG. In most cities where AFTRA has a local and a pool of freelancers available to perform in commercials, local talent rates are negotiated. These are most commonly fees and residuals paid to a local performer by a local advertising agency in behalf of a local or regional client. In most cases, the bigger the city, the higher the rates.

AFTRA requires members and employers to file a report with the union within 48 hours after a commercial is completed. This report permits AFTRA to keep track of payments due performers. AFTRA employers do not pay performers directly; rather, payments are pro-

cessed through the union, which sees to it that they are correct and paid on time. SAG does not process payments to its members, but handles complaints from members if they are not paid on time, or if there is a misunderstanding on the amount due. Under both SAG and AFTRA contracts, advertisers must pay an additional 7¾ percent on all payments for pension and welfare funds.

Extras in TV commercials are covered by a contract with the Screen Extras Guild, except for VTRs made under AFTRA jurisdiction. The contracts state that the extra may be recognized in the commercial, as long as he is not part of the central action. In many cases, all the viewer sees is a hand, back of the head, and the like. Payments to extras are usually on a *buy-out* basis, where the extra receives a single payment, the advertiser is entitled to unlimited use, and residuals are avoided. Musicians are repaid for each 13-week cycle according to scale payments of the American Federation of Musicians.

Conclusions

The "face" of a company is presented to the public in its advertising. In the broadcast media, this image is personified in the talent used in commercials. The perceptions and attitudes of the consumer toward the company and its products are often indistinguishable from the consumer's perceptions and attitudes toward the talent used in the company's advertising. As a result, casting talent has to be a careful, deliberate process dictated by expertise and experience. The best hunches of the decision makers are also at work, and so is the ingredient of luck. Everything else in the talent business is an outgrowth of this process, including all the complicated machinery of agents, unions, commissions, fees, and residuals. What really counts in this "people business" is putting the right performer in the right spot.

Producing Commercials

You're Right We Want It Right,
But Mostly We Want It Tuesday!

9

Every day in the United States, hundreds of commercials are produced for American advertisers. Thousands of people are involved in the business of making these commercials, and billions of sales dollars are generated by the results of their work. Commercial production may seem like an exciting and glamorous occupation, but in truth it's a lot of hard work under heavy pressure. There's nothing exciting about waiting around a studio for a couple of hours while lights are set or squinting into a Moviola far into the night. "Dubbing down" 16-track radio commercials for a couple of days isn't very glamorous either. It's a tough, competitive business, but the production team is tremendously important to the final result. Good commercials are grounded in the advertising objective, the commercial format, and a valid emotional appeal—decisions made by the client, the account group, and the creative staff. The final dimension of *presentation,* however, can only be added by the members of the production group. Their job is to make an idea come alive. When given a really original idea, they try to develop and polish it into a classic piece of art and salesmanship.

Producing Radio Commercials

Radio is now a truly local medium, supported primarily by local advertisers, and so producing commercials is usually a "hometown affair." The $50,000-a-year creative types are not involved—and neither are a lot of account executives, production experts, Hollywood hotshots, and high-priced talent. At the retail level, the radio station salesperson who lands the order soon finds that he must double as a copywriter and producer/director, since the local auto dealer who bought the schedule does not know how to write a commercial. Hopefully, the salesperson has some talent in formulating a solid idea, presenting it to a client, and producing it at the station's studios.

When advertising on "personality" stations with top-name disc jockeys, advertisers often prefer to give the station fact sheets instead of formal scripts. These sheets list the basic product information that the advertiser wants publicized. Using this information, an experienced DJ can develop an ad lib commercial in his own style, and it's often better than one that has been previously scripted. With this kind of freedom, good talent can be salespeople par excellence. (Arthur Godfrey and Art Linkletter will go down in the annals of radio as two of the medium's most fantastic salesmen.)

Live copy has been around as long as radio has. Unless there is top talent available, however, its effectiveness in selling products is debatable. Live copy is certainly the most flexible way to present radio messages, for copy can be constantly changed. In addition, there are rarely any talent fees, only the regular time charges. As for the quality of on-air presentations, that depends on the quality of the announcer.

Some have a knack for weaving live commercials into their format so listeners are not turned off, but are as interested in the ads as in the program. Unfortunately, announcers may deliver live copy without inflection, phrasing, pacing, or even decent diction and pronunciation. And if the DJ salesperson is not enthusiastic, why should a listener be? What's the solution to this drawback of live copy? Pre-record the commercials and maintain quality control.

All stations can produce and record simple radio commercials, and quite a number are equipped to do some very elaborate audio work. Their facilities may be used by local advertisers and agencies that want to embellish a straight spokesperson announcement with some music, sound effects, or perhaps a couple of voices. Production costs for such embellishments are very modest. Music and effects can be taken from tapes and discs, and announcers are usually happy to pick up the few extra dollars (and a little prestige) for performing in freelance commercials.

For large advertisers and agencies, the production of radio commercials gets a bit more involved. Although they may use very simple spots, they often employ the services of a top talent. For national and major regional clients whose advertising is handled by an agency, radio commercials are usually produced by either an agency producer or by an independent production house. It depends on the client, the resources and talent of the agency, and the particular kind of radio commercials wanted.

If an agency really has expertise in radio, it prefers to handle the job with an agency producer/director. Because radio commercial production is a freelance business, an experienced hand will know just where to go for actors and announcers, for a composer/arranger, for musicians, and for the best studio facilities for any particular job. The producer/director also needs to know costs, because he must first have a fairly good idea of how the final product should sound before he can round up the assorted talent needed. He must know how he can achieve a certain sound and still stay within his budget. He will prepare a cost estimate for client approval, and it will contain items like:

- Talent (The estimate for this category includes projected costs for scale and over-scale talent, length of recording session, agents' fees, and estimated residuals.)
  - Actors
  - Announcers
  - Musicians
  - Singers
- Composer/arranger/musical director
- Sound effects
- Director (if not undertaken by the agency producer/director)
- Recording studio rental
- Engineer
- Rental of any special equipment (certain uncommon musical instruments, for example)
- Tape stock
- Time and facilities for mixing
- Number of tape dubs needed
- Travel and expenses for producer and/or talent

Sometimes the budget is fixed—perhaps $10,000 to produce a series of commercials. In such a case, the producer/director will simply have to live within that amount. There are always lots of places to cut costs in radio production. Talent is the major expense, and so this category is a logical starting point. The number of talent can be cut, or the agency can avoid using top-priced over-scale talent. Music is another category where costs can be trimmed, such as by limiting the number of musicians.

Agencies usually ask talent or their agents to provide *demo* (demonstration) tapes for the purpose of voice selection. Often a routine audition tape is sufficient, but a tailor-made demo may be desirable for a special part. In this instance, the talent is usually provided with copy, and the resulting tape can be evaluated with others in the final selection

process. The same is true of original music solicited from a freelance composer/arranger. In some cases, the agency may provide lyrics and ask a composer to see what he can do with them. The work usually comes back on an audio tape that consists of a piano track (sometimes called a "scratch" or "tinkle" track). If the agency and client decide that they like that particular music, the composer will proceed with a final arrangement of his composition. He'll also make *charts* which are the musical arrangements for each individual instrument.

In selecting voices, there has been a long-standing trend away from the didactic announcer. Actors are preferred, and all good announcers are pretty versatile thespians. Agency producers themselves are often talented performers. Although they may not work commercially, a strong dramatic background is a substantial help in producing commercials. First and foremost, such a background makes a producer very aware of what a good actor can do—and that's just about anything. Real radio buffs love to work with the medium because they know anything is possible, but they also know it takes time, a lot of experience, and sometimes a touch of genius. Their enthusiasm for radio can be contagious, and clients often come to realize the tremendous creativity possible in an aural medium. Some small advertisers on limited budgets are often intimidated by their competitors' advertising, especially if it's in the form of a major television blitz. It's tough to meet that kind of competition on their own ground. In radio, however, an advertiser with a small budget and a big imagination can often outshine his competitors—and create a lot of impact and excitement in the marketplace at the same time.

Sometimes, rather than an agency producer/director, a production house may be hired to do a series of radio commercials. Most such companies are located in large markets where they stay in constant contact with the local agencies. When they land a contract, they are responsible for the creative work. They are given a copy platform, or possibly a script, but they are in charge of creating the final copy, subject to agency and client approval. Radio production companies are usually small operations staffed by a variety of imaginative, very creative, and often slightly crazy people. The talents of the staff are usually complementary. One may be a fine composer, another the "house wit," another the production genius, and so forth. Their brainstorming sessions can yield some very exciting commercial ideas. Although the demos they produce are seldom completely approved and sometimes totally rejected, usually the decisions are a matter of selection and revision. Some agencies, dealing with certain kinds of clients, would never consider farming out this kind of work. Not only are they reluctant to lose creative control, they say that it's too difficult for the staff of a production house to really know the client and his product in the short period of time usually available. Further, it's too easy for a long list of taboos to be violated in relation to certain products with a lot of restrictions, such as over-the-counter drugs, personal products, automobiles, and food products with health claims.

Improvisational groups have been used experimentally to produce radio commercials. A handful of actors and actresses, used to working with each other and full of wit and repartee, can sometimes latch onto an idea and turn out a brilliant commercial in a few minutes. The poor agency copywriter slaving over a typewriter might never think of anything so memorable—or outrageous. Usually, however, it isn't as easy as putting talent in front of microphones and locking the studio door! Many improvisational actors, usually accustomed only to stage work, depend on an audience for approval and encouragement, and they rely on their gestures and facial expressions to convey meaning and emotions. Radio is obviously not for them. In other cases improvisational groups will turn out a long series of disjointed takes. The editing job is then horrendous, and the producer and engineer may still end up with nothing. With luck, there might be a dozen commercial possibilities that will be presented to the agency and client. From this group, perhaps only half or a third will be used, and the client only pays for the ones he wants to air.

A primary advantage of radio production is that it can be a reasonably fast operation. The medium accommodates itself to deadlines, and commercials can be produced, dubbed down, and ready for distribu-

tion in a few days. Timing is critical in the actual production. Commercials with original music and top talent must be carefully coordinated. Since talent is the high-cost factor, usually paid by the hour, scheduling is an important element in controlling budgets. If there is no music involved, the recording is usually done on a four-track machine. With music, it's usually done on a 16-track machine at 15 IPS (inches per second). Using overdubbing as the technique, a commercial with a 60-second music track might be scheduled as follows: rhythm, 9:00–11:00 A.M.; horns, 11:00 A.M.–noon; strings, 1:00–2:00 P.M.; vocalists, 2:00–4:00 P.M. Hopefully, at the end of the day, the radio commercials will all be on a master tape and ready for dubbing down, or mixing. This process can sometimes take one or two days, and it's ordinarily a two-man operation between the producer/director and an engineer. They will edit the tapes and then, because of the versatility of the equipment, will adjust levels, highlight certain instruments, soften others, add echoes, equalize the frequency responses, and generally cut, polish, and perfect the timing until the commercials are on a final master reel and ready for client approval. With a go-ahead, high-speed dubbing machines turn out as many copies as are needed. Commercials are ordinarily mailed to stations on five-inch reels at seven-and-a-half IPS.

9.1 A Winning Experimentation in "Radio Vérité"

With a portable tape recorder, a producer from Imagination, Inc., a San Francisco production company, talked to customers of the Fotomat Corporation as they stopped by an outlet to pick up their pictures. A lovely lady, Mrs. Green, completely forgot the microphone as she examined each of her pictures. The tape was carefully edited. Music and an announcer tag were added, and the final result won a Clio Recognition award.

MRS. GREEN:	(Verite) This is a trip back east now . . . I just got back . . . this is a procession in the church. Oh, this is dark . . . these were all back east . . . my sisters, myself. See how nice they develop them . . . beautifully. That's my sister . . . my grandson . . . going to school the first day . . . waving good-bye to me. Oh, these are the greatest . . . really beautiful coloring. At Fotomat they really come out beautifully . . . Here's my sister . . . her little boy. That's our family . . . mostly family and these pictures came out real good . . . something to remember. (STARTS TO FADE) So that's me . . . grandma. So they're very nice . . . yes.
MUSIC:	EXPERIMENTAL FLUTE—FADES WITH END OF VERITE SEGMENT.
ANNOUNCER:	Fotomat makes pictures to last a lifetime.

Courtesy of Fotomat Corporation.

Good radio commercials should be seen and not just heard. The medium is still a theatre of the mind, and its primary tools are voices, music, sound effects, and, now, electronic synthesis. Together they can create some bright, creative advertising that is a refreshing breeze in the broadcast day. Why then, when the costs are low and the options so plentiful, is there so much *bad* radio advertising? Part of the problem can be traced to the fact that most radio advertising is local, and there simply isn't enough time, talent, and money available to invest in it. On the other hand, in relation to national radio advertising, some people feel that TV and print capture the top creative people, and that radio is often delegated to the young, inexperienced copywriter who doesn't really understand the medium or its potential. Perhaps part of the fault for bad radio commercials lies with advertisers who don't know good advertising from the mediocre, and approve the latter if they can save a few dollars. Radio stations also share the blame. They not only air the commercials but often write and produce them as well. Landing the order is the priority, and after that, too little attention is given to production or on-air presentations.

The faults of radio advertising are no more nor less than those of any

other medium. There has been, and will continue to be, a growing interest and dedication to producing better, more creative, amusing, and edifying commercials. One agency producer simply categorizes radio advertisers into two groups—the "selfish" and the "unselfish." The first says, "This is my 60 seconds, I paid for it, and you listen to what I'm going to tell you." The second, as a better salesperson extends the hook—in the form of music, or humor, or dialogue, or sound effects, or whatever the imagination dictates. When 40 seconds have passed and the fish is on the hook, the remaining 20 seconds are used for a solid selling message.

Producing Television Commercials

The time is 11 A.M. on the day of the shoot. Two dozen people are standing around a large video tape studio—cameramen, floor men, technicians, a scene designer, set dresser, gaffer, boom operator, four agency representatives, two client representatives, two or three staff members from the production company, a cook, social worker, and a number of hangers-on. Where is the director—the general who will lead these troops through the day? He's sitting crossed-legged on the floor of the set, deeply engrossed in a conversation with the talent and flirting outrageously. She's blonde and beautiful, but smiles wanly. Her name is Susan, and in a week she will celebrate her third birthday. Right now she wants to go home.

It's a simple 30-second commercial, utilizing a group of children who sing the jingle of the sponsor—a fast-food chain specializing in hamburgers. The day before the shoot, 25 children were auditioned and seven selected. Earlier this morning, the director tried the seven out as a group sitting together on a living room floor, devouring hamburgers, french fries, and soft drinks. That didn't work. Some sang, others gazed off the set in the direction of their mothers, one picked his nose. They were regrouped in twos and threes. A fight ensued between two precocious "professionals" trying to upstage each other. Their innocence was gone. Finally the director picked Susan, the youngest, and coached her to sit alone and sing the jingle. She was darling, but so intimidated that she stopped singing halfway through the song. On the eleventh take—finally, the tears. It's going to be a long day.

"At this point, the product smiles and says, 'Good day, Mr. Froggie.'"

Drawing by Levine; © 1974 The New Yorker Magazine, Inc.

Preproduction Sequence

Bidding from Storyboards All the problems, little and big, that arise on the day of production rarely show up on a storyboard. Very few commercials emerge from production looking exactly like the original. No one expects they will, because a storyboard is really just a board of *intent*. It provides a tangible proposal to the client, but it must always be augmented with written or verbal descriptions. The story-

9.2

RADIO AND TELEVISION DEPARTMENT

Batten, Barton, Durstine & Osborn, Inc.

397-1122

650 California Street, San Francisco, California 94108

CROCKER BANK
1975 Television
BBDO Billing Number - S5-9003

February 21, 1975

PRODUCTION NOTES - KCCS 3501 "Rainy Morning"

The companies being invited to make bids for this production are urged to study thoroughly these specifications and the attached storyboard so that all aspects of production are perfectly clear prior to bidding. Our intent is to minimize the possibility of cost overages that can result from a misunderstanding of the precise production requirements.

The objective of the commercial is to impress upon viewers the fact that Crocker's changing banking and that, unlike other banks, Crocker branches are open for longer hours beginning at 8:30 A.M.

The commercial opens with a man hurrying to a non-descript bank through the early morning rain. He finds the bank closed but sees across the street a brightly lighted Crocker Bank open for business. He hurries over to the Crocker Bank and is greeted by a smiling girl at the New Accounts desk. Over a scene of the man and girl viewed from outside the bank, we super: "People's hours. Not banker's hours. Crocker's changing banking."

The commercial is 30 seconds long and is to be produced in 35mm complete with two 16mm answer prints.

Production company will be responsible for casting, location scouting, wardrobe, talent session payments (2 on-camera, 1 voice-over, 2 background extras), special wind and rain effects, permit for filming on Los Angeles street, recording, lab costs, and all other aspects of technical production. BBDO will supply creative supervision and art work for end super. Client will make available several banks in Los Angeles area; director and agency will select bank location best for filming.

Once job is awarded, winning production company should make arrangements for production meeting between director, agency and Client representatives. This group will also hold casting session and scout bank locations.

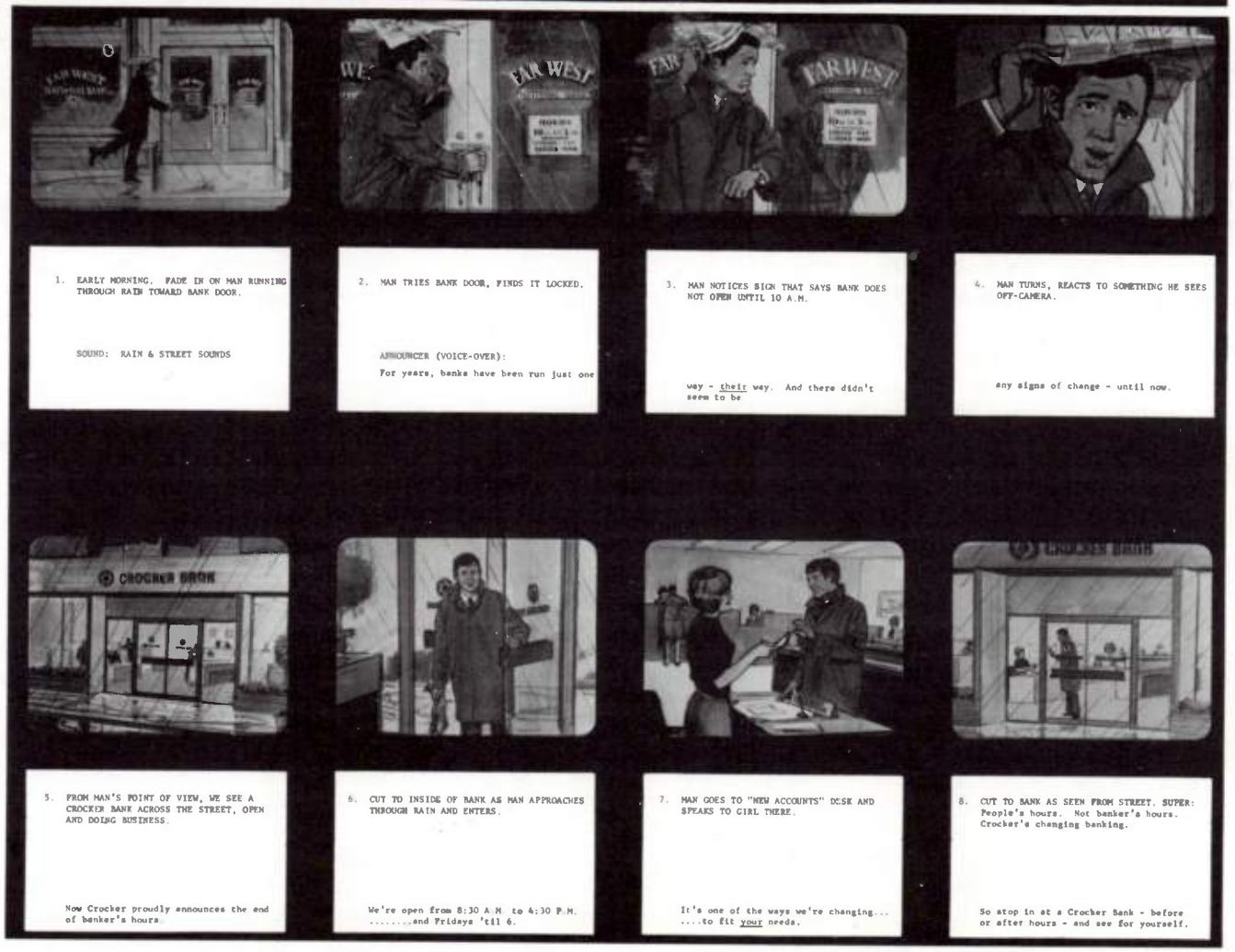
Bids are due February 27. Answer prints are due March 28.

Bids, answer prints, and all questions relating to storyboard, specifications and actual production should be directed to Jim Allen, Radio/TV Director, BBDO-San Francisco.

BBDO TELEVISION

CLIENT Crocker Bank
SUBJECT Longer Hours
TIME 30 secs. DATE 2/14/75

KCCS 3501 "Rainy Morning"



Courtesy of Crocker Bank and Batten, Barton, Durstine & Osborn, Inc.

board should be read with imagination—like the Sunday comics. There are too many contingencies that arise in actual production to operate in any other manner. (The Susans of this world see to that.)

The creative team in an advertising agency, often consisting of an art director and a copywriter, may develop many commercial ideas in storyboard form. The best ones are selected and usually revised several times before everyone concerned is satisfied. Some storyboards are elaborately prepared—done in color and mounted on big boards. In most instances, however, the client is presented with simple pen or pencil sketches. The form of the storyboard depends on the client, the abilities of the artist, agency policy, and client wishes.

When the storyboards receive client approval, the agency production supervisor begins his work. He carefully reviews the commercials with the creative and account executives, then numbers and codes the commercials with a nickname for easy recall. Next, he writes an accompanying *spec* sheet (production notes). The specs enumerate the requirements of this commercial in terms of sets, props, graphics, talent, crew, and myriad other necessities. (See 9.2) Three production houses are usually selected on the basis of their reputation, the quality of their previous work, and the expertise of their people. (Several hundred production houses are available to agencies for commercial production. Located mainly in New York and Los Angeles, many of them tend to specialize in certain areas, such as food demonstrations or location shooting.) With the storyboard and spec sheet in hand, each prepares a competitive bid for the agency.

Although most commercials are handled on a competitive bid system, some advertisers prefer to negotiate a cost-plus or a cost-plus/fixed-fee contract with a production house. In the cost-plus system the studio enumerates all the anticipated charges at cost, and a percentage of this is added as markup. If costs exceed this estimate, the advertiser is obliged to pay them. (In the bid system, the studio takes the risk for overages.) In the cost-plus/fixed-fee system, the charges are estimated at cost, and then a fixed sum—not a percentage of the costs—is added for overhead and profit. If costs exceed the estimate, the advertiser must pay them, but the fixed-fee remains just that, fixed. In either of these payment arrangements, there is a lot of latitude for negotiation.

At the production house, the counterpart of the agency production supervisor will decode the storyboard and the specs and will then estimate expenses. He must know costs, time, and staff and crew requirements as well as he knows production. He must wield a sharp pencil, because the bid he prepares must be competitive in order to get the business, but still return a profit to the production house. The production house will usually add 25 percent to 50 percent for profit and overhead. The amount of markup often depends on previous work done for a particular agency and client; if they're difficult to please, and work must be done over again, the markup is higher.

Within a few days, the agency will have the bids back, and usually they are within 10 percent of each other. If not, the production supervisor will want to find out why—there may be a misunderstanding somewhere. The agency account executive is given the bids, along with the recommendation and comments of the production supervisor. Since only those companies that are qualified to do the work are invited to bid in the first place, the house with the lowest bid is usually selected. Occasionally, however, one of the other houses is selected for some specific reason.

In most instances, production houses submit a lump sum bid to the agency. Some agencies, however, are now requiring the production house to itemize in detail all the costs included in the bid, which involves establishing a price for everything from set construction to release printing. When all the bids are in, the agency production supervisor can compare and evaluate them on an item-by-item basis. One production house may estimate three days of shooting, another four days. There may be differences in everything from estimates of the amount of raw film stock needed to wardrobe requirements. With this information, the agency can determine what seems realistic, and what charges may be out of line. The agency can then pursue some price negotiations.

9.3 Film or Videotape?

Throughout the entire production sequence, procedures differ depending on whether the commercial is to be made on film or tape. Usually the creative and production aspects dictate the use of film or tape—not the cost factors. The old film versus videotape arguments in relation to cost controls are now largely invalidated. Tape may be cheaper than film, but it depends on the job. The differences between the two have been closing fast for several years.

Tape equipment is lighter, more versatile and mobile than ever before, and now is practical on outdoor locations. Tape editing processes now permit many more options, although they cannot compare with the versatility and optical effects of film. The primary asset of tape is its immediate playback feature. While the crew takes a break, the director can view playbacks and be sure he has the shots he needs and that the quality is satisfactory. Tape editing can commence immediately after shooting.

Members of a creative team, however, almost always prefer film. They like its versatility, the soft cinematic qualities that are possible, and the options for special effects. Tape is too stark and the equipment runs the people, they say. Others would vehemently disagree. The argument for many is moot, however, because more and more directors, cameramen, and other production personnel are proficient in both media.

Advertisers' preferences vary, of course, but some prefer tape because they constantly change commercials and find tape more economical with heavy production schedules. Most commercials for major advertisers are on 35mm film, but some clients have gone to 16mm in order to save money. At the present time, distributing commercials to stations and networks is less expensive with film. Since film prints cost about half of a tape dub, 16mm prints may be the best process for a commercial that will be widely distributed.

Many local TV stations, with large studios and equipment idle most of the day, rent both for commercial productions. Compared to the costs of using a big New York or Los Angeles tape studio, the savings for the advertiser may be considerable. Most local commercials are produced in hometown TV station studios and usually on shoestring budgets. For low-cost commercials with closeups and demonstrations, tape is excellent. It has a fresh, immediate, and realistic look. If local advertisers need to use film, they select 16mm. The quality does not compare to 35mm, but perfection may not be necessary for many commercials. The equipment for 16mm is more portable, and film stock is cheaper, but there are some editing and optical limitations. Production houses that provide both 16mm and 35mm equipment often bid anywhere from 15 percent to 30 percent less for the same commercial on 16mm.

There is another aspect to the decision to use tape or film. It's considered a joke by some, and not at all funny by others. "The sample reel is everything"—a statement that may be made by directors, producers, art directors, writers, scene designers, or a half dozen others who are involved in the creative and production aspects of a commercial. Those who freelance, or those who bounce from job to job in the advertising industry, depend on their sample reel to display their talent and accomplishments to prospective employers. Most business establishments have a 16mm projector on the premises, and a filmed commercial viewed on a large screen in a darkened conference room is much more visually absorbing than one viewed on the TV set of a video cassette playback unit. Taped commercials can be dubbed on to 16mm kinescope recordings, but the quality is pretty terrible. As a result, many production personnel who are quietly "building a reel" will do their best to see that film wins out over videotape.

All production houses add an OSIF sum for contingency ("Oh shucks, I forgot."), usually 10 percent of the total bid. Some agencies and clients specify that contingency monies are not to be touched without their approval; otherwise, it's too easy to raid this fund for items that should really have been covered in the original cost estimate.

The agency will affect savings if storyboards and specs are carefully prepared for the production house estimator. The production house should have sufficient time to prepare a bid carefully. If asked to bid in a frantic, last-minute rush, houses will always bid higher because they are compelled to protect themselves. The agency and client, who have carefully scheduled a production timetable, should allow enough time to review the bids thoroughly and engage in a little negotiating. Last-minute rushes preclude such negotiations. All along the production line, adequate time to do the job and to do it right will save money. Overtime wreaks havoc on staff nerves, agency-client relationships, and production budgets.

Cost Controls All advertising costs have risen dramatically in the past few decades, but in the production of TV commercials, it's been a case of run-away inflation. Production costs have doubled, and in some cases tripled, in the past ten years. Clients and senior agency personnel have had to ask—why, and what can be done about it?

Many of the reasons for the escalation are totally beyond the control of the client; even the government cannot curb the rising cost of living. Cost factors that are within the purview of client control, however, are increasingly scrutinized at the storyboard stage. There are many other expenses, but the following are the major targets in a cost-control program: locations and sets; the number of shooting days; travel expenses; fees for a director, cameraman, music composer/arranger, or other high-priced personnel; number of talent and the cost of fees and residuals; and editing.

The cost for personnel are often flat fees and not very negotiable. The question for the client and the agency is whether the services of a $2,000 per day director are worth it. If they are, then the client must pay the bill and look around for other ways to save money. Location shooting that involves travel, lodging, meals and other expenses for talent and crew can run up bills that rival the national debt. One reason why so many commercials are shot in Southern California is the proximity of many different locales. Stock footage, rear-screen projectors, chroma-key, and other devices are sometimes used in the studio to avoid costly location shoots. Sometimes the expense of a first-rate scene designer who designs and builds a studio set will be more than met by the money saved by avoiding a location shoot. The end result is often as good or better than an outdoor setting—and no one worries about the weather.

Set design and set dressing are obvious areas for exercising cost controls. The number and size of sets can and should be kept to a minimum, and they need not be furnished with authentic antiques or custom velvet draperies. A good designer knows his business so well that he can build and furnish the appropriate set, provide the director with adequate shooting options, and still keep the costs within reason. Set designers must always put together much more than is ever seen in the camera viewfinder. The client may grumble that only 20 percent of the set will be seen, but the safety valve is there if the director needs to shoot the commercial another way.

Using lots of talent or star talent constitutes an enormous expenditure. The "borrowed interest" such talent provides to the product and the ad should be carefully analyzed. The session fee for a celebrity is one thing; residuals are quite another. There are many ways to cut talent costs. Avoiding the use of star talent and fewer performers are the obvious ones. Many commercials close with a voice over corporate tag. If the talent already appearing in a commercial is suitable for delivering this line, the costs of an announcer can be avoided. If the actor's face is not seen, but only his hands in a demonstration, for instance, the fees are less.

The costs of producing a television commercial can easily run from $40,000 to $50,000 and more. A six-figure budget for major clients is not uncommon—even before one minute of air time has been

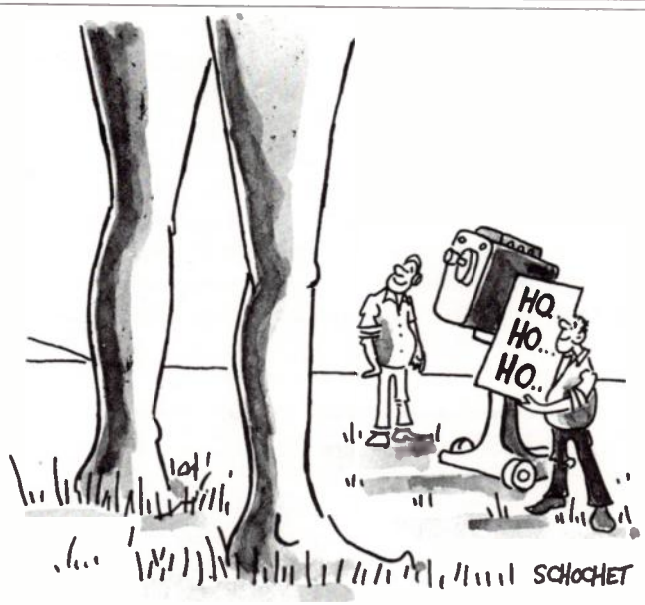
bought! If the client wants to spend this kind of money, the agency is happy to oblige. Because some advertisers demand exceptional, extraordinary advertising, and have been willing to pay the price, hot-shot directors, star talent, and large casts are employed. Stock music is discarded in favor of specially composed or arranged background music. Elaborate sets are built and dressed by top personnel. Creative and production personnel experiment with intricate animation, fisheye lenses, complex optical effects, helicopter shots, and dozens of other ideas and devices that can send costs skyward. Too often, commercials are produced in a last-minute rush. Insufficient preparation leads to overtime payments. Also, if commercials are shot one at a time, rather than in a series, costs can double.

Most advertisers are unable or unwilling to underwrite such commercial extravaganzas, and insist on cost-control programs implemented early in the preproduction sequence. With a sharp eye on the budget, both the agency and client won't encounter any unpleasant surprises when the bids come in from the production houses.

Production Sequence

After a bid is accepted by the client, it cannot and should not be changed without client approval. Now the meetings begin between the agency representatives and the production house staff. The responsibility for location search, set design, graphics, crew selection, talent auditions, wardrobe, and all the other production requirements may be left in the hands of a relatively small number of people—or everyone, unfortunately, may get in the act. Six weeks is usually considered the minimum schedule from storyboard approval to finished commercial. It can be done in much less time, if necessary; other high-budget commercials may go on for months.

Depending on the size of the budget and the requirements of a commercial, a top director may be brought in. He may earn $2,000 to $3,000 per production day or more, but his fee includes his talents in preproduction planning. In this kind of commercial, it would be a mistake to structure the creative aspects too tightly—otherwise any director could be hired to shoot from a detailed storyboard. A particularly talented director can contribute ideas and suggest alternatives. Since he is really hired to make an idea *work*, he must have a strong voice in talent selection. He will join the agency producer and the casting director at the audition sessions. Some clients, account executives, and creative personnel may want to sit in, too, or they may insist that auditions be videotaped so they can review and approve the final choices. This procedure may run up costs a bit, but it's worth it when 20 women are auditioning for a housewife/mother role. Without a videotape, who can remember actress number 12 at the end of the



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day? If the audition is properly organized, the decision makers will not have to spend an inordinate amount of time interviewing people unsuitable for the parts. Final casting of talent usually takes place shortly before the day of the shoot.

The few days preceding actual production are usually pretty harried for the agency producer and the production house staff. Time is really money on the day of the shoot, so planning for contingencies can make a lot of difference. When the crew reports and the talent checks in for wardrobe and makeup, the commercial producer may as well find a quiet corner and a cup of coffee because now the director takes over. The director is boss on the set, but he always consults with the producer about major changes. Everyone stays on the set until the producer is satisfied that what his client wants is on tape or "in the can." A commercial is usually shot with a number of options; there usually isn't just *one* way to do it. For this reason, good directors will often use about 1,500 to 2,500 feet of 35mm film in one day, even though a final 30-second commercial will contain only 45 feet. This ratio means a lot of film (or tape) will never be used, but all the extra footage provides tremendous creative latitude for the film or tape editor. Compared to staff and time, stock is cheap.

9.4 Special Effects

Advertisers learned long ago that animation and special effects helped to combat audience inattention. The price for such effects is high, but the results are worth it. Much of this work is performed either at the production house or the optical house.

Cereals go snap, crackle, pop; antacids dissovle gas bubbles; and Raid kills bugs dead, because most people would rather look at clever animated ones than at the real thing. For the creative team with a big imagination, and for a client with a budget to match, animation and special effects present endless options.

Live action can be combined with animation, and the result may be a housewife chasing a bottle of dish detergent that thinks it's a hand lotion.

The complex—like the human digestive system—can be made simple by using animated diagrams. The end result may be the invisible made visible as viewers watch aspirin rush to a headache.

Through object animation, packages can magically unfold themselves to reveal the product. (The animator shoots a frame at a time, and between each shot, he carefully pulls away the wrapping with tweezers.) The same single-frame exposure technique can assemble or disassemble an automobile in a few seconds.

Multiple images can be combined to lend excitement and to convey emotional impact. Soft drink commercials oriented to young people often use this device.

Slow motion will reveal a torture test of automobile tires.

Time lapse photography can show a pastry rising in a hot oven.

Reverse moves have shown a variety of talented cats doing a cha cha cha because of some pet food.

Colored filters can change the mood of a message. For example, a filter used with a perfume commercial can create a soft, glowing, and very romantic mood.

The freeze frame can stop action at the most graphic moment to arrest viewer attention and direct it to what is important. A freeze, and a zoom in on a pickpocket lifting a wallet, focus the attention of the viewer who would probably miss the action otherwise.

Corporate symbols and brand names can turn, spin, zoom in and out, and change shape, size, and maybe viewer attitudes.

These are just a few of the many special effects that, if expertly used, enable television advertising to approach an art form.

Postproduction Sequence

When the preproduction planning and the shoot are finished, still more work lies ahead. The postproduction sequence is certainly one of the most arduous and tremendously critical aspects of producing commercials. In videotape, of course, the process is much less complicated because of the immediate playback. Tape still must be edited, however, and this is done electronically. Videotape editing processes have improved dramatically in recent years. Computers now permit the editor to call up any scene instantly, move it backward or forward, and run it at slow, normal, or fast speed. Tape can be edited one frame at a time. Cuts, fades, dissolves, and some opticals can be inserted. Unlike film, however, once tape is recorded it is not possible to enlarge a screen, zoom, reposition the picture, or insert some of the trickier

9.5 Checklist for Creating and Producing Good Commercials and Cutting Costs

1. Do the creative plans for this commercial constitute a good, solid, and original selling message? One agency producer said, "If it's a good idea, it's almost impossible to screw it up." Conversely, no amount of time and money will turn a weak idea into a really good commercial.

2. In the creative planning stage, can simple storyboards be used, rather than expensive, detailed, "finished" frame-by-frame presentations? Polaroid photographs, line drawings, and other simple artistic devices may be substituted. (Some agencies avoid presenting storyboards to their clients. They prefer to use a script and/or an oral presentation of the *idea,* for they consider storyboards too restrictive and inflexible.)

3. Do the agency and client completely agree about the concept of this commercial? Is the commercial cut and polished before storyboards and specs are sent out for bids? Has any "dead weight" been eliminated? Does every element contribute to the central thrust of the message?

4. Are the production houses given adequate detail on requirements and sufficient time in which to prepare their bids? Are they asked to itemize all costs?

5. Are the production houses that have been selected to bid the best choices for this job? Is the agency willing to try a new company in an effort to save money, or is it simply too easy to continue doing business with the same people?

6. Are the bids carefully and objectively evaluated? If the house with the lowest bid is not selected, is there a solid reason for this decision? Is every projected expense necessary and realistic? Can anything be eliminated?

7. Can nearby locations be used for outdoor shoots? Are studio sets reasonable in cost? Can they be used in several commercials?

8. Are all talent slated for this commercial necessary? Is over-scale talent necessary?

9. Can any low-cost production devices be employed? (Examples are closeups, stills and drawings, stock footage, stock music, canned sound effects, and chroma key.)

10. Will this shoot produce several commercials, or just one? Are too many commercials being produced? Will six do instead of eight? Can 30-second commercials be "lifted" from 60-second commercials?

11. Are editing costs in line? Will the production house handle the editing itself or send it to an editing house? If the latter is selected, have several editing houses been asked to bid?

12. Are the special optical effects used reasonable and necessary?

13. Can expenses be pared if one company is selected to handle all release printing for the agency's clients, rather than having each production company handle this job?

14. Can this commercial be run for a long period of time and still not "wear-out" in terms of its message and presentation?

9.6 The Shooting of "The Moose"

Most people find insurance a confusing business, and they often perceive the various companies as "pretty much alike." Much of the insurance advertising directed to the public has a sameness to it. Change the company name at the end of a commercial and many viewers wouldn't know the difference.

How can we build a distinctive identification for our client, The Hartford Insurance Company? That was the challenge facing McCaffrey and McCall, Inc., a large advertising agency headquartered in New York.

What was distinctive about The Hartford? The company's trademark, the magnificent stag. Would the client consider the cost of finding such an animal and starring it as a living symbol in a series of TV commercials? The possibilities seemed enormous. The stag could represent The Hartford and the services the company offered in various situations. A voice over announcer would deliver the sales points. In an auto junkyard, for example, the deer could walk among the wrecks while the announcer talked about the rising costs of auto accidents. The stag could "inspect" a factory while viewers listened to an explanation of The Hartford's business insurance.

The client was enthusiastic—but skeptical. A stag, afterall, is a huge wild animal that can be dangerous. Was there any guarantee that an animal matching the company's logo could be found? No. How long would it take to train a stag to perform in a commercial? The advertising agency didn't know. What would be the cost of such a series of commercials? Plenty.

Insurance companies are accustomed to dealing with risks, and so the management of The Hartford agreed to the cost for the production of a pilot commercial to test the feasibility of the idea.

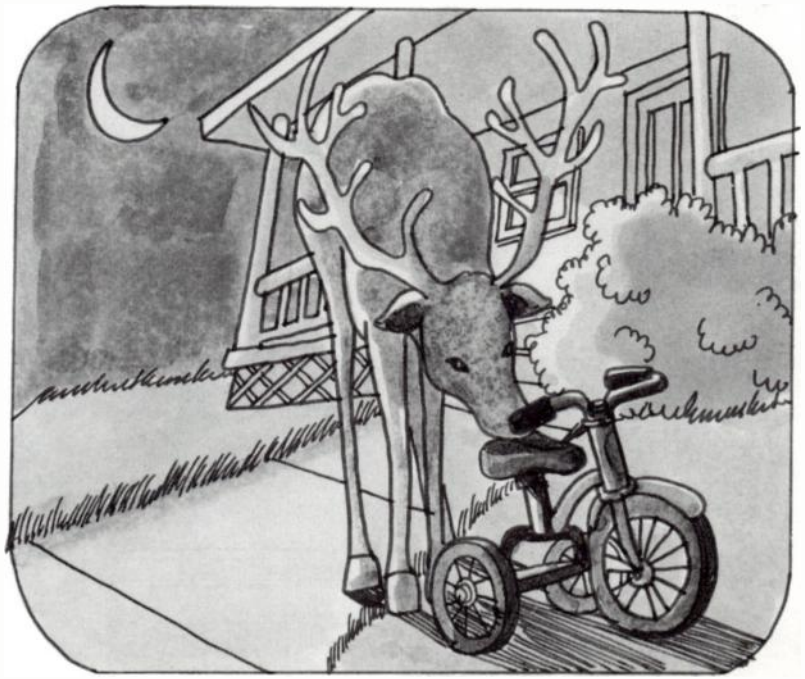
Finding the right deer, one that matched the company's logo, turned into a search through a half dozen eastern states until the right one was found in Tennessee. It was a 350-pound Red Deer stag with a magnificent rack, and its similarity to the company's trademark was remarkable. He was soon nicknamed "Moose" and was sent for basic training to an animal trainer's farm in New Jersey. The month was September and the trainers had to work against a horrendous deadline. Stags only grow their huge antlers during the rutting season in the autumn, and anytime after January 1 they could expect Moose's rack to fall off. Training had to be completed in six weeks. Could it be done when Moose would much rather be up in the hills chasing some pretty doe? The sequence went something like this:

A rough set was constructed that approximated the one to be used in the pilot commercial, "Early Morning Town." (See accompanying storyboard.) Moose had to be trained to walk through the commercial—down a hillside, along a deserted highway and into a town environment, up a front porch, past a tricycle that he would nose, beside a parked car to peer inside, down a street in a business district coming to a stop in the lighted doorway of a shop, back along the highway, and up onto a hillside.

During the training Moose was rewarded every time he performed correctly, and he was soon addicted to chocolate chip cookies and overripe bananas. In six weeks, Moose had put on a few pounds and performed (almost) like a pro. Throughout the training, he was exposed to tape recordings of traffic noises, railroad trains, sirens, and to lights and plenty of people—all in preparation for a long trip and the controlled chaos of the Hollywood set that awaited him.

In November, Moose was boarded on a trailer for the ride to California. On Columbia Ranch near Burbank, the production house, EUE-Screen Gems, had made elaborate preparations. The set was built and an enormous amount of fencing had been constructed to keep Moose confined and to protect the production crew. The site had been selected because five projected commercials could also be shot on that same location if the pilot was a success.

The shooting of this stag film began in November and lasted for several weeks. The crew, cameraman, and director sometimes had to wait for a half hour before Moose decided to do something—like walking up to and nudging the tricycle. The entire process took time, patience, and a big budget. Moose did do everything that was indicated on the storyboard, but in his own sweet time. He walked through his part, sniffing and seeking out the "rewards." In the finished commercial, this living symbol appears to be a protector and guardian. What he's really doing, however, is looking for some sliced apples!

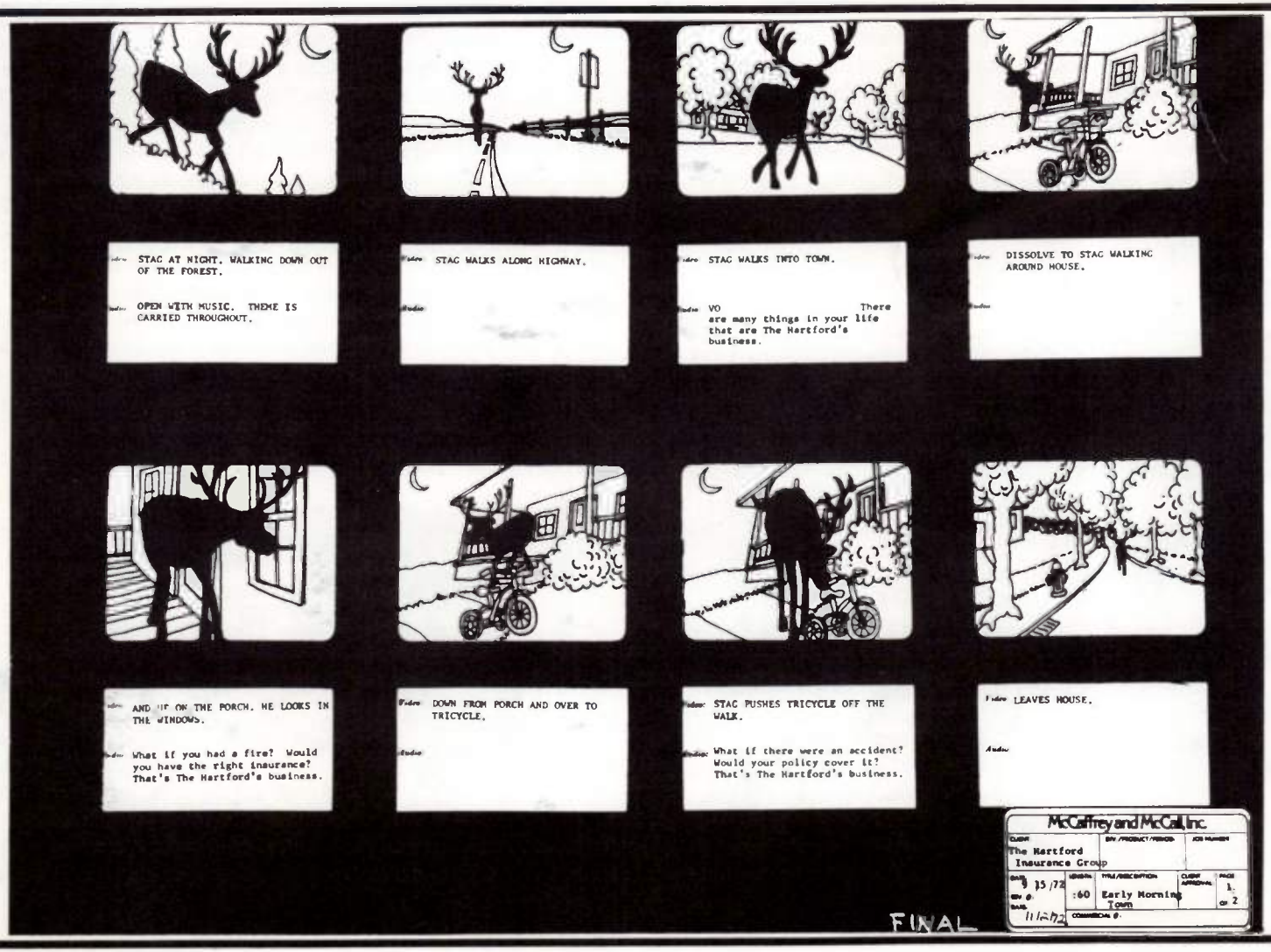


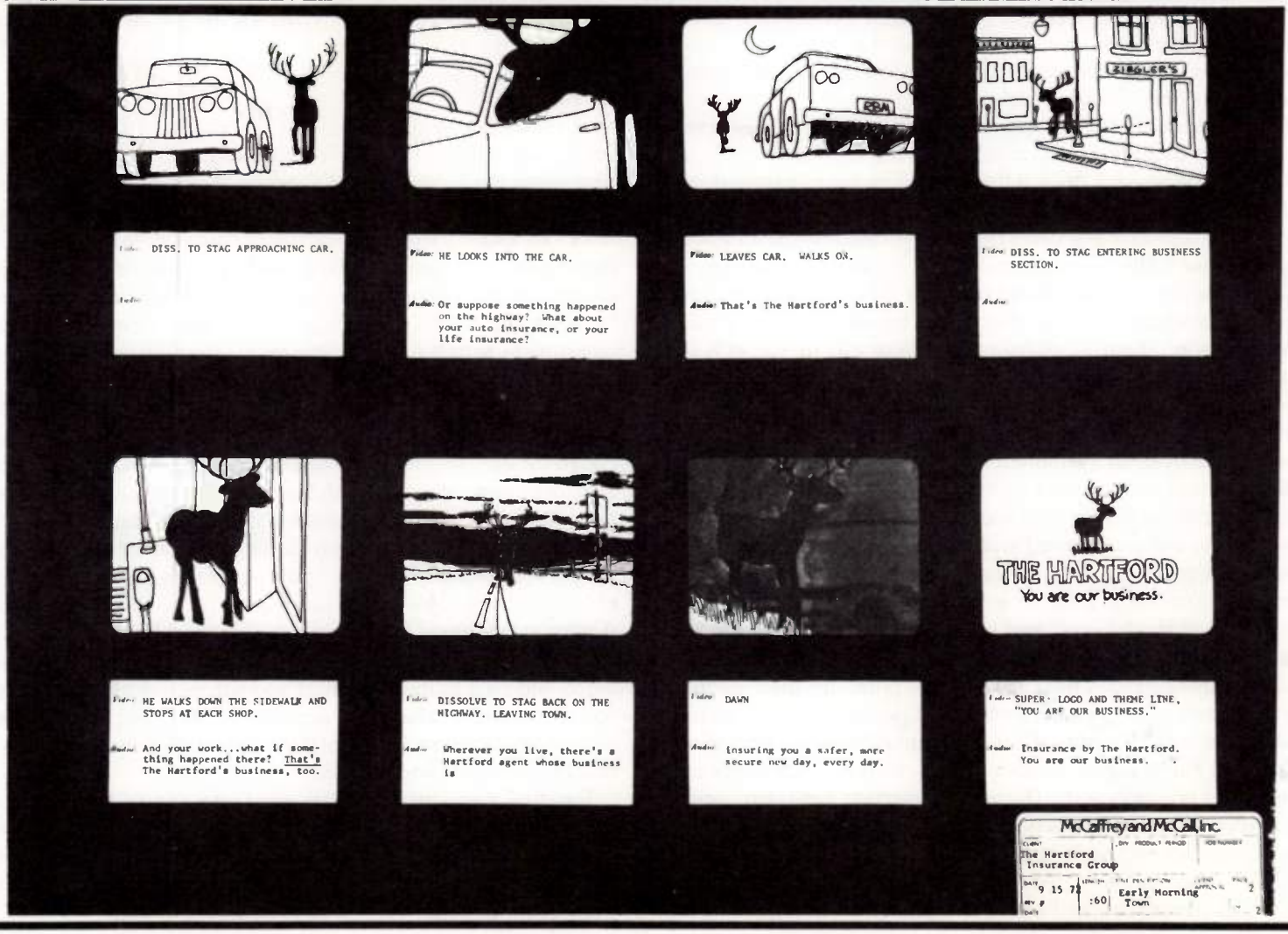
The commercial was shot in 35mm color and took a crew of more than 40 people, including both a veterinarian and a representative from the American Society for the Prevention of Cruelty to Animals.

When the shoot was over, the commercial went into the postproduction phase, and miles of film had to be edited. The voice over announcer track was added, plus the distinctive french horn signature that identifies the opening of each Hartford commercial.

When the commercials were launched on television, Moose became an overnight star. Viewers were entranced with the performance of this huge stag. The client was tremendously pleased with the favorable feedback from their own agents and their customers. The advertising agency and the client had achieved what they set out to achieve: to develop high corporate identification and acceptance through the imaginative use of a most unusual living symbol.

Agency to Client: Well, didn't we tell you!
Agency Staff to Agency Staff: I can't believe it—it worked!


STAG AT NIGHT. WALKING DOWN OUT OF THE FOREST.
OPEN WITH MUSIC. THEME IS CARRIED THROUGHOUT.
STAG WALKS ALONG HIGHWAY.
STAG WALKS INTO TOWN.
VO There are many things in your life that are The Hartford's business.
DISSOLVE TO STAG WALKING AROUND HOUSE.
AND UP ON THE PORCH. HE LOOKS IN THE WINDOWS.
What if you had a fire? Would you have the right insurance? That's The Hartford's business.
DOWN FROM PORCH AND OVER TO TRICYCLE.
STAG PUSHES TRICYCLE OFF THE WALK.
What if there were an accident? Would your policy cover it? That's The Hartford's business.
LEAVES HOUSE.
McCaffrey and McCall, Inc.
The Hartford Insurance Group
:60
Early Morning Town
FINAL


ZIEGLER'S
Video: DISS. TO STAG APPROACHING CAR.
Audio:
Video: HE LOOKS INTO THE CAR.
Audio: Or suppose something happened on the highway? What about your auto insurance, or your life insurance?
Video: LEAVES CAR. WALKS ON.
Audio: That's The Hartford's business.
Video: DISS. TO STAG ENTERING BUSINESS SECTION.
Audio:
Video: HE WALKS DOWN THE SIDEWALK AND STOPS AT EACH SHOP.
Audio: And your work...what if something happened there? That's The Hartford's business, too.
Video: DISSOLVE TO STAG BACK ON THE HIGHWAY. LEAVING TOWN.
Audio: Wherever you live, there's a Hartford agent whose business is
Video: DAWN
Audio: insuring you a safer, more secure new day, every day.
THE HARTFORD
You are our business.
Video: SUPER: LOGO AND THEME LINE, "YOU ARE OUR BUSINESS."
Audio: Insurance by The Hartford. You are our business.
McCaffrey and McCall, Inc.
The Hartford Insurance Group
9 15 72
:60
Early Morning Town

opticals. When a rough cut is ready it will be screened by agency personnel and the client, and changes will be made if necessary. Some clients, willing to incur the extra costs, transfer the "takes" they want from tape to film. If this course is elected, the editing process is the same as for any other filmed commercial.

In film, the "dailies" for "rushes," which are copies of the camera original made in order to protect the original, will usually be ready the day following the shoot. After the footage has been screened, the editing process begins. In some cases, the production house provides editing services, but in many cases the job is farmed out to an editing house. (Because editing constitutes a major expense, some agencies also ask for bids from several editing houses.) One director noted that on the day of production he was king, but in the editing room, he was just another peon. It's true, of course, because a commercial is the expression of the client. The agency, production house, as well as the director are hired hands making sure a commercial reflects what the advertiser wants to say. There may be many heads peering over the shoulder of the film editor. When a *rough cut* of the work print is ready, it will be screened for approval by the agency and client. Changes invariably have to be made. The rough cut may be changed several times until a *fine cut* is approved and ready for the next step.

When the editing of the work print is nearly finished, the sound track is mixed. The mix may involve an announcer voiceover, singers, specially arranged or stock music, and a variety of sound effects. When it is finished, the sound track will be on either 16mm or 35mm magnetic film and synchronized with the finished work print. It's then ready to be sent to the optical house for completion. Special effects and animation may be added at the optical house to embellish the commercial.

The original film is cut to conform exactly with the work print and the sound track is interlocked. The work is exacting, time-consuming, and expensive. There may still be a few minor technical changes (like a mis-synchronization of audio and video) before a final corrected print is ready for release printing. At this point, the 35mm commercial is transferred to 16mm, checked again, and then printed in quantity for shipment to TV stations. Two 16mm prints usually will be sent as a safety measure. Filmed commercials for the networks are sent on both 16mm and 35mm prints.

Traffic

For an agency with many clients active in both print and broadcast, processing the work that is in various stages of completion presents an awesome, if unglamorous task. Someone has to keep track of it all. Estimates, work orders, bids, contracts, and so on must be expedited, or deadlines will be missed. This task falls to the advertising agency's traffic department. One of their major responsibilities in the broadcast area is to ship film prints and videotape dubs. The media department, which is responsible for buying time on broadcast stations across the country must cooperate very closely with traffic. The traffic staff must know the commercial lengths bought on each station, the volume of the buy, and the start and end dates. Commercials are coded for easy identification and sent to stations with instructions that spell out exact rotation schedules. It's often a race against time to get the commercials to the stations in time for the start date.

The traffic and production departments must handle additional duties—the details that are sometimes simply filed away but still terribly important. Music clearances must be taken care of through the American Society of Composers, Authors and Publishers (ASCAP), or through BMI, Inc. For the use of copyrighted music, fees must be negotiated and paid to the publishers and composers. Broadcast releases, contracts, and similar legal documents, including substantiation for advertising claims and proof of the authenticity of the commercial, must be obtained and properly filed.

Residual payments to talent constitute one of the most complex aspects of broadcast advertising bookwork. Such payments are often the responsibility of the traffic department. Because it handles the shipment and scheduling of commercials, it is the logical one to keep track of which commercial is running where and for how long. Some

agencies prefer to turn the work over to an outside company that really acts as paymaster to thousands of performers and musicians. Talent & Residuals, a division of the Chicago-based firm of IDC Services, Inc., is one of the largest and best known companies in this field.

Conclusions

A radio or television commercial begins with an objective, expands into a strategy, and is then developed both in terms of format and emotional appeal. The last dimension in this process is the actual production of a commercial. A commercial may only require recording an announcer as he reads a radio spot, or it may involve an extravaganza with star talent and an enormous production crew.

It's the job of the production team to take both the written and verbalized ideas of the creative team and turn them into a finished tape or film—and that can be a complicated process. The expertise of many people may be needed, including that of casting directors, agents, talent, directors, producers, scene designers, camera crews, musicians, composers, postproduction editors, and many more. These people can contribute in both small and large ways to the commercial's success. Their contributions, plus the all-controlling reality of a budget, determine the final result. Along the way, many decisions must be made about the selection of a production house, talent, location, sets, and so forth. Some of the most important decisions are made in the editing room.

The entire process of producing commercials is really one of evaluation and selection. Unfortunately, too many people in the business turn out commercials that most kindly can be labeled mediocre. On the other hand, there are many truly gifted and conscientious professionals whose touch of genius sets a standard for what *can* be done in broadcast advertising.

Evaluating Commercials

Looks Great, But Will It Sell?

10

Hopes are high when the creative strategy of an advertising program is finalized. By the time the commercial is produced, the investment may run into tens of thousands of dollars. Is it a good commercial? How will an audience respond? Will it sell? Clients and agencies, seeking assurance, or "proof" if possible, often test commercials before investing any significant sums in time buys.

The costs of copy testing are usually absorbed by the advertising agency, or shared with the client. After all, it's the agency's creative strategy that will succeed or fail with target audiences. The subject of testing itself is a controversial one. Some professionals swear by it and say that the information they obtain enables them to confirm the winners and eliminate the losers. (In some cases, the results of such testing may indicate that only a small segment of a commercial needs to be changed. In order to make these kinds of corrections, commercials are often tested in storyboard or rough-cut form.) Other professionals won't have a thing to do with commercial testing. They believe that sample audiences are not representative and that a commercial exposed on a one-shot basis is not a valid indication of its possible long-range impact. Many agencies and clients would like to test commercials, but simply do not have the money to do so. Because of the expense involved, most commercial testing is confined to relatively large advertisers who spend substantial sums in the broadcast media and who want to be sure their messages will achieve their campaign goals.

For those who are "believers," a number of independent research companies serve the needs of the advertising industry. Their philosophies and methodologies are diverse, and the advertiser and the agency can go shopping for services that will evaluate commercials in terms of awareness, recall, attitude change, image, subconscious reactions, and so forth. The methodologies of five of the best known research companies are described in this chapter.

ASI Market Research, Inc.

ASI, organized in 1962, is one of the largest and best known of the research companies. Offices are located in New York, Chicago, Los Angeles, Tokyo, and Frankfurt. About 350 people work for ASI in the Los Angeles headquarters, which are located in Preview House, a comfortable theatre on Sunset Boulevard seating more than 400. The facility is used to test feature films and TV programs and commercials.

Audience members are usually recruited in high foot traffic areas, like shopping centers. For TV tests, the group sought is really a quota sample, based on equal representations of sex and those over and under age 35. These people are invited to come to Preview House for a "private screening" of new TV materials, where they will be asked to give their opinions. The verbal invitation is followed up with

a telephone reminder and a fancy engraved invitation that the participant must bring with him.

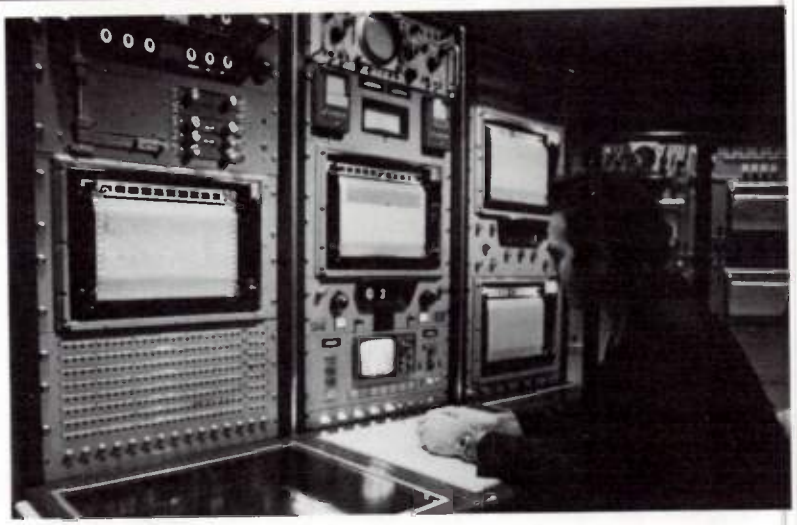
As people file into the theatre, they are asked to fill out a form that asks for data on sex, age, education, income, employment category, time spent with TV, and some questions about product usage for commercials that will be tested that evening. Everyone is given a folder, and inside are more forms to be completed. One is a prequestionnaire for door prizes, and it asks respondents to check their choices of prizes by brand in a number of product categories. (It doesn't take much effort to figure out that commercials to be tested in any particular evening come from this list.) A master of ceremonies warms up the audience and explains the procedures for the evening's entertainment.

Of the 446 seats, 200 are equipped with a little electronic device that obtains what is called an Instantaneous Response Profile. A dial permits the user to indicate by degree his response from "very good" to "very dull." A normal or neutral point is halfway between the two extremes. The signal from each recorder is automatically transmitted to the control room where an operator watches the cumulative response track—a moving line on graph paper. Because of the demographic data secured on each member of the audience, and because this information is associated with each seat number, specific breakouts are possible. A cumulative response for just the men in the audience can be tracked separately, or for people in a particular age group. The value of this information in testing certain kinds of commercials is

10.1 ASI Market Research, Inc., Sample Instantaneous Response Profile Curves

At the ASI Market Research, Inc. facility in Los Angeles, 200 members of the audience manipulate the "very good/very dull" dials that produce the Instantaneous Response Profile. On a 0 to 1,000 scale, 500 marks the neutral position, and as viewers watch a commercial, their dial manipulations are recorded on a graph. If the curve goes up as a commercial is shown, it means the majority of respondents are dialing "very good." If the curve drops below 500, a majority are somewhere on the "very dull" side of their dials.

The graphs shown here are the result of a test commercial for a diet soft drink and were part of the total package of research analyses prepared by the ASI staff. By using these graphs, the client and agency were then able to analyze the test commercial on a second-by-second basis to see where various segments of the audience were most interested or least interested in the message.

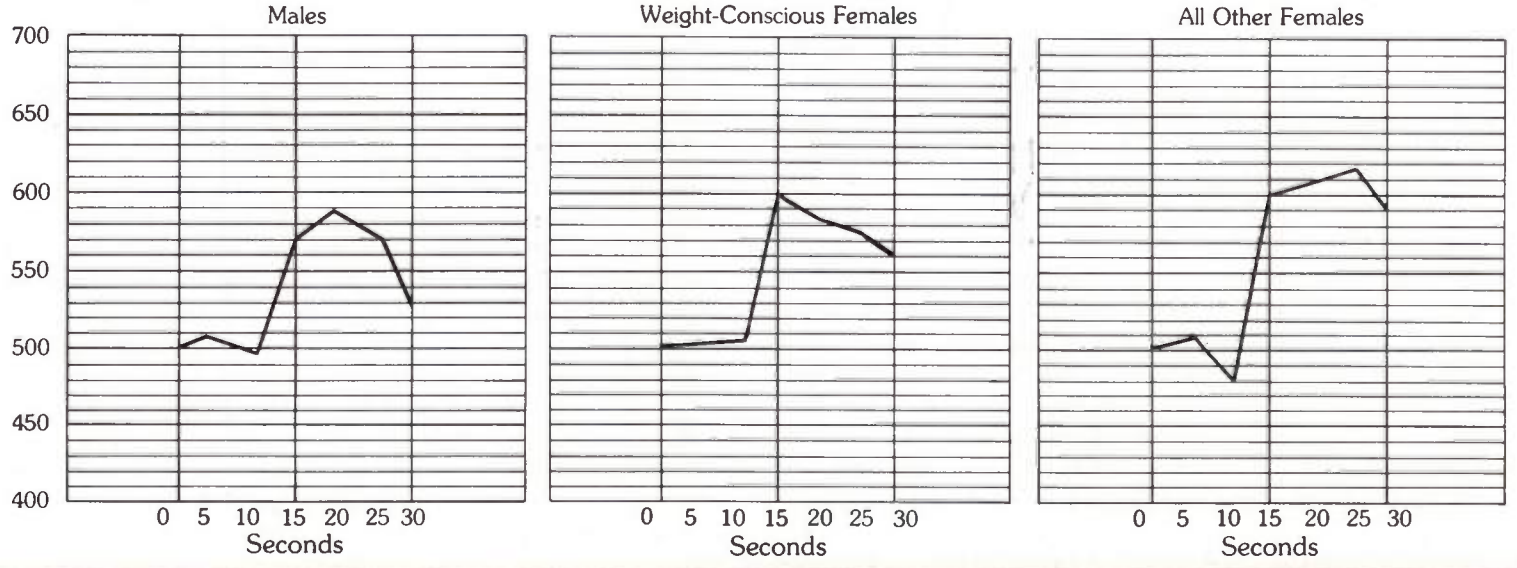


An ASI staff member watches the development of the Instantaneous Response Profile Curve as a commercial is shown to a test audience.

obvious. After a short orientation session on how to use the Instantaneous Response Profile device, the show begins, and attention turns to the big theatre screen.

As a control, a McGoo cartoon is shown first, and ASI staff members report that it is remarkable how similarly it is tracked on the graph paper night after night. They consider it an indication of a carefully selected quota sample that permits valid comparisons from one night's results to the next. On a typical evening, following the cartoon, a half hour TV pilot, never previously shown on the air, is played without interruption. After evaluation forms are completed on it, the emcee prepares the audience for the five commercials they will view. The first commercial, like the cartoon, is also a control device, and after that four noncompetitive test commercials are shown. Evaluation forms are filled out for each one. On one form, respondents check the adjectives that come closest to describing the commercials—amateurish, dull, informative, silly, interesting, and so on. Another form asks respondents to indicate their interest in the product in one of five categories—very interested, somewhat interested, unaffected, somewhat negative, very negative.

After the commercials are shown, preselected panels of about a dozen people are escorted from the theatre and into small conference rooms. Under the guidance of an ASI staff member, they discuss in depth their reactions to the commercials. Panel members know the session is recorded on audio tape. They are unaware of the closed-



circuit television camera that permits clients and other staff members to monitor the session in progress.

Advertisers who wish to test radio commercials at ASI use an almost identical procedure. The emcee, however, asks the audience to rate the message, not in comparison to TV commercials, but against other radio commercials. Houselights are dimmed to encourage concentration.

Approximately 30 to 40 percent of the commercials tested are not in finished form. They are presented by still photos, illustrations, or an inexpensive, "rough" film that conveys the concept of the finished commercial. The commercial must be accompanied by a finished sound track.

Before writers' cramp sets in, the audience is treated to another television program or a couple of short film features. Then, a supposedly embarrassed master of ceremonies apologizes to the audience and says that the staff has goofed and handed out the wrong form for indicating preferences in the door prize drawing. Since an entire category was left out, could they please fill out this new form? Door prizes include items like $10 worth of pain relief products, a year's supply of tea, a three-month's supply of low calorie colas, and so on. Preferences must be checked by *brand name,* and the purpose of this little charade is to measure brand switching after exposure to the commercials. The staff reports that it is almost always less than 10 percent, and usually about 4 percent to 5 percent.

Another control cartoon is presented before the final measurement of the evening. The audience is asked to write down brands and product categories of commercials they saw earlier, plus anything they remember about them. After completing this open-ended questionnaire, door prizes are given away. All in all, the evening's entertainment takes about two hours, and about one hour of that is devoted to actual viewing. A great deal of effort is expended to make the audience feel welcome and comfortable and that it was a fun and worthwhile evening.

Now the work begins for the ASI staff. A mountain of questionnaires must be keypunched and programed into computers. The data must be analyzed and evaluated, and a written report prepared for clients. An extensive report is ready in a month, but for anxious clients willing to pay the extra fees, "fast tabs" of top line scores can be available within a couple of days. The minimum cost to a client for testing a commercial is about $1,800, and costs go up from there depending on the kind of information wanted.

Staff assessment of a commercial's impact is grouped in three areas: (1) *Interest and involvement,* reflected in the Instantaneous Response Profile from the dial interest recorder. The adjective check list is also an indicator of interest. (2) *Communication,* in which both the quality and quantity of recall is measured by the recall questionnaire administered at the end of the session. (3) *Effectiveness,* where the persuasiveness of the commercial is evaluated principally in the pre-/postbrand preference measure.

In addition to its theatre testing technique, ASI also offers clients an In-home Testing Service (IHTS). The IHTS is administered in a variety of communities, two of which are used for any given sweep. Subscribers of a cable TV service are telephoned by ASI staff members and told that on a specific date and time a movie feature of particular interest will be shown on a normally unused channel. First-run movies, which have not been shown on TV, or high interest classic films are used. Viewing levels are usually quite satisfactory. Commercials are inserted in the movie, and on the following day, ASI commences telephone interviewing. By 9:00 P.M. on the day after the movie screening, all interviews—a total of 200—are completed. Approximately 125 persons will usually qualify for being in the "commercial audience." Viewers are asked to specify on an aided basis which commercials they recall from the movie. On an unaided basis, as a check for accuracy, they are asked to identify more fully what they saw in that commercial. Clients are given reports that indicate brand recall and commercial content. The strength of this system lies in the fact that the viewing environment is natural. Further, the participants at the time of the viewing activity are unaware that anyone is interested in their percep-

tions of the commercials. The effect of clutter on recall can be tested, and also the positioning of a commercial within the movie and within the commercial breaks. The demographics of the test group, however, are not as highly controlled as they are in a theatre setting, and the ASI interviewers may have difficulty reaching certain demographic groups by telephone.

McCollum/Spielman/& Company, Inc.

A competitor of ASI also utilizes a test-screening situation, but with a number of differences in methodology. McCollum/Spielman/& Company, Inc., offers clients what they call Advertising Control for Television (AC-T). The standard AC-T test takes place simultaneously in three parts of the country—in the East, in the Midwest, and on the West Coast. Test facilities in each of these locations contain a complete closed-circuit videotape system.

Using telephone directories, a random sample is drawn and a direct mail piece is sent to the chosen households. Along with a short explanatory letter, tickets to attend "Prevue Studio," the AC-T testing facility, are enclosed. In selecting the sample, the company states that they do not control general demographics but that they have found the demographics of their samples to be within an acceptable range in terms of sex, age, marital status, education, income, and in a number of other basic criteria. AC-T does recruit special audiences with controlled demographics for clients who wish to test their advertising with target audiences. Cigar smokers and businessmen who rent trucks are two examples.

A typical session will bring about 100 to 150 people into each of the AC-T facilities. They are seated in groups of about two dozen around TV monitors, and here they watch a sequence of programs and commercials. AC-T differs from ASI in that instructions to the participants come from an on-screen host who asks viewers to complete a variety of evaluation forms. All question-and-answer alternatives are pretaped and appear on the TV screen. Respondents record their answers on a special numerical questionnaire.

The normal sequence runs something like this: the host orients the viewers by explaining why they are there and what they will see. They are asked to complete a questionnaire designed to secure demographics and brand product usage information. Viewers then watch a program consisting of auditions of young performers. Halfway through, there is a "station break," and seven noncompetitive commercials are played back-to-back to simulate a commercial clutter sequence. Four test commercials are separated by three control commercials. Then, the viewers watch the remainder of the program and are asked for their opinions on the talent they've just seen. Next, on an unaided basis, participants complete an open-end recall questionnaire that measures their awareness of the brand, product types, and main ideas of the commercials they viewed some minutes earlier. By now, the subjects are about halfway through the AC-T test.

Since many commercials are not telecast in such a cluttered environment, the second half of the program is changed so that they can be tested in a participating spot program situation. Respondents watch a second TV program. The same four test commercials are shown again, but this time they are placed in isolated positions within the program. They are reshown primarily to focus attention on the test commercials so that the measurements will be based on the maximum number of respondents aware of the commercial. In other words, after first exposure to the commercial, the average level of awareness runs about 50 percent for established brand commercials in a 30-second format. The second time around, the awareness level usually jumps to better than 90 percent. AC-T much prefers to base its diagnostics on a 90 percent sample rather than a 50 percent sample.

After this second TV program, a postmotivation measure is administered in the form of an ingenious pseudo shopping trip to a supermarket via videotape. Participants are given a series of shopping lists and told to fill their "market baskets" with $10 worth of products. The

idea, of course, is to see how many subjects switch to brands advertised in the test commercials. Their selections are compared with the brand usage information form completed at the beginning of the program.

To conclude the test, viewers answer questions designed to obtain diagnostic information about such things as jingles and presenters, comprehension of demonstrations, perception of product, and company image. Clients can design almost anything they want into this last section of the test.

Executives of McCollum/Spielman/& Company believe that the AC-T methodology is superior to its competitors' for a number of reasons. Participants view programs and commercials in small groups on TV monitors, not on a theatre screen as a member of a large audience. Since the AC-T on-screen host is the same in every location and at every test, the potential problem of emcee bias is eliminated. The diagnostic data are based on the analytic sample from all three testing facilities. The company feels that one of its greatest strengths lies in the ability to use a preproduction commercial. These are inexpensive spots which may cost only a few thousand dollars. Since they are played back on a TV monitor and not a large theatre screen, the differences in quality are not as noticeable. Thus, the information gained in the AC-T test can be diagnosed, and changes can be made in the commercial, before $30,000 or $40,000 is spent in final production. The most suitable forms for this kind of inexpensive preproduction commercial seem to be live action with simple sets, simulated backgrounds, and those that use nonprofessional actors. Still photos or finished artwork (more elaborate than the typical storyboard) can be presented on VTR or 16mm film in rapid sequence, with zooms or with other simple effects. Some clients use actual storyboards in rough form on film or tape, but AC-T emphasizes that these are not reliable predictors of audience response to the finished commercial; live action, still photos, and finished artwork seem to be better indicators.

Based on its experience, AC-T can draw a number of interesting conclusions. The company notes that the average commercial leaves about half the audience unaware of the brand advertised. The range is great—some commercials test with a 90 percent score on brand recall, others test as low as 15 percent. In the clutter test, the position of the commercial apparently is not very important. The first and the last commercial in the sequence often test slightly better. In awareness tests, AC-T reports that on the average a 30-second commercial tests about 75 percent as effective as a 60-second commercial, but the range for all commercials can vary greatly. Many of the commercials tested by AC-T present a number of different creative advertising techniques. Results from tests designed to measure the value of different techniques often reveal fascinating data. In some cases, a commercial may score very high in awareness because of unusual visual devices but unfortunately fail in presenting a basic selling story in a convincing manner. Conversely, some dull and visually uninteresting commercials do not distinguish themselves in generating awareness but clearly contain a potent selling message. AC-T advertises itself as particularly designed to help clients pinpoint problems that may spell disappointment or failure in the marketplace unless identified and corrected.

Radio commercials are also tested in the three McCollum/Spielman locations. The test pattern is somewhat similar to the television commercial testing procedure. Participants are exposed to both radio and television programs and commercials during a session that runs approximately two hours. Following the first TV program (about one-third of the way through the session), respondents are exposed to a test commercial and a control commercial inserted within a six-minute radio program. About three-quarters of an hour later, on an unaided basis, respondents are asked what brand names they remember being advertised in the radio spots, and what they remember about them. Toward the end of the session, the commercials are played a second time, and then respondents are asked what they think the main idea of the radio commercial is, how it compares with other radio commercials they have heard, and how they feel about the commercial. Their responses are recorded by a rating scale and an adjective checklist. The test purportedly measures the communicative attributes of the commercial in terms of brand name and sales point recall, and the overall reaction

and interest of consumers in purchasing the product advertised in the test commercial.

Burke Marketing Research Inc.

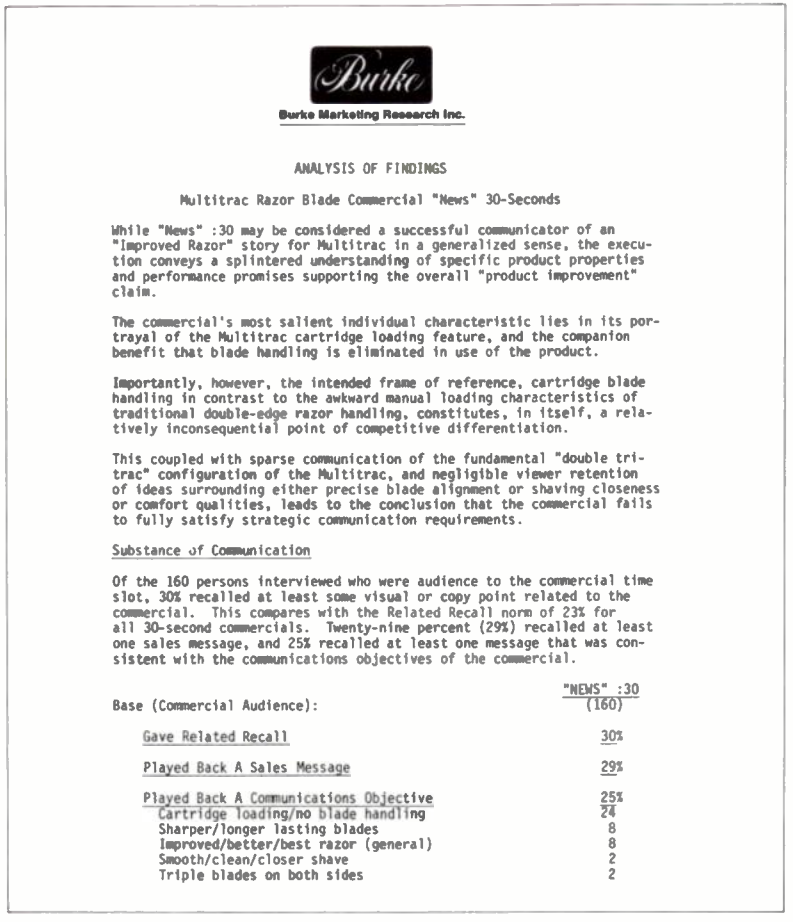
One commercial evaluation system that uses an on-air testing technique is offered by Burke Marketing Research Inc. It's called the DAR (Day-After Recall) and provides clients with a 24-hour recall test of TV commercials. The commercials, however, are not placed on a special program on an unused cable channel but in time slots bought from either a station or network. "Rough-cut" commercials are not suitable in this technique, but the advertiser can select particular shows and time slots. As a result, the program environment can be fairly flexible.

Burke operates in more than 30 cities, and the interviewing technique is strictly dictated by headquarters in Cincinnati. Beginning at about 9:00 A.M. on the day following the telecast of the commercial, viewers are interviewed by telephone. The sample called is drawn by a random technique from current metropolitan area telephone books. Interviews with housewives are usually concluded by about 4:00 P.M., and then interrogators may concentrate on reaching men, working women, teenagers, and children—if they are required for the test. Clients may specify the demographic makeup of the sample used to test their commercials.

When approximately 200 viewers of the test program have been reached, the interviewing is over. Interviewers must determine whether the respondent watched the test program and whether he or she remembers a commercial for the test product. This latter category puts respondents in the "claimed recall" category, and from there more questions follow. The interviewer asks about details from the test commercial. Cues may be provided to aid recall. ("Did you happen to see a commercial for any laundry starches, or not?" If yes, "What brand was that?") Burke considers claimed recall alone is a poor measure of a commercial's communications effectiveness, because some viewers may remember a different commercial or a commercial for a competitive brand, or they may state they saw the commercial but can't remember a thing about it. They may declare they saw the ad just to please the interviewer. To guard against inaccuracies, respondents who claim to have seen the test commercial are given the opportunity to substantiate their claim. They are asked to describe any specific audio or video elements they remember. ("They

An interviewer at Burke Marketing Research, Inc., conducts the Day-After Recall test.

10.2 A Burke Marketing Research Project



Burke Marketing Research Inc.

ANALYSIS OF FINDINGS

Multitrac Razor Blade Commercial "News" 30-Seconds

While "News" :30 may be considered a successful communicator of an "Improved Razor" story for Multitrac in a generalized sense, the execution conveys a splintered understanding of specific product properties and performance promises supporting the overall "product improvement" claim.

The commercial's most salient individual characteristic lies in its portrayal of the Multitrac cartridge loading feature, and the companion benefit that blade handling is eliminated in use of the product.

Importantly, however, the intended frame of reference, cartridge blade handling in contrast to the awkward manual loading characteristics of traditional double-edge razor handling, constitutes, in itself, a relatively inconsequential point of competitive differentiation.

This coupled with sparse communication of the fundamental "double tri-trac" configuration of the Multitrac, and negligible viewer retention of ideas surrounding either precise blade alignment or shaving closeness or comfort qualities, leads to the conclusion that the commercial fails to fully satisfy strategic communication requirements.

Substance of Communication

Of the 160 persons interviewed who were audience to the commercial time slot, 30% recalled at least some visual or copy point related to the commercial. This compares with the Related Recall norm of 23% for all 30-second commercials. Twenty-nine percent (29%) recalled at least one sales message, and 25% recalled at least one message that was consistent with the communications objectives of the commercial.

Base (Commercial Audience):	"NEWS" :30 (160)
Gave Related Recall	30%
Played Back A Sales Message	29%
Played Back A Communications Objective	25%
Cartridge loading/no blade handling	24
Sharper/longer lasting blades	8
Improved/better/best razor (general)	8
Smooth/clean/closer shave	2
Triple blades on both sides	2

A sample page from a Burke Marketing Research, Inc., report to a client. (Note: This page has been rewritten to disguise the actual client.)

said it was good for your clothes and made ironing easier.") All these "related recall" verbatims are organized into codes and then quantified to show what Burke calls the "sales messages registration" (copy points) and "situation/visual" elements (details of the commercial's storyline.) Scores on these items are very helpful to advertisers who want to know whether the message they wanted to deliver was actually perceived and remembered. In other words, did the commercial fulfill the advertising objective?

Only those interviewees who actually had a chance to be exposed to the commercial, which is substantiated by their confirmation of having viewed the commercial time period, are included in the *commercial audience*. This audience category is a refinement of the program audience category, for it eliminates viewers who head for the refrigerator when the commercial break begins. Recall scores on the test commercial are shown as a percentage of the commercial audience. To qualify as a viewer in the commercial audience, a person must convince the interviewers, when prompted with an actual description, that he or she viewed two out of three of the following elements: (1) the 60-second period immediately preceding the test commercial; (2) the test commercial; (3) the 60-second period immediately following. If respondents are not able to remember two out of three of these segments, they must deny that there's another reason for their inability to remember them, such as being out of the room, changing channels, or asleep. The size of this commercial audience in comparison to the program audience can vary greatly. Burke reports that it can run anywhere from 35 percent to 95 percent.

Burke clients receive tabulations of the commercial audience, a report on the verbatim responses regarding the commercial, and the related recall scores. Flash top-line reports may be telephoned to a client on the day following the interviews. As an example, such a report might state that 209 viewers were in the program audience; 166 viewers were in the commercial audience; and 46 viewers provided related recall, which translated to a score of 28 percent of the commercial audience.

The final and more elaborate report is in the hands of clients in two or three weeks. Recall scores have quite a spread, according to Burke. It reports that the lowest score they ever had was 2 percent (apparently an unbelievably innocuous commercial), to a high of 72 percent. Burke believes these scores indicate communications effectiveness—the degree to which a *memorable* impression was achieved, in addition to the substance of that impression. (If viewers cannot remember the ad, the product is unlikely to appear at the top of a shopping list.) The Burke technique, however, is not a measure of persuasiveness; it does not reflect changes in predisposition and a commitment to purchase. Such information, of course, would be difficult or impossible to obtain in a telephone interview, especially since most advertising does not achieve a dramatic, bolt-out-of-the-blue impact.

The basic Burke methodology is relatively simple and has not been changed since its inception in the early 1950s. Its staff is professional and well-regulated. The testing situation is completely natural. The data provided to clients are valuable measures of the extent of recall and communications effectiveness the commercial may enjoy when launched in a major campaign.

Gallup & Robinson, Inc.

One of the most interesting commercial testing services of Gallup & Robinson is called the In-View service. The research is designed to either pretest or posttest television commercials. Headquartered in Princeton, New Jersey, Gallup & Robinson reserves time for its clients in a prime-time program shown on a UHF station in Philadelphia. On the day of the program, 300 men and 300 women in the greater Philadelphia area between the ages of 18 and 49 are telephoned and invited to view that evening's episode of the program. Several of the commercials shown in the program will normally be under test.

Approximately 150 men and 150 women who watched the episode are again called 24 hours later. The qualified viewers, those who were able to convince the interviewer that they did see the program, are presented with 15 brand name cues and asked which commercials they recall. Detailed questioning is conducted on all commercials for which recall is claimed. The results of these interviews are tabulated and presented to clients.

The chief advantages of this system are that viewers see the commercials on their own TV sets and in a normal viewing environment. With a 24-hour delayed-recall telephone technique, results can be quickly tabulated and provided to clients, usually within five working days. The client receives data on group norms for the product category in which the test commercial falls and more elaborate detail on the test commercial. The research expense to the client for the evaluation of a single commercial ranges from $1,550 to $1,700 for one sex. Costs increase by 50 percent for both men and women.

As an example of the kind of report a client receives, portions of one are excerpted below. The Stouffer's Lasagna "Paisano" commercial was observed on two different In-View tests. The two sets of day-after call-backs to people who had previously been invited to view the program yielded these data:

Proved Commercial Registration (PCR)

Commercial		Base (Number of Persons)	PCR %
Stouffer's Lasagna "Paisano" 30-seconds	Men	290	36%
	Women	321	39%

Proved Commercial Registration, PCR, is the percent of viewers exposed to a commercial who prove recall by describing the commercial accurately on the day following telecast. To put these figures in perspective, Gallup & Robinson report that PCR norms for Meals/Dinners/Main Courses are 30 percent for men and 36 percent for women. The Stouffer commercial registered significantly higher than PCR norms for male respondents.

The number of viewers who qualified in the PCR category according to their Idea Registration responses are broken out for clients. Verbal responses are quantified so the client can see how many people mentioned copy points like appetite appeal (looks good/tastes good); good for entertaining/company; quick/easy to prepare; and so forth.

To give the client direct feedback from respondents, Gallup & Robinson passes along all verbatim testimony taken from the telephone interviews, such as the following:

The guy was a bachelor and he was having over a couple of guys and they said, 'It better be good,' 'It better be good,' and they took a taste and said, 'Hey, it's good.' The announcer came on and said, 'When you want to entertain, buy Stouffer's Lasagna.' The points that were brought out were that it was good and it was easy to prepare because the guy in the commercial was able to prepare it himself. I learned that it was convenient. I was thinking that I have one in my freezer and I should be cooking it. My interest wasn't increased because we already know about Stouffer's because we have a Stouffer's discount store near us and we use it. Stouffer's is the brand I bought last.

Verbatim Testimony, Female Viewer

This was sharp. These here rough types are waiting on dinner. The man, that Tony, was so scared. He cooked dinner and they liked it. The point they brought out was that it saves his life. Like, I mean, if they didn't like it they would've killed him. I got the idea that it must be good stuff. I thought of nothing as I watched this commercial. My interest wasn't increased because I don't eat none of that fancy stuff. I don't use that type of product.

Verbatim Testimony, Male Viewer

It was cute; I liked it. It was the Mafia for dinner and they made Stouffer's Lasagna for the big boss. He likes it and all is well. I laughed. It was cute. I thought that I would like to try it. It increased my interest. I thought it was cute and it did stick in my mind.

Verbatim Testimony, Male Viewer

In addition to the In-View testing service, Gallup & Robinson also provides other commercial evaluating services, including what is called On-Air Custom Single Show Surveys. This service is available in 39 metropolitan areas across the United States and employs some delayed-recall measurements also used in the In-View technique. The research can be tailored to a client's needs by testing commercials on individual programs, in markets of the client's choice, on any desired day, and targeted to a variety of special audiences (mothers, teenagers, dog owners, weight watchers, and so on). Data provided to clients include Proved Commercial Registration (PCR) scores, verbatim testimony, Idea Registration scores, and measures of Favorable Buying Attitudes, which reflect the persuasiveness of the commercial.

Gallup & Robinson has also conducted special television commercial research in relation to animated commercials, humor in commercials, the best use of station breaks, the importance of audio-video synchronization in commercials, "winning" and "losing" presentation approaches, and other areas of special concern to advertisers who want to maximize the effectiveness of their television investments.

AdTel, Ltd.

In the 1960s, a number of major advertisers who strongly believed in the importance of research sought a technique to test TV commercials in the marketplace and then to measure the effect of advertising on actual sales. A 1967 feasibility study, sponsored by 18 large advertisers who were members of the Advertising Research Foundation, proposed a methodology that would utilize two matched panels of households, all wired to a dual-cable TV system. Households in both panels would be required to maintain a weekly diary of all food, drug, and other appropriate purchases. Panel A might then be exposed to a series of test commercials, while Panel B served as the control group, or vice versa. The response (or lack of it) of the first panel to the test commer-

cials would be reflected in actual product sales as recorded in the weekly purchase diaries.

This proposal turned into a reality in the late 1960s when a city was found that met a number of rigid requirements. It had over 50,000 population, was "typical of the United States," had one affiliate for each of the three networks, and had no existing cable TV system. This last requirement permitted the new cable system to build from scratch a dual-cable system through which alternative groups of 80 to 90 households could be connected to one of the two cables; thereby, a checkerboard TV distribution system was established.

A and B panels in "AdTel City" are matched on the basis of many different demographic, media, brand, and buying characteristics. Two crucial matching criteria are the amount of time the woman of the house spends watching TV and the stores where members of these households buy most of their consumer products. These criteria were designed to assure that the total households in both panels would have both equal exposure to a client's test commercial, and equal opportunities to buy the client's product.

There are approximately 1,000 households in each panel in AdTel City. Panel turnover is about 20 percent annually and is accounted for by moves, deaths, and those who just get tired of keeping a diary. Participating families are personally recruited and trained, and they are required to record purchases in a number of major categories—food, laundry supplies, paper, personal care, and health aid products. To encourage overall family participation, compensation for the time required to record dozens of family purchases each week comes in the form of earned "points" that can be redeemed for merchandise from a comprehensive catalogue, as well as payment of half the monthly cable fee.

To encourage prompt return of diaries, a 1,000 point bonus is offered for the first hundred diaries received every week. AdTel reports that 95 percent of the diaries are in by the Thursday of the week that ended the preceding Saturday. Twice a year, each household is visited by an auditor who checks the kitchen pantry and medicine chest for infrequently purchased items considered difficult to record—hair care products, antacids, and household cleaners. These semi-annual visits also serve to impress panel members with AdTel's concern about accurate and complete reporting.

The AdTel cut-in system consists of a console for each of the three network stations. The top of the photograph shows the off-the-air signal from each of the stations. The second layer of screens represent Cable A and Cable B. Test commercials may be cut in to either cable on any one of the three stations. The lower group of screens provides a preview of the videotaped test commercials.

Most of AdTel's clients are major advertisers who spend millions in TV advertising each year. They, of course, must have already bought the commercial time on a network or station that will be used in the AdTel test. The cable system, upon instructions from AdTel,

will only substitute a cut-in test commercial in a commercial position that has already been paid for by the same corporate advertiser. The cut-ins are controlled through a console for each of the station signals. An engineer, by pushing one button, can insert a commercial cut-in on Cable A or B. Clients of AdTel are entitled to an unlimited number of cut-ins without additonal charges.

Clients are sent four-week reports reflecting the household purchases of panel members. They include data on the number of households buying by product category, units purchased, dollar volume, volume in ounces, and the percentage of volume purchased on any special offers. Clients may also receive a computer tape containing all transactions in their particular product category, and these tapes enable them to trace such factors as trial and repeat, brand switching, demographics of the purchasers, exclusive buying behavior, and so on. By running test commercials on Panel A, continuing the regular advertising program on Panel B, and then checking and comparing all this purchasing activity, a client will accumulate a wealth of information on consumer behavior.

Testing is carried on over a period of time and is not confined to responses from a one-shot test. Advertisers may order AdTel services for three, six, or twelve months. AdTel claims that this system can greatly improve the chances of selecting the best advertising alternative; at the same time, it can provide diagnostic information to guide the development of more effective advertising. Such a system can result in substantial savings for testing TV commercials, as the company points out. If the client already owns commercial positions on the network, those time slots can be used. There is no additional media cost. If not, the client can buy spot time on the local stations at a reasonable rate.

Variables such as weather, product distribution, competitive advertising, and in-store merchandising are balanced out. The relatively large sample of households supplies reliable and indicative information that can be used to analyze the success or failure of commercials. Then, advertisers may adjust the weight of the TV schedule and determine what results follow. The timing of the schedule, the day parts used, the use of 30-second versus 60-second commercials can all be adjusted and the results measured. In-store merchandising efforts can also be measured. What is really important is that the client and AdTel can balance all the variables in Panel A and Panel B except the one being tested.

Within the past few years, AdTel expanded to a second market that was dubbed AdTel West. In 1975, a third market, AdTel Midwest was added. Like the original AdTel City, the identity of the two additional markets is supposedly a secret. They also use a dual cable system and two panels of 1,000 households each that keep weekly purchase diaries.

AdTel's clients are TV advertisers who are among the largest packaged goods companies in the country. As may be suspected, AdTel's services are not cheap. In 1975, the basic AdTel cut-in and diary service for one year was $75,000. If the client wanted to run the same testing program in two AdTel markets, the cost was double. A six-month program is also available at a cost of about $42,500 for one market and $75,000 for two markets. Any special research requirements are billed on top of these basic rates.

Many clients use AdTel's services when they introduce new consumer products. About 9,000 new items are brought out every year, but it is estimated that four out of five fail completely or fall short of their projected sales. Many companies stung in the past by product failures want to introduce new products in a test market situation. AdTel's mini-market concept is the answer for some. In one or more of the AdTel markets, the company will coordinate the distribution of a new product in retail outlets, and handle the details of securing store cooperation, warehousing the product, and conducting store audits and distribution checks. Television commercials for the new product can be used on the dual cable system, and diaries can be checked for purchase, repeat purchase, and volume and frequency of purchase. In addition, since testing takes place over a period of time, the client can spot any problems with new product novelty wear out. Different commercials can be tested, and advertising weights, demographic targets, and schedules can be adjusted to seek optimum results.

10.3 AdTel Reports on Two Advertising Weight Tests

ACTUAL RESULTS OF ADTEL TESTS

AdTel repeatedly has demonstrated its ability to answer advertising questions definitively when other techniques cannot. Here are some examples. (Additional examples are described on pages 14, 20 and 31.)

Alternative weight—About 28% of AdTel's tests to date have involved weight. Consequently a separate section of this brochure is devoted to weight testing (see page 19), but the example below is used here because it shows how sensitive the AdTel consumer purchase diary panels are. In the first test, the heavy weight panel (A) produced 24% more volume at a 97% confidence level (only 3 chances in 100 that this wasn't due to AdTel) over a seven-month period with the emphasis on the smaller size of the product (serving a specific market need). In year two, the panels were reversed with B getting the high weight over a nine-month period and the emphasis on the larger size of the product (serving a different specific market need); this time the heavy weight produced 22% more volume at a 99% confidence level.

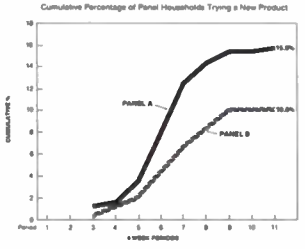
Alternative strategy—About 14% of AdTel's tests to date have involved alternative strategies, primarily positioning. The chart at the upper right represents a positioning test on a new product. Here, the reading is so clear with 16% cumulative trial on Panel A vs. 10% on Panel B that there is no doubt about the winner.

Alternative Execution—About 15% of AdTel's tests to date have involved alternative executions. Not every AdTel test produces meaningful differences, and this one did not although the executions used were quite different to the casual observer. In addition to the overall analysis of brand users, MSA* analyzed users of competitive brands, and recent non-users of the product category and, in every case, found no difference in buying behavior between the panels. The client was not surprised at this finding because an on-air test and an area sales test using store audits indicated no meaningful differences between the two executions. The following year, a new campaign tested in AdTel did show significant differences (86% confidence level). Once again, the client (taking no chances during AdTel's inexperienced early years) verified this finding with an area sales test using store audits.

*AdTel's analyst. See page 13 for a detailed explanation of analysis of advertising tests.

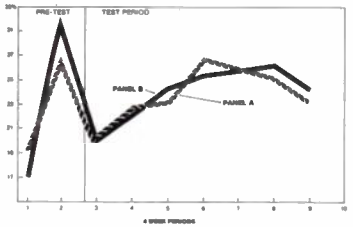
ALTERNATIVE STRATEGIES

Cumulative Percentage of Panel Households Trying a New Product



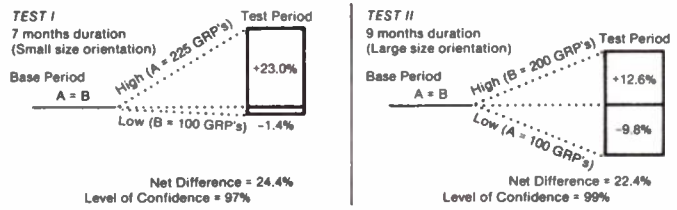
ALTERNATIVE EXECUTIONS

% Households Using Test Brand



COMPARISON OF TWO ADTEL WEIGHT TESTS ON THE SAME PRODUCT

Changes in Volume Purchased Per Reporting Family



3

(From *How to Test and Measure the Sales Effectiveness of Television Advertising and Consumer Promotion.*)

A number of marketing research companies across the country handle new product testing. Some of them, unfortunately, are bedeviled by uncontrollable variables or excessively high costs. Even though AdTel's costs are out of the reach of many businesses, clients who do use the service to test TV commercials can see the results in terms of sales. AdTel claims that the overall cost, including media, is less than other real-life techniques.

Conclusions

The research companies described in this chapter constitute five of the major commercial evaluation services. There are others. A few have flashed on the horizon, causing great excitement in the advertising world, but they have since plummeted into oblivion. Because of the costs involved, commercial testing is usually confined to major advertisers and agencies that may not be inclined or equipped to handle similar research. (Even at major companies, however, these ancillary services may be the first to get the axe when budgets are cut and times are tough.)

The strengths and shortcomings of testing commercials have been debated for many years. Is the testing of programs and commercials in a theatre setting a valid form of evaluation? The environment is not typical for TV viewing. The setting is a darkened theatre and the object of "forced attention" is a huge theatre screen. To beat the problem of the "theatre bias," viewing can be done with smaller groups around individual TV monitors, but the setting is still not natural. Most test commercials have never been on the air and are brand new to the audience, so the effect of repetition over a period of time cannot be measured. A number of research experts are also skeptical of recruitment procedures for the samples. Audiences recruited in shopping centers are not a microcosm of the total population. Too many people never go to shopping centers, or they go so infrequently that they are never included in a sample. Direct mail solicitation of subjects also suggests a bias, because many of the people contacted are unwilling or unable to participate.

Cable TV systems that insert test commercials in regular programing and then monitor purchase diaries do have obvious advantages. However, such systems are pretty expensive, and many advertisers find that they cannot afford them.

Telephone recall of commercials yields interesting data. Such a methodology has the advantage of obtaining responses from people who are not under a microscope at the time they view the commercial. A telephone sample, however, automatically eliminates homes with unlisted phones, nonphone homes, and those of new residents who are not yet listed in a telephone book.

Some advertising agencies with adequate research departments prefer to conduct their own tests. They may bring in small groups of people to view test commercials. A research director can then conduct an in-depth discussion with these consumers to study perceptions, attitudes, and inclinations to buy a particular product or brand. If an advertiser first runs his commercials in a test market, it's not too difficult for the agency to train telephone interviewers to conduct a 24-hour recall survey. This process may or may not be less expensive than retaining an outside research organization.

All the independent research companies offer expertise and try to give clients the most useful information possible. The data, reported down to the last decimal point, and the accompanying diagnoses are all based on sampling. But because samples cannot measure the "universe," they're not foolproof. Further, data are often reported on the basis of what people *said* they thought or did. The researchers do not claim that their data is infallible, of course, and they would admit that they do not know the client's market as well as the advertising agency.

Commercial evaluations are useful in providing guidelines—clues about a commercial's strengths and weaknesses. Research will not tell if a consumer will buy a product. It will, however, indicate viewer or

listener interest, perception, attitude change, recall, and the like. It's difficult to measure sales against a specific commercial or group of commercials. The sale of a product is not consummated in a 30- or 60-second commercial; it is consummated at the point of purchase. *Commercials, therefore, must be evaluated on how successfully they communicate what was intended to be communicated.* The advertising may be designed to introduce or acquaint, build images, shift attitudes, compare a product favorably with competition, build dealer support, impress stockholders, or fulfill other marketing functions. The commercial is the outgrowth of the basic advertising objectives, and it must be evaluated in terms of its communications function. An advertising campaign does not begin and end with the commercial. The commercial is the most important ingredient, but it must function *with* the media buys, the program environment, the impact of repetition, the timing of the campaign, and with all the other factors constantly in flux in the marketplace.

Thanks are extended to the following professionals in broadcast sales who gave generously of their time and expertise in both interviews and in correspondence.

Frank Boehm	Western Division Sales Manager, ABC Radio Network, Hollywood
Joseph N. Curl	Vice President, West Coast Sales, CBS Television Network, Los Angeles
Jerome H. Dominus	Account Executive, CBS Television Network, New York
Mary Flatlie	Media Supervisor, Foote, Cone & Belding/Honig, Los Angeles
Jay Grill	Station Manager, KGTV, San Diego
Kenneth R. Gross	Director, Pulse Pacific, Inc., Los Angeles
Jim Ingraham	Vice President, Radio Advertising Bureau, Los Angeles
Madeline Nagel	Media Supervisor, Foote, Cone & Belding/Honig, Los Angeles
Robert H. Perez	Director, Western Sales, CBS Television Stations, Los Angeles
Craig Rogers	Account Executive, CBS Radio Network, Los Angeles
Tony Rogers	Local Sales Manager, KCST-TV, San Diego
John Rohrbeck	General Sales Manager, KNBC-TV, Los Angeles
William N. Shafer	Vice President, Arbitron, Los Angeles
James H. Shoemaker	Vice President, A. C. Nielsen Co., Los Angeles
Harry Spitzer	Executive Director, Retail Sales Development, Southern California Broadcasters Association, Hollywood
Ray Sutton	Vice President, Television Sales, NBC Television Network, Los Angeles
Jane Thompson	Vice President, Multi Media Specialists, Los Angeles
Arthur G. Trudeau, Jr.	Account Executive, Television Bureau of Advertising, Los Angeles
Winslow E. Uebel	Vice President, Katz Radio, Los Angeles
Oliver Ward	Vice President and Manager, Blair Radio, Los Angeles
Mike Weinblatt	Executive Vice President, NBC Television Network, New York

Because of his important contributions, **William P. Croasdale,** Vice President, McCann-Erickson, Inc., New York, is singled out for special thanks.

Buying and Selling Time

THREE

Audience Research

Head Counts and Rating Points

11

The value of audience research is incalculable to the broadcast advertising industry, for networks, stations, advertisers, agencies, and station reps put audience estimates to myriad uses. In general, however, ratings are used in two important ways—by broadcasters in making programing decisions, and by those who buy and sell advertising time.

The activity surrounding audience research is usually outside the spotlight of public attention—until, that is, a favorite show is canceled. The press may report its demise being due to low ratings, and disgruntled members of the public (and the Congress) may demand that the program series be reinstated, or at least that an explanation be given. In a number of instances, howls of protest have saved shows from the programer's axe, but usually executions because of low ratings are well-deserved and a mercy to the audience.

Complaints that the broadcast advertising industry relies too much on the little numbers printed in the ratings books have been heard ever since the system of ratings began. Although the criticism may be valid, the broadcasters and advertisers who invest millions of dollars in formal audience research do not agree. They consider their expenditures good investments, for the data they are buying are certainly more reliable than even their best guesses. The ratings are consulted in many programing and advertising decisions, but the research companies that syndicate the audience research can hardly assume responsibility for how the ratings are used!

The ratings have been around for a long time. Beginning in 1929, the first formal network audience measurements, supported by major advertisers, were initiated by the research company of Archibald M. Crossley.[1] It used a telephone survey recall technique to measure the program popularity of network radio programs. The official name of the service was the Co-operative Analysis of Broadcasting, but the industry simply dubbed these ratings "the Crossley."

In the mid-1930s and through the 1940s, the C. E. Hooper Company dominated radio audience measurements. A coincidental telephone interview technique was used and respondents were asked if their radio was in use, and if so, what program was tuned. The respondent was also asked if other family members were listening to radio and what the age and sex of all listeners was. If an interviewer phoned a sample home and no one answered, that household was counted as not listening to radio.

Later, as out-of-home listening increased, as the number of sets per home increased, and as radio became a more personal medium often used on an individual basis, telephone interviewing techniques were eclipsed by other methodologies. Personal interviewing and diaries

[1]Robert J. Landry, *This Fascinating Radio Business* (Indianapolis: Bobbs-Merrill, 1946) p. 143.

of radio listening could more accurately determine radio usage both in and out of the home by all household members.

Over the years, the techniques and scope of audience measurements have grown into a complex and sophisticated business. Some neophytes in the broadcasting business invariably say, "Oh, I understand the ratings. It's easy—nothing to it!" As a matter of fact, however, it isn't easy, and there is a lot to it.

Many of the misunderstandings surrounding audience research stem from the fact that the terms associated with it are not commonly understood or accepted. Professionals in the business all talk the same language and are able to use the data as a useful tool, but unfortunately, that's not true of everyone in the industry. A number of broadcasters (often new account executives), and the small advertisers they call on, peruse the audience research books, talk a good game, and genuinely think they understand the data when they actually don't. The mistakes and misunderstandings then multiply. "The 6:00 P. M. news has a 12 rating." That means nothing. What kind of rating? Average quarter-hour? Cumulative rating? Based on households or persons? Over what period of time?

To understand the research, what is really needed is a little study and a determination to use terms accurately. The words of audience research language are not usually interchangeable; they must be defined explicitly. Standard definitions have been established through the cooperation of a number of groups, including the National Association of Broadcasters, the Committee on Local Television Audience Measurement, the Broadcast Rating Council, the Advertising Research Foundation, plus representatives from a number of stations, networks, representative firms, and trade associations. Published by the NAB in 1970 as *Standard Definitions of Broadcast Research Terms*, they spell out the specifics so necessary to understand audience research. To assist the reader, a special glossary of broadcast research terms from this document has been compiled at the end of this chapter (see pages 196–201). It is designed to be used as a reference for further study of audience research methodologies.

Three companies are responsible for conducting the major research in measuring broadcast audiences: The Pulse, Inc., Arbitron (formerly the American Research Bureau), and the A. C. Nielsen Company. Radio audiences are measured by The Pulse and Arbitron; television audiences are measured by Arbitron and Nielsen.

These companies sell, or syndicate, their research to subscribers, most of whom come from the ranks of the broadcast media and the advertising agencies. They are tremendously competitive and aggressively market their data to subscribers. The cost is not an insignificant expense to stations, especially since broadcasters carry most of the burden. Advertising agencies, which pay proportionately much less than the stations for the same research data, often seem to be in the driver's seat. They decide whether to base radio buying on Pulse or Arbitron, or TV buys on Arbitron or Nielsen. Thus, station reps calling on time buyers will have to provide "avails" and the accompanying data based on that agency's preferred research source. If the advertisers and agencies jump on a bandwagon potentially offering new or better information, the broadcasters are pressured to foot the bill. The research companies will be happy to oblige demands for new kinds of measurements, if such measurements are feasible—but the bill will have to be paid.

Each of the three major research companies embraces a different methodology. Each has its advantages and disadvantages. There is no perfect system for measuring broadcast audiences that is also economically feasible. It is important to understand the basic methodology used by these companies in order to evaluate the research data they generate.

The Pulse, Inc.

The time is about 6:30 P. M. in an urban neighborhood. Most of the residents are home, and a woman progresses down the block, calling on one house, then another. She vanishes into one house for about

a quarter hour, then reappears and rings a neighbor's doorbell. She carries with her a form called the Roster/Recall Questionnaire (see 11.1) and she represents The Pulse. Her assignment is to interview each member of each sample household and inquire about radio listening during a 24-hour period that began at 6:00 A. M. on the previous day. This listening activity is traced quarter hour by quarter hour and includes both in-home and out-of-home listening. Age and sex breakouts are recorded, and for special demographic studies, so are the

11.1 The Pulse Roster/Recall Questionnaire

A. (Show roster list of stations) Please name all the stations you ever happened to listen to, or hear regardless of how much listening you do to the stations. (Ask this of every respondent)

1. Stations Heard in Past Week
Which of these radio stations (Show list of AM and FM stations) did you (ask of each respondent) happen to listen to or hear, even for a few minutes, either at home or away from home in the past week since (mention today) on any one of the midweek days, Monday to Friday? Did you happen to hear any on Saturday? On Sunday? Did you happen to hear any others not on this list, Monday to Friday? Saturday? Sunday?

Be sure to record AM or FM stations.

2. Stations Heard in Past 5 Mid-Week Days
Did you happen to listen to or hear ..... (ask for each station heard in the past 5 mid-week days (Mon.-Fri.) between 6 AM-10 AM, 10 AM-3 PM, 3 PM-7 PM, 7 PM-12 Mid., 12 Mid.-6 AM?

Place ✓ in boxes to show when heard.

3. Stations Heard Yesterday
Record below all radio listening for each respondent to each station heard yesterday. Ask: What radio stations did you happen to listen to or hear any place — at home or away from home — anytime yesterday from the time you got up in the morning until you went to sleep at night?

Example of Correct Recording of Radio Listening

Respondent Sex	Age	A. Stations Heard Anytime	AM	FM	1. Stations Heard Past Week	1. Past Week Mon.-Fri.	Sat.	Sun.	2. Past 5 Mid-Week Days 6 AM-10 AM	10 AM-3 PM	3 PM-7 PM	7 PM-12 Mid.	12 Mid. 6 AM	3. Yesterday From	AM	PM	To	AM	PM	In Home	Out of Home	
M	46	KJJJ	✓		✓							✓	✓	7:00	✓		7:45	✓			✓	a.
		KJJJ		✓	✓							✓	✓									b.
		KKKK	✓		✓				✓					12:00	NN		12:40		✓		✓	c.
		KMMM		✓	✓							✓	✓	9:30		✓	12:00	MID	✓			d.
		KNN	✓		✓	✓	✓		✓		✓	✓		1:45		✓	3:10		✓		✓	e.
																						a.
																						b.
																						c.
																						d.
																						e.

SAMPLE

4. Not Applicable.

5. Was Station list and/or program schedule shown to respondents in Questions 1 to 3 Yes ... No ..... (If not, explain fully) .....

6. Do you now remember some additional radio stations you happened to hear or listen to in the past week on any of the midweek days, Monday to Friday? Saturday? Sunday? (Record properly in Questions 1, 2, and 3).

TIME ..... 1st Visit TIME ..... 2nd Visit TODAY'S DATE INTERVIEWER (Initials only) ... SAMPLING POINT # ... QUES. # ..... Own: AM Radio Yes ... No ... FM Radio Yes ..... No .....

Yesterday was: M T W Th F Sa Su (circle yesterday) PHONE: Yes ..... No ... Phone No. ..... Listed Unlisted (circle) Des. X N S (circle)

NAME ..... ADDRESS ..... CITY ..... COUNTY ..... STATE ..... ZIP .....

Participants or respondents: M. ..... F. ..... (Enter ages) Non Participants or Absentees: M. ..... F. ..... (Enter ages)

Percent of time at home: M. 1/3 1/2 2/3 ..... F. 1/3 1/2 2/3 ..... Circle code # under age of each participant (0-32% = 3, 33-66% = 2, 67%+ = 1) Family Size .....

If necessary for additional respondents use other side or a second questionnaire.

occupations of adults, household income, family size, AM and FM set ownership, and what Pulse calls "Life Style Characteristics." Included in this category are questions about new brand and product usage by both men and women 18 years of age and over, and TV viewing patterns by adults in the household. The Pulse interviewer also records ethnic or racial information.

If respondents cannot readily remember the stations they heard, they are shown a roster of station call letters, frequencies, and identifying slogans. They are asked to identify the stations listened to at any time within the past week, and within the past five mid-week days. This listening is recorded by time block, 6:00–10:00 A.M., 10:00 A.M.–3:00 P.M., 3:00–7:00 P.M., 7:00 P.M.–midnight, and midnight–6:00 A.M. A second roster lists individual stations by program titles and time periods, and respondents are asked to indicate specific listening by quarter-hour periods for the previous 24 hours. (If a station does not supply program titles, or is too late in submitting an advance program schedule, only the call letters and dial position are listed.)

The Pulse, headquartered in New York City, has been in the radio audience measurement business for a long time. Started by psychologist Dr. Sydney Roslow in 1941, it has remained the principal research organization using personal interviewing to obtain audience data. The company considers this methodology the best and states:

> It is the same technique used by most market research organizations interested in obtaining information from *people*. This old, simple, direct, face-to-face means of obtaining information is ideal for collecting usable data in abundance, particularly on broadcast audience behavior. For the past quarter century Pulse has fused this most satisfactory of research techniques with another time-tested tool, known as "Roster/Recall." Together they give us the most widely used standard approach to opinion and behavior research. Together they enable us to estimate all listening, wherever it occurs—in the home, or out—"plug-in" or mobile. Because we interview personally, we can measure not tuning, but listening . . . not sets to which nobody may be attentive, but the attention itself . . . by *all* members of the family. They enable us to elicit limitless quantities of qualitative information regarding audience make-up, buying habits, product use and interest at the very same time we measure listening. The Pulse Idea avoids the "fixed panel bias" of machine or diary methods, and it includes in its sample millions of people who have no telephone, who cannot or will not use diaries, and who refuse to permit attachment of devices to their radio or TV sets. Because we interview personally house to house, the sample can be designed and executed to represent total population. Because we interview different families in each survey, no family knows in advance that its habits are of concern to anyone. They experience no self-consciousness at the time of actual behavior. This is known as "natural program selection"; the subject does not become an interviewee until after program selection has been made. This changing sample makes it possible to reach all segments of the population within a market.[2]

Pulse measures 160 markets or more at least once a year. The larger the market, the more often measurements are taken. A total of about 25 top markets are measured on a year-round basis on three-month cycles, whereas New York, Los Angeles, San Francisco, and Chicago are measured 12 months a year. (Radio surveys based on this continuous interviewing help to prevent the rather shoddy practice of attempting to *hypo* the ratings. Some stations, knowing that a research company is in town measuring radio audiences during a certain limited period of time, launch elaborate promotion campaigns, publicity stunts, and listener contests in order to jack up their ratings.)

In each market where Pulse measures audiences, an area cluster is selected by random sample, based on U.S. Census data and Standard Rate and Data information. Sampling points are predetermined in the New York headquarters. The O. E. McIntyre Company provides a data bank of listed telephone households to the Pulse, which in turn uses a *telephone starts* method. A household is selected for each of the survey points, and interviewers are sent to preselected blocks or road intersections. The interviewer, however, does not start with this household, but with the household next door, which may or may not

[2] *The Pulse Idea* (New York: The Pulse, Inc., n.d.), pp. 2–3.

have a listed telephone. Twelve consecutive households are interviewed through the neighborhood. This technique permits nonphone and unlisted telephone homes to be included in the data. (Their major competitor, Arbitron, ordinarily places diaries in homes selected at random from the telephone book.) The Pulse reports that in Los Angeles, for example, almost three out of every ten telephones are unlisted. In San Francisco, unlisted phones are estimated at 23 percent, in New York 21 percent, and in metropolitan Washington, about 18 percent. Those "in hiding" are not just the rich and famous who don't want to be bothered, but also a large number of persons in low income and near-poverty areas. They can't be harrassed as easily by creditors, bill collectors, and other solicitors if their numbers are unlisted. The absence of both the unlisted rich and the unlisted poor obviously skews a sample.

Sampling is done in proportion to population dispersion, so the most heavily populated zip code areas make up most of any given sample. The Pulse interviewer is turned away by noncooperating householders on about 15–20 percent of the calls. The cooperation rate is higher in the summer months when daylight lasts longer. Women interviewers are more successful than men in gaining entry to a home, but many of them are not particularly willing to work in tough urban neighborhoods. In some instances, The Pulse sends along a male escort. The company tries to send black interviewers into black neighborhoods, students into college areas, and so on. Interviewers are trained by The Pulse and usually conduct surveys between 5:00 P. M. and 8:00 P. M. They do not work on a quota basis, and the researchers are just as interested in nonlistening responses as in listening ones.

The data gathered by the interviewers is processed through a verification system. A battery of operators in New York using a WATS line (wide-area telephone service) make long distance telephone calls to households reported in the Roster/Recall Questionnaire. The time of the interview, stations listened to, size of family, and some other data are verified. Households with unlisted phones are sent a postcard verification to complete.

Pulse interviewers are instructed to make one call back, in order to give those who are often away from home an opportunity to be included in the sample. Respondents are asked what percentage of the time they are at home between 6:00 and 8:00 P. M. If the answer is "rarely," the reported listening of this individual is "weighted" in the final report. Other factors—including county population distribution, age and sex, and ethnic balance—are also weighted in order to make the sample as representative as possible. (In simple terms, if a population is 20 percent black, and the sample is 16 percent black, that 16 percent will be weighted up to 20 percent.)

Data from the questionnaires are keypunched and run through computers. The final report mailed to clients contains a wide variety of information. Both ratings and share of audience estimates for men, women, teens, and total audience are listed for each station and for each day part on the basis of quarter hour average audience estimates. Cumulative audience estimates are listed for each station. Both average quarter hour estimates and cumulative (or "cume") estimates are broken down by age group, and include both in-home and out-of-home listening. Saturday and Sunday listening are broken out separately. Summaries indicating the cumulative size of a station's audience over a seven-day period, or on a Monday through Friday, 6:00 A. M. to midnight basis, are also reported. (See sample summary 11.2.) These summaries could be considered as a body count for stations in a certain market, but they should not be used as the basis for an advertiser's decision to buy or not to buy time on a particular station. Time buying nowadays is, and must be, based on much more sophisticated criteria than just cumulative audience size. The average quarter hour and cumulative audience estimates, broken down by day part, reveal the important audience information.

In major markets, The Pulse issues a *Local Qualitative Radio* analysis. Each report contains two qualitative factors, such as occupation of adult males, female head of household, income, education, or life style characteristics. Since the factors change with each report, all of this information is available to subscribers over the course of a year. It can cost

11.2 Summary Pages from a San Diego Pulse Report

This page shows *Average* ¼ Hour Audience Estimates In-Home and Out-of-Home radio listening for 6:00 A. M. to midnight, Monday through Friday. (Identifying call letters have been masked.)

THE PULSE, INC. AVERAGE 1/4 HOUR AUDIENCE ESTIMATES IN-HOME & OUT-OF-HOME — MONDAY-FRIDAY

SAN DIEGO METROPOLITAN AREA — 6A.M.-12 MID — JAN-MAR.1974

	PERSONS REACHED ESTIMATES								PERSONS REACHED ESTIMATES BY AGE							
STATIONS	MEN		WOMEN		TEENS		TOTAL		MEN 18-24 (00)	MEN 25-34 (00)	MEN 35-49 (00)	MEN 50-64 (00)	WOMEN 18-24 (00)	WOMEN 25-34 (00)	WOMEN 35-49 (00)	WOMEN 50-64 (00)
	RTG	(00)	RTG	(00)	RTG	(00)	RTG	(00)								
K	1.7	90	1.8	86	6.2	101	2.4	277	58	16	12		38	32	10	6
K	.3	18	.5	22	.1	2	.4	42	4	11	3		8	10		
K	.3	18	.4	21	.1	1	.3	40		1	4	11	3	5	6	6
K	.2	12	.1	7			.2	19		1	6	4		1	1	2
K	.9	45	.8	39	.2	4	.8	88	17	16	9	1	12	13	5	7
K	.5	26	.6	27			.5	53	7	10	5	3	9	4	7	6
K	.3	14	.2	10			.2	24	1	8	1	2		3	3	2
K	.7	38	.6	28	1.2	19	.7	85	31	4	2	1	24	4		
K	1.3	69	.3	12	.4	7	.8	88	60	7	2		3	7	1	1
K	.1	7	.3	14			.2	21			4	2			3	9
K	.8	40	.6	29	.1	2	.6	71	1	2	9	15			9	9
K	1.0	53	.6	29			.7	82	1	16	19	11	3	6	7	9
K	.2	11	.3	13	.6	9	.3	33	7	1	2	1	7	1	5	
K	1.3	69	.4	18	.6	9	.8	96	54	13	2		13	5		
K	.7	34	.9	42	.2	3	.7	79	4	9	5	9	1	2	18	10
K	.6	33	.4	19	2.0	33	.7	85	19	14			9	9	1	
K	1.2	63	1.0	50	.2	3	1.0	116	11	15	28	8	7	21	18	2
K	.2	9	.1	6			.1	15		4		1			1	5
K	.2	8	.4	17			.2	25		2	4	1	2	4	5	6
X	.2	13	.3	13			.2	26		3	4	4	3	3		2
X	.6	31	1.0	49			.7	80		4	13	13	1	5	22	17
X	.4	23	.2	10	.1	1	.3	34	11	5	4	3	7	3		
X	.5	25	.2	11	.5	8	.4	44	6	19			6	5		
TOTAL	15.2	790	13.0	622	12.9	209	13.9	1621	312	184	145	99	161	153	134	110

THE PULSE, INC. CUMULATIVE AUDIENCE ESTIMATES IN-HOME & OUT-OF-HOME

STATIONS	PERSONS REACHED ESTIMATES								PERSONS REACHED ESTIMATES BY AGE							
	MEN		WOMEN		TEENS		TOTAL		MEN 18-24	MEN 25-34	MEN 35-49	MEN 50-64	WOMEN 18-24	WOMEN 25-34	WOMEN 35-49	WOMEN 50-64
	RTG	(00)	RTG	(00)	RTG	(00)	RTG	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
K	22.0	1145	18.7	898	66.3	1077	26.8	3120	650	262	192	24	360	305	176	52
K	9.0	468	7.5	362	6.3	103	8.0	933	191	174	66	37	135	162	33	12
K	2.9	150	3.1	151	.2	4	2.6	305	8	17	50	64	12	40	37	50
K	3.0	157	3.6	172	.4	6	2.9	335	8	9	37	43		7	26	60
K	11.8	615	11.6	555	8.0	130	11.2	1300	203	214	104	64	154	186	94	67
K	6.9	358	7.2	346	3.3	53	6.5	757	131	112	56	42	89	72	74	91
K	5.0	260	4.6	220			4.1	480	63	80	48	28	13	36	35	57
K	11.4	595	8.2	393	19.4	315	11.2	1303	431	129	26	3	238	101	38	5
K	11.6	602	4.9	237	7.6	124	8.3	963	448	125	23	6	139	55	27	16
K	3.2	164	5.4	261	.8	13	3.8	438	16	7	83	32	20	21	107	60
K	9.9	514	8.6	415	2.3	37	8.3	966	35	56	123	175	19	26	68	134
K	15.8	823	13.3	636	4.1	66	13.1	1525	54	134	310	225	42	118	219	182
K	4.1	215	4.6	222	4.0	65	4.3	502	73	57	58	21	86	30	64	34
K	11.5	596	4.2	203	7.9	128	8.0	927	482	91	20	3	140	54	5	4
K	10.5	548	10.1	486	2.0	32	9.2	1066	72	109	126	173	33	30	149	150
K	5.4	281	4.3	207	19.9	323	7.0	811	191	71	16	3	110	57	40	
K	12.3	640	10.4	500	6.8	110	10.8	1250	82	154	268	127	58	181	181	51
K	2.7	142	2.9	140			2.4	282	10	28	31	28	9	21	27	54
K	1.9	99	2.7	129			2.0	228	12	21	33	27	29	22	38	16
X	1.8	95	2.2	105	2.1	34	2.0	234		25	49	14	9	41	31	6
X	10.5	546	12.8	614	2.3	37	10.3	1197	20	70	255	153	31	91	229	204
X	6.5	339	4.0	191	4.2	68	5.1	598	244	60	26	6	90	66	18	6
X	3.6	189	4.7	226	5.5	89	4.3	504	94	75	20		73	83	53	9
TOTAL	92.5	4812	88.6	4250	98.0	1592	91.7	10654	1596	945	1123	781	909	866	1059	837

TOTAL INCLUDES MEN, WOMEN AND TEENS

TABLE 13

This page shows *Weekly Cumulative* Audience Estimates for In-Home and Out-of-Home radio listening for 6:00 A. M. to midnight, Monday through Friday.

a station from about $2,000 to $4,000 for a Pulse report, depending on market size and the economics of conducting research in a given market. The costs to advertisers and agencies are traditionally much lower.

The Pulse services are also available for a variety of special research projects. In the past, they have included ethnic studies of radio listening, including black, foreign language, and college campus patterns; Brand-Metrics, a market-by-market study of brand penetration and market shares; newspaper readership reports; and special TV viewing studies. The real bread and butter of The Pulse, however, continues to be the syndicated research based on continuing studies of radio listenership in 160 markets across the country.

Arbitron Radio

The American Research Bureau (Arbitron) uses a totally different methodology for measuring radio audiences. This company has been in the broadcast audience measurement business since 1948 and is a subsidiary of Control Data Corp., a manufacturer of large computers. Their analyses, called *Arbitron Reports,* include measures of approximately 160 markets at least once a year. Individual radio listening diaries provide the data. This is how it's done: Arbitron first determines the geographic limits of each survey area by establishing both a Metro Survey Area (MSA) and a larger Total Survey Area (TSA). In general, the MSA corresponds to the Standard Metropolitan Statistical Areas as defined by the U.S. Office of Management and the Budget, but because of its experience, Arbitron does make some adjustments. When first surveyed, a TSA usually includes every county that is covered by the 0.5 MV/M signal (meaning a field strength meter reading of one-half milovolt) for at least two AM stations licensed to the metro area of the market. This area of coverage is determined by a radio engineering test of actual station signal strength. Later, in subsequent reports, Arbitron may adjust the TSA on the basis of reported listening to stations heard within that area. In a local market report, for example, the MSA might cover five counties, and the TSA sixteen. Listening data for both are reported side-by-side. In the metro area report, low-power stations can enjoy more favorable comparisons with high-power stations because the measurements are confined to a relatively small geographic area. In the TSA report, a low-power station often will not compare favorably with powerhouse competition. For the local advertiser whose market is confined to the metro area, these data are very helpful. The Total Survey Area may be more important to other advertisers whose product distribution does not stop at the metro boundaries and whose advertising goals therefore are not confined to the metro area.

For each market, Arbitron establishes what will be necessary for an Effective Sample Base. Then it uses the services of the Metro-Mail Advertising Co., which keeps all listed telephone households on tape, to compile the sample. A computer makes a random selection for each survey and Arbitron personnel go to work. A preplacement letter sent to each home in the sample states that this household has been selected for inclusion in a radio study and that an interviewer will be calling to request cooperation in the survey. When the interviewer phones, he or she explains the purpose of the study, determines the number of persons in that household 12 years of age and older, and then asks that these members keep an individual diary of radio listening for one week. In order to reach as high a percentage as possible of the households selected by the computers, interviewers are instructed to make at least five attempts to contact a "no answer" household. Diaries are mailed from Arbitron headquarters in Beltsville, Maryland, and a cash incentive is normally included. It's usually fifty cents, but sometimes, in order to stimulate interest and cooperation from age groups that historically have a poor diary return rate, a bit more is enclosed.

The day before the survey week begins, the telephone interviewer again calls the home with a reminder to begin diary entries the next day. (See diary, 11.3.) A few days later, the household is called a third time —again, as a reminder, and to see if there are any difficulties in keeping the diaries. At the same time, respondents are encouraged to mail in

their diaries immediately after the survey's conclusion. Despite this effort, Arbitron reports that only 55 percent of the diaries are returned and are "usable."

Arbitron conducts a national sweep of all its designated radio markets in April and May. Larger markets are surveyed more often, up to four times per year. Although a survey period may last three or four weeks, cooperating households keep diaries only one week. A new sample is drawn for each week. The diary is really a little pocket piece, designed to travel with the person, not stay with a particular radio. It contains very specific, easily understood instructions. Respondents are asked to fill in individual listening on a day-by-day basis, indicating time of listening and call letters of the station—or, if call letters are not known, program name or dial setting. The diary also asks that respondents indicate either "at home" or "away from home" listening, as well as FM listening. If they did not listen to radio on a particular day, they are asked to check a special box. The back of the diary asks for age and sex, plus place of residence—by city, county, state, and zip code.

Arbitron believes that its method is superior to other ones because the diary is personal, portable, and covers seven days of listening on a 24-hour basis. As a result, it's economical. Diaries, of course, can go anywhere the U.S. Postal Service goes and can be used to obtain not only radio listening information, but also a wide variety of marketing information. The names and street addresses of respondents are not released, and so there is a cloak of anonymity for those who cooperate. The diary system avoids the problem of interviewer bias that sometimes arises in a face-to-face survey.

No methodology is perfect, and the diary method has been criticized on a number of bases. Respondent cooperation is probably the biggest bugaboo for research companies that use diaries. Even though the return rate seems fairly low, many research authorities consider a 50–60 percent response pretty good. How conscientious people are in keeping accurate daily entries is open to speculation. In large markets where perhaps three or four dozen radio signals are available, people may not know what they're listening to, or may report incorrectly. This is the sort of error that constitutes an unknowable factor. Diaries placed on the basis of a sample drawn from telephone listings obviously exclude new residents and unlisted and nontelephone homes. The degree of bias this represents has been debated in the broadcast adver-

11.3

HOW TO FILL IN THE ARBITRON DIARY

Please carry the Arbitron diary with you wherever you go during the seven days of the survey. Then, each time you listen to a radio —

1. **Please fill in the time you start listening and the time you stop. Be sure to indicate whether the time is AM (morning) or PM (afternoon and evening). Whenever you change stations, please fill in a new line.**
2. **Check (✓) only when you are listening on the FM dial. If you are listening on the AM dial, leave the column blank.**
3. **Fill in the "call letters" of the station you are listening to. If you don't know the call letters, fill in the name of the program — or the dial setting.**
4. **Check (✓) to show whether you are listening at-home or away-from-home.**
5. **If you don't listen to a radio on a certain day, check (✓) the circle at the bottom of the page for that day.**

HERE'S WHAT A SAMPLE PAGE MIGHT LOOK LIKE —

TIME (Indicate AM or PM)		STATION		PLACE	
FROM —	TO —	WHEN LISTENING TO FM, CHECK HERE (✓)	FILL IN STATION "CALL LETTERS" (IF YOU DON'T KNOW THEM, FILL IN PROGRAM NAME OR DIAL SETTING)	CHECK ONE (✓) AT HOME	CHECK ONE (✓) AWAY-FROM-HOME (INCLUDING IN A CAR)
6:40 AM	7:30 AM	✓	WUTM	✓	
10:10 AM	11:30 AM		PIERCE SHOW		✓
4:45 PM	5:20 PM		WREF		✓
6:30 PM	8:30 PM		WWAC	✓	
10:50 PM	11:10 PM	✓	101.1 on the dial	✓	

PLEASE CHECK HERE ○ IF YOU DID NOT LISTEN TO A RADIO TODAY.

IMPORTANT — Many stations broadcast on both AM and FM. For this Arbitron survey, it is important to correctly identify whether you are listening on AM or FM (even though the station may use the same call letters and broadcast the same thing over the air).

To keep your Arbitron diary from getting mixed up with any others in your home — please fill in your initials (or first name) here [ ]

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The computer room at the Arbitron Research and Production Center in Beltsville, Maryland. After the diaries (weekly viewing or radio listening records) are received from respondents, they are routed to the edit section where more than 200 editors check all the entries. Following the edit phase, the diaries are sent to the 75 keypunch operators who prepare the diary data for input into the two 3300 CDC (Control Data Corporation) computers and the twin 1700 CDC computers. The end result is the radio and television market reports.

tising industry for many years. Some say that in markets where unlisted homes run as high as 25 percent to 30 percent, the problem is significant. Others, on the basis of some experiments, believe that there is not a sufficient difference between listed homes and unlisted homes in their listening or viewing habits to pay for the additional cost of a system that includes unlisted households.

About three weeks after diaries are returned, Arbitron begins to send its reports to clients; usually they are all completed within five to seven weeks. Two complementing books are issued for each market—*Arbitron Radio* (audience estimates by time period and station) and the *Arbitron Radio Demographic Buyer.* The first report contains average and cume persons for each station, on the basis of time periods, Monday through Friday averages, Saturday and Sunday listening, out-of-home listening, and, of course, audience demographics in terms of age and sex. All this information is reported for both the Metro Survey Area and the Total Survey Area. (See the sample summary in 11.4.)

The second report, the *Demographic Buyer,* is particularly useful to time buyers. It provides data in the categories of men, women, adults and teens; within each section, it breaks down information station-by-station, by quarter hour on the basis of average and cume persons by age group, and within both the MSA and TSA.

What does it cost a station to subscribe to the Arbitron radio service? It might run about $6,000 per report, or a little less than $25,000 per year for four reports in major markets such as New York, Chicago, and Los Angeles. The rates differ for stations in each market depending on the station's highest one-minute rate, and on whether the station is AM or FM. (In the same market, FM stations are usually able to buy their reports for less than AM stations.) In medium-sized markets such as Denver or Seattle-Everett-Tacoma, radio stations may pay about $15,000 per year for two reports. Again, the price they pay depends on their rate cards and their status as AM or FM.

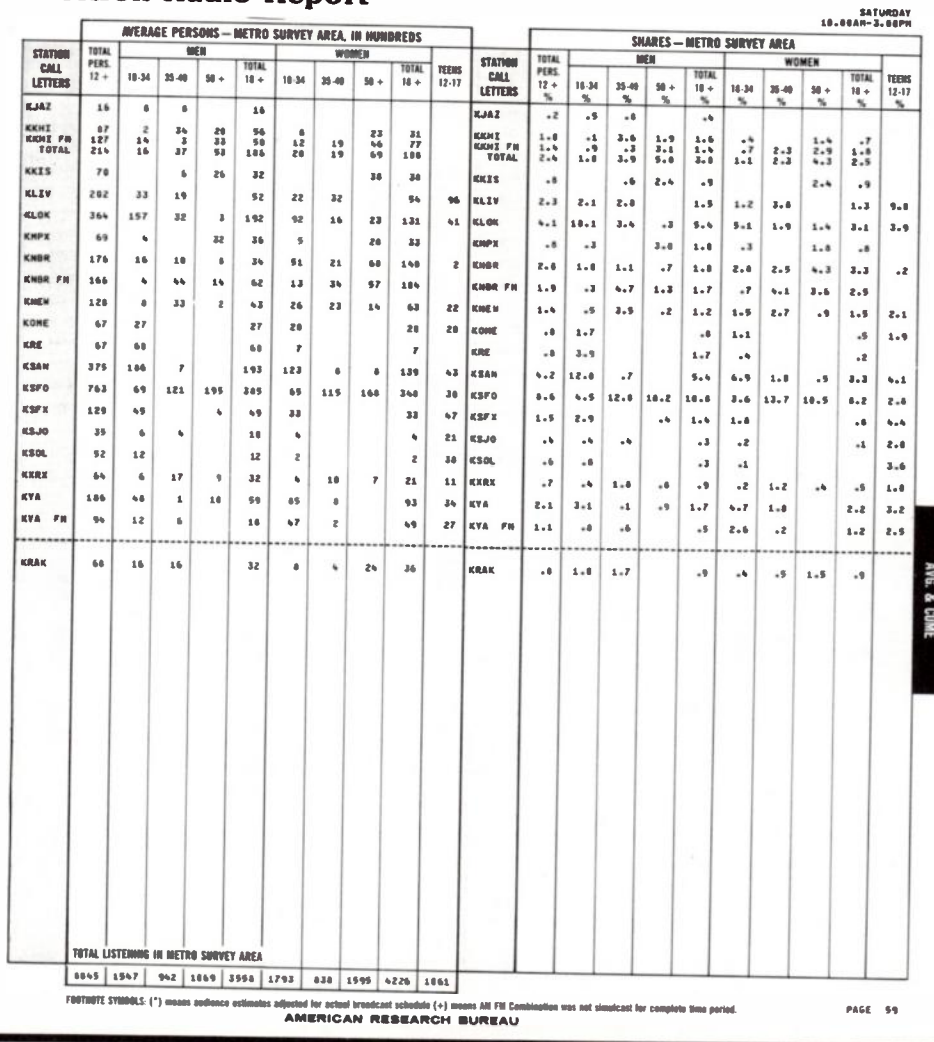
Arbitron Television

A diary methodology is used by Arbitron in gathering television audience information, as well as radio data. The syndicated research is directly competitive with the television Nielsen Station Index. (Because Arbitron does not measure TV network audiences nationally, it is not in competition with the Nielsen Television Index.)

More than 200 markets are surveyed each year, and Arbitron Television provides clients with three national sweeps each year (in November, February, and May), plus a summer report.

The geographic area covered in the television reports is obviously

11.4 Sample Page from a San Francisco Arbitron Radio Report



SATURDAY
10:00AM-3:00PM

AVERAGE PERSONS — METRO SURVEY AREA, IN HUNDREDS

STATION CALL LETTERS	TOTAL PERS. 12 +	MEN 18-34	MEN 35-49	MEN 50 +	MEN TOTAL 18 +	WOMEN 18-34	WOMEN 35-49	WOMEN 50 +	WOMEN TOTAL 18 +	TEENS 12-17
KJAZ	16	6	8		16					
KKHI	87	2	34	20	56	6		23	31	
KKHI FM	127	14	3	33	50	12	19	46	77	
TOTAL	214	16	37	53	106	20	19	69	108	
KKIS	70		6	26	32			38	38	
KLIV	202	33	19		52	22	32		54	96
KLOK	364	157	32	3	192	92	16	23	131	41
KMPX	69	4		32	36	5		28	33	
KNBR	176	16	10	8	34	51	21	68	140	2
KNBR FM	166	4	44	14	62	13	34	97	184	
KNEW	128	8	33	2	43	26	23	14	63	22
KOME	67	27			27	20			20	20
KRE	67	60			60	7			7	
KSAN	375	186	7		193	123	6	8	139	43
KSFO	763	69	121	195	385	65	115	168	348	30
KSFX	129	49		4	49	33			33	47
KSJO	35	6	4		10	4			4	21
KSOL	52	12			12	2			2	38
KXRX	64	6	17	9	32	4	10	7	21	11
KYA	186	48	1	10	59	85	8		93	34
KYA FM	94	12	6		18	47	2		49	27
KRAK	68	16	16		32	8	4	24	36	

TOTAL LISTENING IN METRO SURVEY AREA

8845	1947	942	1869	3998	1793	838	1595	4226	1861

SHARES — METRO SURVEY AREA

STATION CALL LETTERS	TOTAL PERS. 12 + %	MEN 18-34 %	MEN 35-49 %	MEN 50 + %	MEN TOTAL 18 + %	WOMEN 18-34 %	WOMEN 35-49 %	WOMEN 50 + %	WOMEN TOTAL 18 + %	TEENS 12-17 %
KJAZ	.2	.9	.8		.4					
KKHI	1.0	.1	3.6	1.9	1.6	.4		1.4	.7	
KKHI FM	1.4	.9	.3	3.1	1.4	.7	2.3	2.9	1.8	
TOTAL	2.4	1.0	3.9	5.0	3.0	1.1	2.3	4.3	2.5	
KKIS	.8		.6	2.4	.9			2.4	.9	
KLIV	2.3	2.1	2.0		1.5	1.2	3.8		1.3	9.8
KLOK	4.1	10.1	3.4	.3	5.4	5.1	1.9	1.4	3.1	3.9
KMPX	.8	.3		3.8	1.0	.3		1.8	.8	
KNBR	2.0	1.0	1.1	.7	1.0	2.8	2.5	4.3	3.3	.2
KNBR FM	1.9	.3	4.7	1.3	1.7	.7	4.1	3.6	2.5	
KNEW	1.4	.5	3.5	.2	1.2	1.5	2.7	.9	1.5	2.1
KOME	.8	1.7			.6	1.1			.5	1.9
KRE	.8	3.9			1.7	.4			.2	
KSAN	4.2	12.0	.7		5.4	6.9	1.8	.5	3.3	4.1
KSFO	8.6	4.5	12.8	18.2	10.8	3.6	13.7	10.5	8.2	2.8
KSFX	1.5	2.9		.4	1.4	1.8			.8	4.4
KSJO	.4	.4	.4		.3	.2			.1	2.8
KSOL	.6	.8			.3	.1				3.6
KXRX	.7	.4	1.8	.6	.9	.2	1.2	.4	.5	1.8
KYA	2.1	3.1	.1	.9	1.7	4.7	1.8		2.2	3.2
KYA FM	1.1	.8	.6		.5	2.6	.2		1.2	2.5
KRAK	.8	1.8	1.7		.9	.4	.5	1.5	.9	

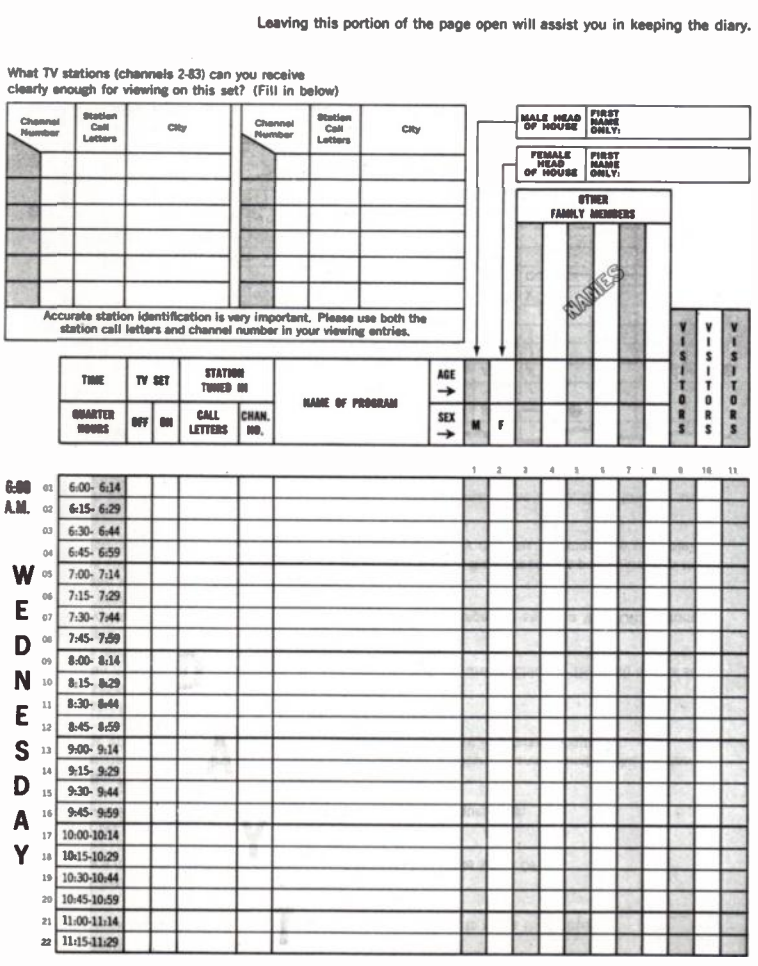
DAY PARTS-AVG. & CUME

FOOTNOTE SYMBOLS: (*) means audience estimates adjusted for actual broadcast schedule (+) means AM FM Combination was not simulcast for complete time period.

AMERICAN RESEARCH BUREAU

PAGE 59

11.5 Arbitron TV Diary



different than in radio reports for several reasons, such as number of markets surveyed, differences between radio and TV coverage patterns, and listening and viewing patterns. Arbitron calls its TV measurement areas the Area of Dominant Influence (ADI), which is roughly equivalent to Nielsen's Designated Market Area (DMA). No ADIs overlap, and they are explained by Arbitron as "a geographic market design which defines each market exclusive of another based on measurable viewing patterns"[3] Originally, ADI's were based on a 1965 study of county-by-county TV circulation, but since then, they have been updated several times. "The ground rules for ADI allocations are relatively simple. Once the estimated total viewing hours for a county, and the percentage of such estimated total for each station are known, Arbitron sums the station percentages by market of origin. The market of origin having the largest total percentage is deemed to be the 'dominant influence' in the county under consideration, and that county is allocated for ADI purposes to that market of origin."[4] Although there are certain exceptions to determining an ADI in this way, it is the usual procedure.

Diary placement procedures for television are about the same as for radio. Metro-Mail Advertising Co. provides lists from telephone directories; then a computer, on a systematic interval selection technique, draws the sample. A letter is first sent to the household, and then a telephone call is made by an Arbitron interviewer who asks for cooperation in keeping a TV diary. Diaries mailed from Beltsville headquarters contain a small cash incentive. Unlike the radio measures, however, a diary is provided for each TV set in the home—not each person. Interviewers phone the household on the day the survey begins to remind participants to keep the diary, and again several days later to answer any questions and to thank respondents for their cooperation. (If

[3]1974 Arbitron Television Market Reports, *Description of Methodology* (New York: American Research Bureau, 1974). p. 4.

[4]Ibid.

cooperating households are somewhat geographically remote, the follow-up for both radio and TV measurements is handled by letter.)

The Arbitron TV diary (11.5) is a little more complicated than the radio diary because it covers all household viewing on a particular set, not just individual viewing. Thus, the viewing of Mom, Dad, and the kids, plus any visitors, is entered in their own respective columns. Entries are made by the quarter hour, and diary keepers are asked to indicate the time the set is turned on, channel number tuned and station call letters, and program name. Entries are to be completed for seven days. At the back of the booklet, there are questions on family size, city and county of the household, and further questions about the television set(s)—whether they are color sets, can receive UHF, and are on a cable TV service. A final question, formerly not included, asks respondents to state their racial background. Arbitron reports that there has been little static over this request; in fact, the cooperation rate has been high. In markets with high ethnic concentrations, these special data are useful in planning both programs and advertising buys.

The percentage of usable TV diaries runs about 54 percent of all diaries mailed out. Entries in diaries returned from multiset households are edited so as to provide unduplicated viewing information for a given household. Completeness of the entries is also carefully checked. Some researchers consider the "functional illiteracy" of a portion of the population as part of the reason for poor diary entries. Carelessness or lateness in completing the entries may also be reasons. The diaries ask for information by quarter hours, yet few people sit down to watch TV, or depart the set, on the quarter hour mark. A situation comedy may be tuned in at 8:04 and watched until 8:26 P.M., and the viewer may dutifully enter her viewing as 8:00–8:30 P.M.. Although she did view each quarter hour long enough to qualify for inclusion, she did not, however, see either the opening or closing commercials. It's impossible to establish the exact tune-in and tune-out time with either a diary or a personal interview. Only a meter will reveal that. As for the absenteeism rate, while the set is on, no methodology can supply that information.

After the Arbitron computers have processed all the data gleaned from the diaries, local market reports are mailed to clients. (See 11.6.) The earliest ones are out a couple of weeks after the survey is completed, and for major markets they run into more than a hundred pages of numbers. All the little numbers translate into stations, time periods, ADI households reached in terms of both ratings and shares, metropolitan area ratings and shares, and audience composition during each quarter hour. Program averages are shown for shows that are stripped (i.e., in the same time period) Monday through Friday. A spot buying guide simplifies the time buyer's work by providing station break information showing an average of audience estimates for the preceding and following quarter hours. The "boiler plate" in the front and the back of the Arbitron books describes the sampling methodology, a *nomograph* explaining the statistical tolerances of the report, a glossary, plus particular information on survey area, sample size, households accepting diaries, and so on.

Arbitron estimates that for each survey its company's expenses range from $20 to $50 per cooperating household. The range in costs reflects differences in the size of the survey area, the size of the sample, the frequency of the surveys, and any necessary special controls. In major markets like San Francisco and Boston, which are surveyed seven times a year, the cost to subscribers is about $52,000 a year for network affiliates and $41,000 for independent stations. In small markets that are covered just three times a year on the national sweeps, a TV station pays approximately $8,000 per year. Rates for the Arbitron service to TV stations differ, based on such factors as sample size, market size, and the number of reports.

In 1973, Arbitron inaugurated a new report on consumer brand usage in the top ten ADI markets. The sample is drawn on a reinterview basis from households that kept a TV diary during the previous May sweep. Arbitron recontacts the families and asks them to complete a somewhat lengthy questionnaire on the age and sex of household members, where the family shops, and the purchases—by brand name—on more than 30 different common products. The data, sold

11.6 Sample Page from an Albuquerque Arbitron TV Report

WEEKLY PROGRAMMING

4 WEEK TIME PERIOD AVERAGES

DAY AND TIME / STATION / PROGRAM	ADI TV HH RATINGS WK 1	WK 2	WK 3	WK 4	ADI TV HH		ADI TV HH RATING TRENDS MAY '74	F/M '74	METRO TV HH		TOTAL SURVEY AREA, IN THOUSANDS: TV HOUSEHOLDS	TOTAL PERSONS 2+	TOTAL ADULTS 18+	PERSONS 12-34	WOMEN TOTAL	WOMEN 18-49	WOMEN 18-34	WOMEN 25-64	WOMEN 25-49	MEN TOTAL	MEN 18-49	MEN 18-34	MEN 25-49	TEENS TOTAL	CHILDREN TOTAL	CHILDREN 6-11
	50	51	52	53	RTG 1	SHR 2	54	55	RTG 3	SHR 4	5	6	7	8	9	10	11	12	13	15	16	17	18	20	22	23
RELATIVE STD.ERROR 25-49%	14	11	14	12	4				6		8	20	12	14	9	9	11	7	8	9	10	12	8	12	20	15
(1 S.E.) THRESHOLDS 50+%	4	3	4	3	1				2		2	4	3	3	2	2	3	2	2	2	3	3	2	3	6	4
WEDNESDAY																										
4.00P - 4.30P																										
KOB A GRIFFITH	6	8	6	12	7	20	7	6	8	22	19	35	14	16	8	5	4	6	3	6	3	2	3	10	11	10
KOAT ABC SCHL SPC	9		5																							
DIAL FOR $		9		9	8	23	5	9	6	17	20	38	26	19	15	11	9	8	5	11	8	6	3	4	9	5
KGGM BONANZA	12	14	9	9	11	31	10	13	13	36	26	52	29	26	23	15	12	10	7	7	4	3	1	11	12	9
HUT/PVT/TOT	30	45	27	37	35		30	36	36		65	125	69	61	46	31	25	24	15	24	15	11	7	25	32	24
4.30P - 5.00P																										
KOB PARTRDG FMLY	8	13	12	10	11	30	7	5	10	27	27	62	25	29	14	10	7	8	6	11	8	4	8	18	20	14
KOAT GOMER PYLE	7	5	4																							
DIAL FOR $				9	6	16	6	11	5	14	17	25	18	14	10	7	6	5	3	8	5	5		3	4	3
KGGM BONANZA	12	14	9	10	11	30	10	12	12	32	27	57	35	28	25	16	12	12	8	11	7	5	4	11	11	8
HUT/PVT/TOT	31	44	34	37	37		30	36	37		71	144	78	71	49	33	25	25	17	30	20	14	12	32	35	25
5.00P - 5.30P																										
KOB NBC NGHT NWS	8	18	13	13	12	23	11	9	11	21	31	55	49	16	26	11	5	17	9	23	12	7	8	4	2	2
KOAT ACTN NEWS 5	13	6	6	13	10	19	12	19	9	17	24	41	40	12	24	9	6	10	5	16	6	4	3	2		
KGGM HOGAN HEROES	18	21	20	23	21	40	16	17	22	42	49	97	52	55	27	20	16	13	10	26	19	14	14	25	21	16
HUT/PVT/TOT	42	59	50	56	52		45	54	52		104	193	141	83	77	40	27	40	24	65	37	25	25	31	23	18
5.30P - 6.00P																										
KOB BEWITCHED	16	30	24	24	24	41	17	14	24	43	56	131	62	67	34	25	17	21	16	28	20	17	11	33	37	26
KOAT ABC EVE NEWS	19	14	11	19	15	26	10	16	15	27	39	73	66	20	35	15	9	19	9	31	16	8	11	3	4	4
KGGM TV13 RPT 530	14	14	16	11	14	24	17	17	16	29	33	62	47	18	26	11	6	17	9	21	9	6	7	6	9	7
HUT/PVT/TOT	52	63	56	62	58		49	56	56		128	266	175	105	95	51	32	57	34	80	45	31	29	42	50	37
6.00P - 6.30P																										
KOB EYWTNS NWS 1	16	27	16	22	20	29	16	23	20	30	50	92	69	40	37	22	13	24	16	32	21	13	14	14	10	7
KOAT ACTN NEWS 6	26	14	13	29	21	31	18	24	19	28	53	97	82	38	44	25	16	27	16	38	23	14	14	8	8	3
KGGM CBS EVE NEWS	16	19	29	17	20	29	23	20	24	36	47	82	70	24	36	18	9	26	15	34	19	9	16	6	6	4
HUT/PVT/TOT	65	66	67	74	68		60	69	67		150	271	221	102	117	65	38	77	47	104	63	36	44	28	24	14
6.30P - 7.00P																										
KOB CHICO-MAN	15	28	18	24	21	31	8	12	23	32	53	116	72	48	38	24	14	25	16	35	23	14	16	20	24	17
KOAT RAYMOND BURR	8	8																								
KOLCHAK			9	14	10	15	10	19	10	14	25	56	39	31	18	15	11	11	8	21	17	13	8	7	11	7
KGGM ALL IN FAMLY	35	33	38	33	35	51	35	36	39	54	81	174	125	71	70	42	25	46	30	56	34	22	24	24	26	16
HUT/PVT/TOT	63	70	67	74	68		53	66	72		159	346	236	150	126	81	50	82	54	112	74	49	48	51	61	40
7.00P - 7.30P																										
KOB HOUSE PRARIE	19	29	27	33	27	44	14	20	26	42	66	165	100	61	60	37	24	40	27	41	25	17	15	20	45	28
KOAT RAYMOND BURR	16	5																								
KOLCHAK			9	11	10	16	15	27	12	19	29	61	41	36	20	17	13	13	11	21	17	13	9	10	11	6
KGGM CANNON	24	23		23																						
WED NGT MV			23		23	38	26	20	26	42	55	113	78	39	42	20	10	26	15	36	19	10	15	19	16	13
HUT/PVT/TOT	62	59	58	66	61		55	68	62		150	339	219	136	122	74	47	79	53	98	61	40	39	49	72	47
7.30P - 8.00P																										
KOB HOUSE PRARIE	17	24	25	33	25	40	18	23	23	38	60	147	88	52	53	32	21	37	24	35	20	12	14	19	41	26
KOAT WED MV OF WK	16	21	12	11	15	24	13	25	14	23	40	92	66	50	33	27	18	21	17	34	25	17	15	15	12	9
KGGM CANNON	26	20		22																						
WED NGT MV			23		23	37	24	19	26	43	53	111	73	38	42	22	11	27	17	31	18	9	15	18	21	17
HUT/PVT/TOT	60	63	60	66	62		56	68	60		153	350	227	140	128	81	50	85	58	100	63	38	44	52	74	52

‡TECHNICAL DIFFICULTY <M-F PROGRAM AIRED LESS THAN FIVE DAYS +PARENT/SATELLITE RELATIONSHIP *SAMPLE BELOW MINIMUM FOR WEEKLY REPORTING

to clients as syndicated research, are particularly useful because the information is reported in terms of individual ADIs. The brand usage data are no longer correlated to the sample's TV viewing as previously reported in the May diary. Years ago, in some markets, the diaries kept by cooperating households included a number of questions on product usage (not brand usage.) This information was reported in the regular TV market reports. It was discontinued in 1971, apparently for lack of interest (and confidence) on the part of clients. Since the new brand usage information is secured after the family has cooperated in keeping a TV diary, the report is based on actual consumption, by brand name, and not on the basis of retail store audits or warehouse shipments.

A. C. Nielsen Company

In 1936, a group of engineers at the Massachusetts Institute of Technology invented a mechanical recorder that could be attached to a radio to measure the tuning of the set. The A. C. Nielsen Company, a marketing research company headquartered in Chicago, was sufficiently interested in the gadget and bought the patent. By 1940, they were in the radio audience measurement business and offering the first national radio audience measurements based on a mechanical device, the Audimeter. (See 11.8.)

Measuring audiences by Audimeters was quite an innovation, and the Nielsen radio audience measurements were sold as syndicated research across the country to broadcasters, agencies, and advertisers. In the late 1940s, when the television boom was on, Nielsen moved into TV audience measurement and adapted the Audimeter to television. In 1964, they withdrew completely from radio. Today the company issues two major reports—the *Nielsen Station Index* that measures 220 individual TV markets across the country and the *Nielsen Television Index* that measures national audiences viewing network television.

Nielsen Station Index

In thirteen centers around the country, groups of telephone operators employed by the A. C. Nielsen Company face an enormous task. In a year's time, 90,000 diaries must be placed to measure TV viewing in individual markets. Operators must telephone a list of selected households, explain the purpose of the call, and ask if members of the household would be willing to keep a diary of television viewing for a one-week period. At least three times a year in November, in February/March, and in May, 220 markets are measured in national sweeps. Bigger markets are measured more often—up to eight times per year.

Sampling is based on U.S. Census data for each county in the United States. Designated Market Areas (DMAs) are then established, and sample size requirements for each are determined. (As mentioned previously, the DMA is the counterpart of Arbitron's Area of Dominate Influence, ADI, and the *Nielsen Station Index* is directly competitive to Arbitron television reports.) A county is assigned to a particular DMA when 50 percent or more of the viewing in that county is to a home county TV station or stations. To draw the sample, Nielsen uses the services of the Metro-Mail Advertising Co., which provides numbers from every telephone book in the country. The lists are drawn up by county, zip code, and street. From these computer lists, numbers are selected at random for each DMA. The operators, of course, will encounter many no answers, as well as householders unwilling to keep a diary. The acceptance rate for Nielsen is about the same as Arbitron. In order to reduce sampling errors, diaries are mailed to all of the no answers and refusals anyway, and a fair number are returned completed. Operators are instructed to try a no answer three times over a two-day period in an effort to make contact.

The diary sent to each household contains explicit instructions on how to report on each day's viewing activity. A questionnaire asks for some basic demographic information on age and sex of household members and education and employment of the "lady of the house." The diaries provided for each set in the home are set up to begin on a

11.7 Sample page from a Milwaukee NSI report.

Nielsen measures each of the nation's 220 local television markets three to eight times a year using diaries placed in sample households. The information, once processed, is released to clients in this form as a *Viewers in Profile* report.

NSI Average Week Estimates—4 Week Period Ending March 5, 1975

TIME PERIOD AUDIENCES

WEDNESDAY 7:00PM-11:00PM

AVERAGE QUARTER-HOUR AUDIENCES

START TIME / STATION / (WEEKS) / PROGRAM	METRO AREA % HOUSEHOLD RATING	METRO AREA % SHARE	DESIGNATED MARKET AREA % WEEKLY AUDIENCE WEEK BY WEEK HOUSEHOLD RATINGS WEEK 1	WEEK 2	WEEK 3	WEEK 4	DESIGNATED MARKET AREA % MULTI-WEEK AVERAGE HOUSEHOLD RATING	MULTI-WEEK AVERAGE SHARE	DESIGNATED MARKET AREA % PRE-POST GUIDE SHARE & HUT NOV '74	SHARE & HUT JUL '74	SHARE & HUT MAY '74	STATION TOTALS (000) TOTAL HOUSEHOLDS	TOTAL PERSONS (2+)	TOTAL ADULTS	WOMEN TOTAL	WOMEN 18-34	WOMEN 18-49	WOMEN 25-54	WOMEN 25-64	WOMEN 50+	LADY OF HOUSE TOTAL	LADY OF HOUSE UNDER 50	FEMALES 15-24
	1	2	49	50	51	52	3	4	38	39	40	5	6	7	8	9	10	11	12	13	14	15	16
Four week Relative Standard 25.49%			7	7	7	7	2					12	24	19	13	15	14	11	11	11	12	13	14
Error Thresholds (One S.E. Level) 50+%			2	2	2	2	LT					3	4	5	3	4	3	3	3	3	3	3	4
7:00																							
WISN REG/BKBL/SEUSS	18	29	20	14			18	28	17	42	37	114	247	145	76	37	52	37	47	24	64	45	25
34 T ORLANDO/DAWN	18	30			18	18	18	29				112	273	171	100	49	70	52	63	30	86	59	35
WITI THATS MY MAMA	14	23	13	18	14	11	14	22	26X	24	19	92	178	116	65	26	41	31	41	24	60	38	22
WMVS ARABS/ISRAELIS	1	2	3	1	1	1	2	2	3	1		10	13	13	5	1	3	3	4	2	5	3	
WTMJ HOUSE-PRAIRIE	29	46	24	29	27	29	27	43	44X	21	33	176	349	224	140	44	74	71	96	66	129	68	28
WVTV BOWLING GAME	4	6	2	3	3	3	3	4	7X	8	10	22	34	25	13	5	6	4	9	7	11	5	4
HUT & TOTALS •	62		61	65	65	61	63		63	36	47	414	821	523	299	113	176	146	197	123	269	159	79
7:30																							
WISN REG/BKBL/ROSIE	18	29	21	11			18	28	17	42	30	116	250	152	76	32	49	37	49	27	65	42	24
34 T ORLANDO/DAWN	20	32			18	21	19	31				124	289	186	107	47	69	53	69	38	93	58	37
WITI WED MOV-WEEK	15	24	15	17	16	13	14	23	28X	28	26	93	171	124	78	35	54	39	49	24	69	44	27
WMVS BEHIND LINES	1	1	2	2	-.5	-.5	1	2	2			7	9	8	4		1	1	1	3	3	1	
WTMJ HOUSE-PRAIRIE	27	44	23	29	25	28	26	41	45X	17	35	170	341	216	135	43	73	71	93	62	125	68	25
WVTV BOWLING GAME	4	6	3	3	3	3	3	5	6X	7	8	24	37	31	14	5	9	6	13	6	12	6	3
HUT & TOTALS •	63		64	65	64	62	64		64	37	51	410	807	531	307	115	185	154	202	122	273	161	79
8:00																							
WISN REG/BKBL/DORIS	22	35	22	24			21	32	31	43	33	137	250	191	99	27	47	45	69	52	89	43	14
34 CANNON	22	34			19	20	20	30				129	224	181	98	21	40	42	71	58	95	40	12
WITI WED MOV-WEEK	16	24	14	16	19	11	15	23	27X	25	26	97	181	134	85	42	62	44	55	23	73	49	32
WMVS THEATER-AMERCA	1	1	2	-.5	1	1	1	2	2	2		7	7	7	4	1	3	3	3	1	4	3	
WTMJ REG/BOB HOPE SPCL	24	37				29	24	36	31	18	31	154	292	200	122	49	74	69	83	48	113	66	23
123 LUCAS TANNER	22	34	24	21	21		22	33				140	271	178	114	51	72	69	83	42	103	61	23
WVTV 8 OCLOCK MOV	5	8	3	8	5	2	4	7	8X	8	8	32	58	42	18	11	15	11	13	3	15	12	5
HUT & TOTALS •	65		64	70	66	64	66		64	42	58	427	788	574	328	130	201	173	222	127	294	173	74
8:30																							
WISN REG/BKBL/DORIS	23	35	23	26			22	33	32	42	33	141	255	196	101	28	50	49	71	51	91	46	14
34 CANNON	22	34			19	20	20	30				129	225	183	100	22	43	46	75	57	98	43	10
WITI WED MOV-WEEK	15	24	15	16	19	11	15	23	27X	24	26	96	181	135	86	41	62	45	56	24	73	49	31
WMVS THEATER-AMERCA	1	1	2	-.5	1	1	1	1	2	2		7	7	6	4	1	3	3	3	1	4	3	1
WTMJ REG/BOB HOPE SPCL	24	36				30	23	35	30	20	29	152	283	198	121	48	73	68	82	48	112	65	22
123 LUCAS TANNER	22	33	24	21	21		22	32				138	259	173	111	51	71	67	91	40	101	61	21
WVTV 8 OCLOCK MOV	6	8	3	7	5	2	4	7	8X	9	8	32	55	40	16	9	14	10	12	2	15	12	5
HUT & TOTALS •	65		65	70	66	64	66		64	43	59	428	781	575	328	127	202	175	224	126	295	175	73
9:00																							
WISN REG/MILW BUCK BKBL	18	30	25				17	27	28	48	40	109	192	156	71	26	44	37	51	27	69	42	15
234 MANHUNTER	15	24		12	16	14	14	23				93	176	144	71	26	45	33	47	26	67	41	20
WITI REG/ADAMS-LAKE	14	23			13		14	23	25	21	20	92	165	118	73	34	52	45	57	21	66	45	21
124 CHRISTIE LOVE	15	24	13	15		16	15	23				96	176	122	73	39	55	47	56	18	64	45	24
WMVS THEATER-AMERCA	1	1	1	-.5	2	-.5	1	1	2	2		5	7	6	4		1	2	3	3	3	1	1
WTMJ REG/SNDARG-LINCOLN	25	42	18				25	40	37	18	28	160	259	221	133	47	77	69	87	56	122	68	22
234 PETROCELLI	28	46		28	24	30	27	44				173	287	247	147	55	89	75	93	58	132	77	28
WVTV 8 OCLOCK MOV	6	9	3	7	5	3	4	7	8X	7	8	32	58	41	17	8	14	11	13	3	15	12	4
HUT & TOTALS •	61		62	63	61	62	62		61	46	60	398	691	542	298	115	188	164	211	115	274	168	63
	1	2	49	50	51	52	3	4	38	39	40	5	6	7	8	9	10	11	12	13	14	15	16

N.B. All data should be used recognizing the sampling error described in Section IV. In addition, 4-week average audience estimates equal to or less than the level shown on the threshold lines have a relative standard error in the range of 25.49% or 50+% at the one standard error level. For additional relative standard error thresholds, including R.S.E. for audiences based on less than 4 weeks, see Table B.

Footnotes: For explanation of symbols, see inside back cover and last page.

Feb.-Mar. 1975

MILWAUKEE, WI

TIME PERIOD AUDIENCES

AVERAGE QUARTER-HOUR AUDIENCES — STATION TOTALS (000)

MEN					TEENS		CHILDREN		WOMEN			MEN			TEENS	CHILDREN
TOTAL	18-34	18-49	25-54	25-64	TOTAL 12-17	GIRLS	TOTAL 2-11	6-11	TOTAL	18-34	18-49	TOTAL	18-34	18-49	TOTAL 12-17	TOTAL 2-11
17	18	19	20	21	23	24	25	26	27	28	29	30	31	32	33	34
12	14	13	11	11	13	11	21	18	7	6	3	2	5	3	5	6
3	4	3	3	3	3	3	5	5	LT	1	1	LT	1	1	1	2
69	26	44	42	51	32	15	70	42	11	13	12	11	10	11	12	18
71	23	46	45	54	41	26	61	42	15	19	17	11	9	11	17	17
51	21	34	27	38	28	15	34	28	10	10	10	8	8	8	12	9
8	1	2	2	3					1		1	1				
84	26	44	40	53	43	26	82	57	20	17	17	13	10	10	17	23
12	4	5	3	8	3	2	6	4	2	2	1	2	1	1	1	1
224	78	129	114	153	106	58	192	131	43	41	41	35	30	30	42	52
76	30	50	43	55	32	16	66	41	11	11	11	12	12	12	17	18
79	28	50	47	60	38	26	65	44	16	18	17	13	11	12	16	18
46	21	32	27	35	22	14	25	24	11	14	13	7	8	7	9	7
4	1	2	2	2					1			1				
81	23	41	30	50	42	23	83	58	20	16	17	13	9	9	15	23
17	6	9	5	13	3	1	3	2	2	2	2	2	2	2	1	
224	81	134	116	152	99	54	177	125	44	43	42	35	31	31	38	48
92	27	50	44	66	26	8	33	26	15	10	11	15	11	12	10	9
83	19	36	39	66	21	9	22	17	14	8	10	13	8	9	9	6
49	21	34	29	37	28	18	19	18	13	16	15	8	8	8	12	5
3	1	1	1	1					1		1					
78	29	48	42	54	35	22	57	45	18	19	17	13	11	12	14	15
64	27	40	38	49	32	19	61	47	17	19	17	10	10	10	13	17
24	9	16	13	17	8	2	8	7	2	3	3	4	4	4	3	2
246	87	149	129	175	97	50	117	96	48	48	47	39	34	36	38	32
95	29	52	48	70	29	9	30	25	15	11	12	15	12	13	11	8
83	20	36	39	66	21	9	21	16	15	9	10	13	8	9	9	6
49	21	35	31	39	27	18	19	18	13	16	14	8	8	8	12	5
2					1	1			1		1					
77	28	47	42	54	34	21	51	41	18	18	17	12	11	11	14	14
62	27	39	37	48	32	18	54	42	17	19	17	10	10	9	13	15
24	8	16	14	18	9	2	6	5	2	3	3	3	3	3	3	2
247	86	150	135	181	100	51	106	89	48	48	47	39	34	36	39	29
85	33	57	49	65	24	10	12	7	10	10	11	13	13	14	10	3
73	25	45	40	55	20	8	12	6	10	10	11	11	10	11	8	3
45	16	31	28	36	29	17	18	15	10	12	12	7	7	8	12	5
49	16	33	31	39	35	20	19	16	11	14	13	8	6	8	14	5
2					1	1			1							
88	28	51	43	62	24	10	14	13	20	18	18	14	11	12	10	4
100	32	60	51	72	25	10	15	15	22	22	21	16	13	14	11	4
24	10	17	14	17	11	1	6	5	2	3	3	4	4	4	4	2
244	87	156	134	180	89	39	50	40	43	43	44	38	34	37	36	13
17	18	19	20	21	23	24	25	26	27	28	29	30	31	32	33	34

TIME BREAK ADJACENT QUARTER-HOUR AUDIENCES

TIME BREAK STATION	% METRO HOUSE HOLD RATING	% DMA HOUSE HOLD RATING	STATION TOTALS (000) TOTAL HOUSE-HOLDS	WOMEN TOTAL	WOMEN 18-49	MEN TOTAL	MEN 18-49	TEENS TOTAL 12-17	CHILDREN TOTAL 2-11
	1	3	5	8	10	17	19	23	25
	2	2	12	13	14	12	13	13	21
	1	LT	3	3	3	3	3	3	5
7:00									
WISN	14	14	91	63	36	50	29	19	42
WITI	14	13	85	58	36	49	31	23	34
WMVS	••	••							
WTMJ	22	21	142	110	53	75	36	25	50
WVTV	7	6	45	27	20	24	17	11	32
	55	56	369	261	147	203	114	78	158
7:30									
WISN	18	18	115	72	47	72	47	32	67
WITI	15	14	92	71	48	48	33	25	31
WMVS	1	1	9	5	2	6	2		
WTMJ	28	27	174	139	74	82	42	43	83
WVTV	4	3	23	13	7	15	8	3	5
	62	63	413	299	178	223	132	103	186
8:00									
WISN	20	20	125	88	49	83	49	29	50
WITI	15	15	95	82	58	49	33	26	21
WMVS	1	1	7	4	2	4	2		
WTMJ	26	25	162	128	73	80	45	39	70
WVTV	5	4	28	16	12	21	13	6	5
	64	65	417	318	194	236	142	100	146
8:30									
WISN	23	22	139	100	49	93	51	28	31
WITI	15	15	96	86	62	50	35	27	20
WMVS	1	1	7	4	3	3	1	1	
WTMJ	24	24	153	121	74	77	47	35	54
WVTV	5	4	32	17	14	24	16	8	7
	65	66	427	328	202	247	150	99	112
9:00									
WISN	21	20	125	85	46	91	55	27	21
WITI	15	15	94	79	57	46	32	29	19
WMVS	1	1	6	4	2	2		1	
WTMJ	25	24	156	126	75	83	49	29	33
WVTV	6	4	32	17	14	24	17	10	6
	63	65	413	311	194	246	153	96	79
	1	3	5	8	10	17	19	23	25

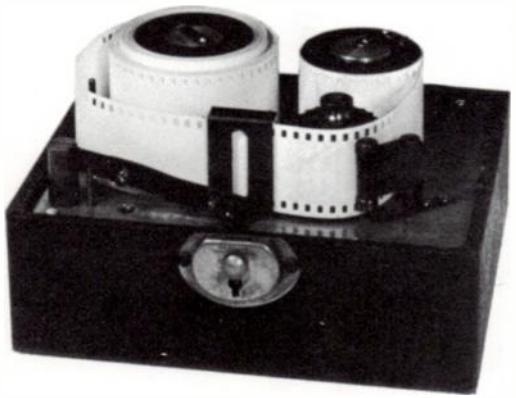
N B. The user is reminded that where sample size permits reporting of DMA Weekly Ratings (Cols. 49-52), these data are based on comparatively small samples and the user should take into consideration the inherent sampling error between weeks. For statistical tolerances applicable to differences in ratings or HUT between weeks, see the NSI Reference Supplement

Footnotes for explanation of symbols, see inside back cover and last page.

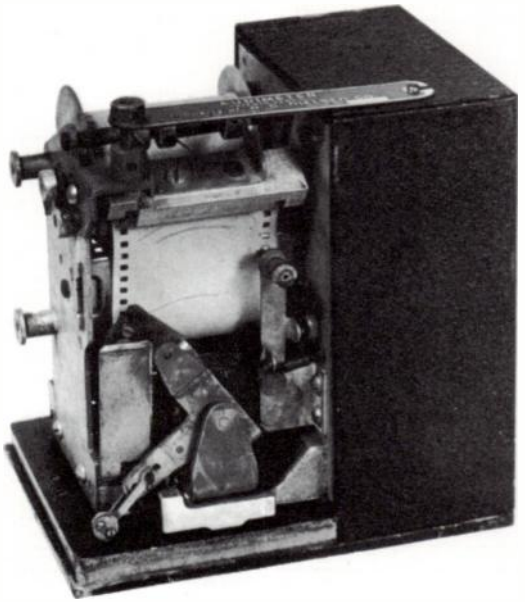
11.8 Audimeters Through the Years

Obsolete Nielsen meters since 1936 show the progress of mechanical devices in measuring broadcast audiences. The early Audimeters contained a 16mm film cartridge that traveled at one inch per hour. A beam of light on the film was triggered every time the set was turned on and off, and so cumulative time of set use was actually "photographed" on the film. The light beam also moved from left to right, and when decoded, the film revealed set tuning. Once a week the cartridge had to be replaced and mailed to Nielsen headquarters for decoding.

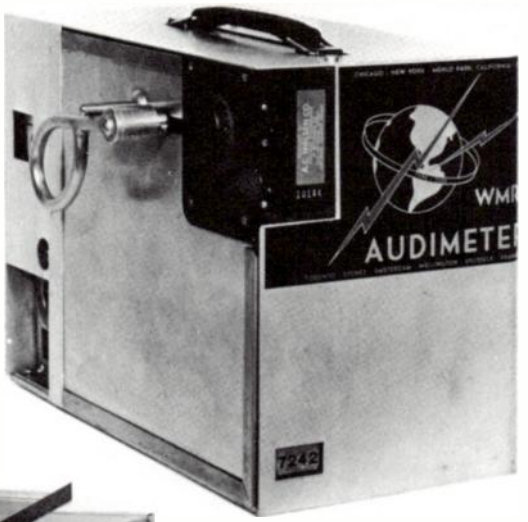
1936



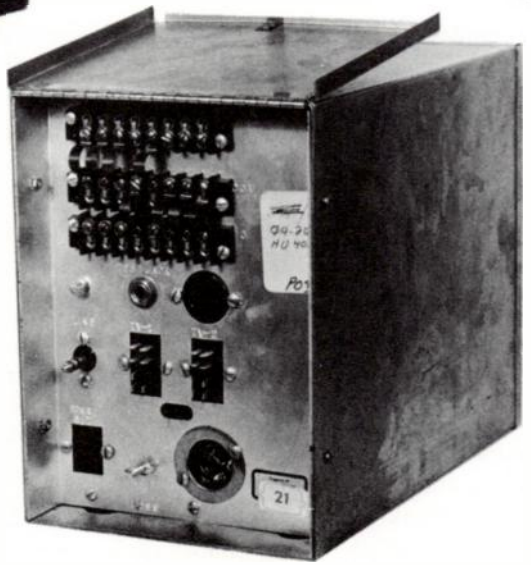
1942



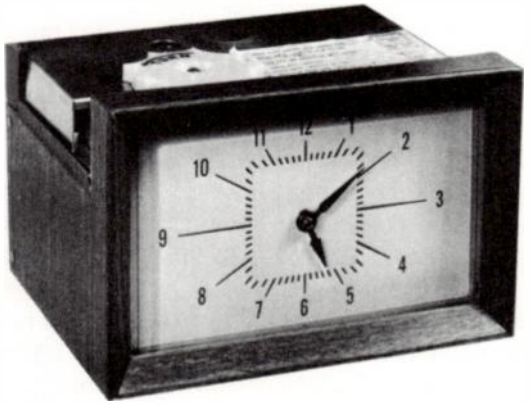
1950



1956



1964



1969

Thursday and run for seven days. Years ago, both Nielsen and Arbitron sent out diaries that began with Monday entries. It was discovered that a diary-keeping fatigue factor set in by Saturday or Sunday, and thus, on the weekends, the diaries only reflected a portion of total viewing. Since weekend time is so important to both programers and advertisers, the start date for the diaries was changed. Reported weekend viewing levels promptly went up. Like Arbitron, Nielsen usually encloses two quarters with each diary as a little extra incentive. The placement of diaries, however, is predicated on a plea that cooperation provides an opportunity to express likes and dislikes and to help the TV industry better understand viewers' preferences.

Households in the 18–25 age group account for the poorest return rate of diaries; the ones in the 35–49 age group have the best cooperation rate. The higher both the education and the income level, the more conscientious family members are in completing diary entries. Not all the diaries will be returned, obviously, and so Nielsen must oversample in order to obtain an adequate sample—particularly in poor urban areas where the return rate is very low. The diaries are checked, and unless all the days are filled in (no viewing is an acceptable entry), the diary is rejected. All the handwritten entries must be keypunched for computer digestion. In approximately two weeks, the first of the NSI reports will be ready to mail to subscribers, and generally they are all distributed within five weeks. Television stations pay approximately 80 percent of the cost of the NSI reports. The rates charged are based on market size, the number of reports issued each year, and the station's rate card. The costs to advertising agencies, which are proportionately much less for the same reports, are based on a sliding scale related to the agency's spot expenditures.

The NSI report, called *Viewers in Profile,* contains the following basic information: each station's average quarter hour audience throughout the week broken down in terms of Metro Area, DMA, ratings, shares, total households, total persons, and demographic (age and sex) breakouts (see 11.7). Additional information includes an Alphabetical Program Index that allows a user to find a specific program quickly; a Share Trend Guide that details seasonal variations for a program continuing in the same time period; and audience estimates that indicate the number of viewers per DMA Household Rating Point. Program Audience Averages are also reported, and they indicate viewing levels for regularly scheduled programs. For example, a program stripped at 2:00 P.M. Monday through Friday may, for one reason or another, have higher ratings on a Tuesday than on any other day of the week. All these data expedite the work of time buyers who constantly consult the rating books. At the front of each NSI, there is detailed information on the size and makeup of the sample, plus basic information on numbers of households with color TV, multi-set, UHF, and cable TV. Statistical tolerances and relative error (part of the "boiler plate") are explained in detail for those who read and understand the fine print.

Nielsen Television Index

A second and totally separate service provided by Nielsen is the *Nielsen Television Index* (NTI). It is issued on a year-round basis and reports a national sample's viewing patterns to television network programs. The sample consists of approximately 1200 households, distributed across the United States, whose viewing habits are projected to a national population of over 68 million households. How can this be? The Nielsen company explains it this way:

> Try this interesting experiment. (Hypothetically—unless you happen to have 100,000 beads handy). Imagine 100,000 beads in a washtub; 30,000 red and 70,000 white. Mix thoroughly, then scoop out a sample of 1,000. Even before counting, you'll know that not all beads in your sample are red. Nor would you expect your sample to divide exactly at 300 red and 700 white.
>
> As a matter of fact, the mathematical odds are about 20 to 1 that the count of red beads will be between 270 and 330—or 27 percent to 33 percent of the sample.
>
> So, in short, you have now produced a "rating" of 30, plus or minus 3, with a 20 to 1 assurance of statistical reliability.
>
> These basic sampling laws wouldn't change even if you drew your sample

of 1,000 from 68 million beads instead of 100,000—assuming that the 68 million beads had the same ratio of red and white.

This is a simple demonstration of why a sample of 1,000 is just as adequate for a nation of 68-million households as for a city of 100,000.[5]

Estimating the error factor is strictly a matter of satistical probability. The amount of error could be reduced, of course, if the sample size were increased—but here the cost factor becomes critical. If the NTI estimate of error were to be reduced 50 percent, sample size would have to be quadrupled. Costs would soar, and the networks and advertisers who pay for the research obviously do not consider it that essential. Professionals in the business understand that the audience research companies provide *estimates,* not exact numbers. What are important are the trends—the performance of the network programs on a week-to-week basis. If a prime time program drops two rating points in a week, statistical error is such that this drop means nothing. If, however, the program drops two rating points every week for six weeks, it's a safe guess the series is headed for the film vaults.

The methodology and sample selection procedures for the NTI are particularly interesting. Until 1973, the 1200 homes that made up the sample were all equipped with an Audimeter attached to each TV set. Every two weeks, households had to replace the cartridge and mail the used one to Nielsen headquarters. The two quarters that dropped from the Audimeter into the hand of the person changing the cartridge provided incentive—especially with youngsters in the house.

By 1974, all the homes in the NTI sample were switched to a Storage Instantaneous Audimeter (SIA), a new system that eliminated the need to shuffle film cartridges back and forth in the mails (11.9). Participation in the sample now requires no effort at all on the part of cooperating families. Each TV set is equipped with a device about the size and shape of a cigar box, and it is wired directly to Nielsen's office in Dunedin, Florida, via telephone lines. The same kind of data is recorded (time of set on, channel tuning, and set off), but it is stored in a small computer. Twice every 24 hours, Nielsen "calls" and interrogates each set equipped with the SIA and receives a readout. Data from the entire sample of approximately 1200 homes can be collected in slightly less than two hours. This new system greatly speeds up the NTI reports, and clients may receive preliminary information the next morning, including average audience ratings, share of audience, and station count and circulation for each program's total duration by each half hour. Households using television are also reported for each half hour as a percentage figure.

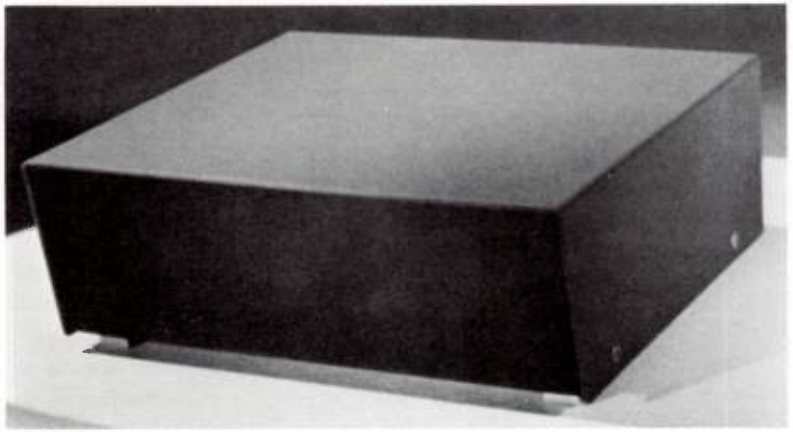
Mechanical devices, of course, do not record viewing—only set tuning. Who's watching? That's the critical question. To obtain the answer, the NTI uses a matched sample drawn from 2400 households. For every home equipped with a Storage Instantaneous Audimeter, there are two homes in a matched sample that provide audience composition data for viewership of network programs. During specified weeks, Nielsen asks participating households to keep a diary of family viewing by each quarter hour, and in addition, a Recordimeter is attached to each household set (11.9). The Recordimeter is a device that measures cumulative set use. Also cigar-box size, it operates something like the speedometer in a car. Digital numbers are displayed, and one digit turns over for every six minutes the set is in use. Households in the Recordimeter sample have the device in use all year, but they are only asked to keep diaries for 34 weeks. The number showing on the Recordimeter is to be entered at the top of each day's diary. When the TV set is in use, a signal is emitted every 30 minutes as a reminder to keep up diary entries. The cumulative viewing time decoded from the Recordimeter is checked against the diary as verification of total viewing. From this matched sample, Nielsen issues the NTI's *National Audience Composition Reports* that indicate program performance for the number of persons (by sex and age) who viewed during the average minute. Because programs appeal to different kinds of households, NTI also issues a *Market Section Audiences Report* that enumerates

[5] *Everything You've Always Wanted to Know About TV Ratings* (Northbrook, Illinois: A. C. Nielsen Company, n.d.), p. 13.

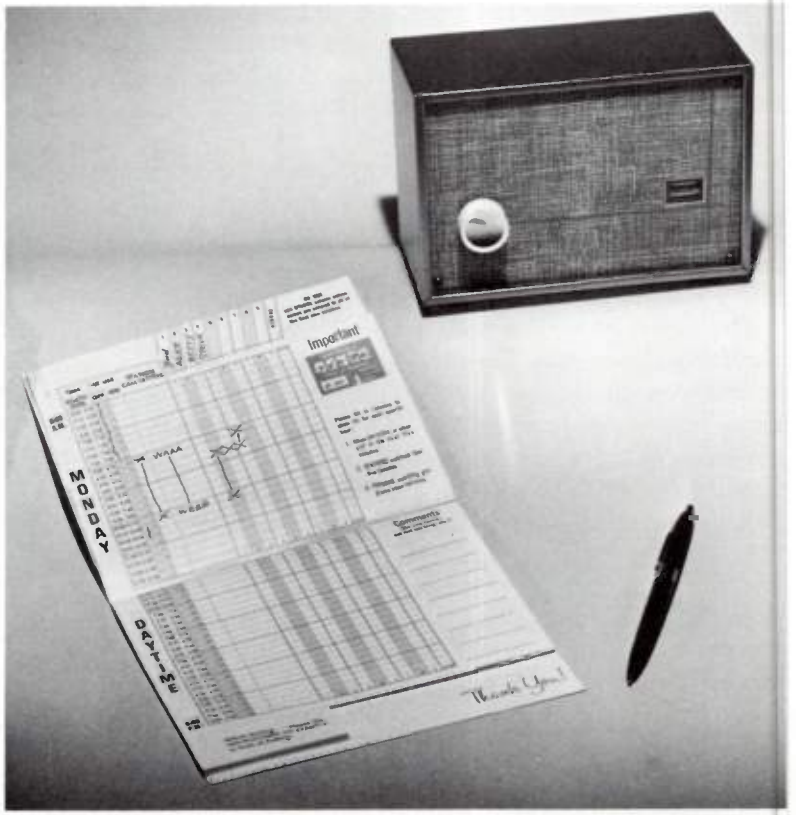
the makeup of network audiences in terms of age of man of the house, age of woman of the house, household income, education of head of household, occupation of head of household, and number and age of children.

How are the all-important 1,200 households—in cities, towns, and farms—selected by Nielsen for inclusion in the NTI sample? U.S. Census records of all households in the U.S. are the basis for establishing survey areas, and the sample is then selected from these areas.

11.9 Storage Instantaneous Audimeter and Recordimeter



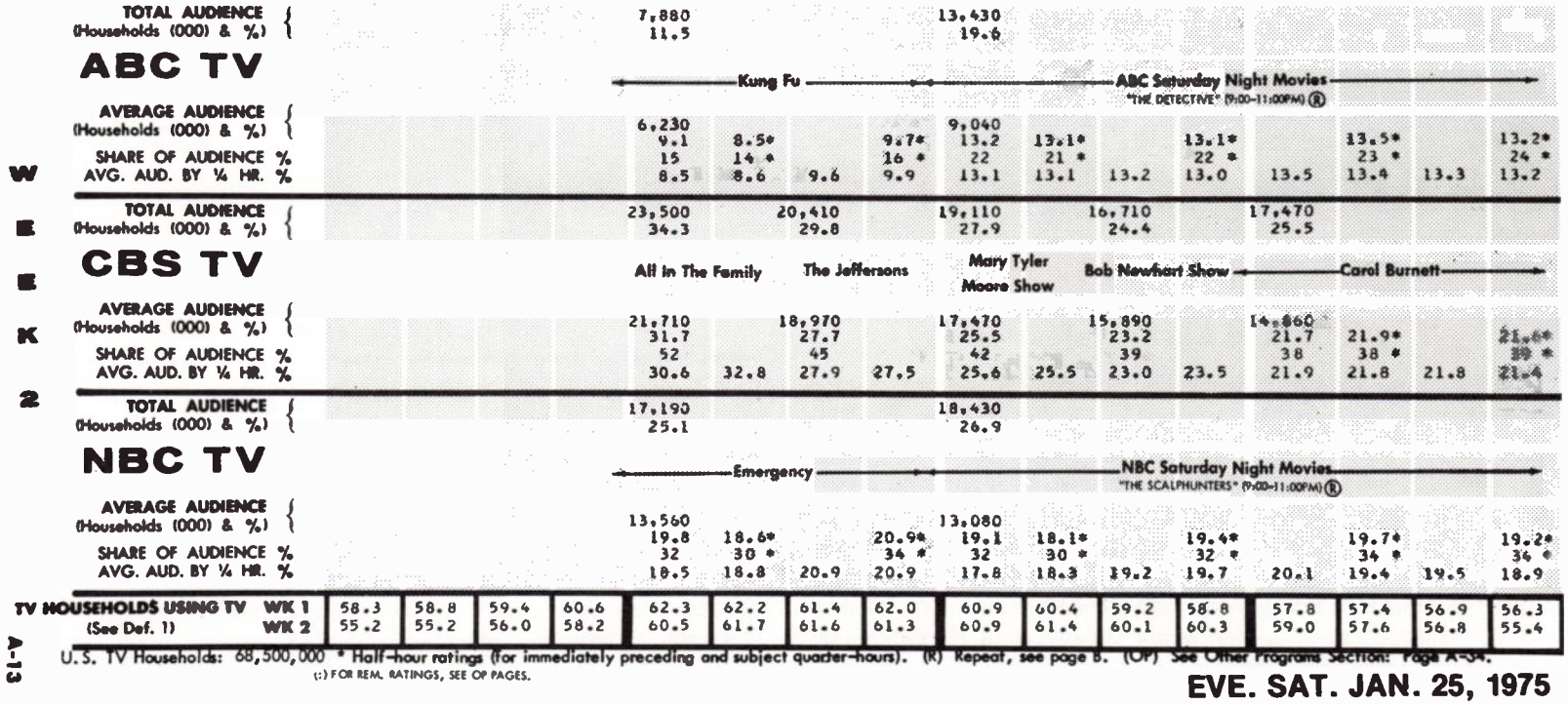
The Storage Instantaneous Audimeter (above) measures all household TV set usage, channel by channel, and stores the information in its electronic memory. At least twice a day, an NTI Central Office computer dials up each one of the approximately 1,200 sample households and retrieves the information via special telephone lines.



NTI uses Recordimeters and Audilog diaries (right) to determine who is viewing television. The Recordimeter readings are entered into the Audilog as a verification of TV set usage. A sample of 2,400 households provides demographic information that accompanies the set usage data reported by the SIA households.

11.10 Sample NTI Report

NTI's national television audience estimates are made available to clients via daily teletype and a number of printed reports. This sample page from the biweekly *National TV Ratings Reports* shows comparative household ratings for Saturday evening network programs.



	TOTAL AUDIENCE (Households (000) & %)					7,880 11.5				13,430 19.6							
	ABC TV					← Kung Fu →				← ABC Saturday Night Movies → "THE DETECTIVE" (9:00–11:00PM) (R)							
	AVERAGE AUDIENCE (Households (000) & %)					6,230 9.1	8.5*		9.7*	9,040 13.2	13.1*		13.1*		13.5*		13.2*
	SHARE OF AUDIENCE %					15	14 *		16 *	22	21 *		22 *		23 *		24 *
W	AVG. AUD. BY ¼ HR. %					8.5	8.6	9.6	9.9	13.1	13.1	13.2	13.0	13.5	13.4	13.3	13.2
	TOTAL AUDIENCE (Households (000) & %)					23,500 34.3		20,410 29.8		19,110 27.9		16,710 24.4		17,470 25.5			
E	**CBS TV**					All in The Family		The Jeffersons		Mary Tyler Moore Show		Bob Newhart Show		← Carol Burnett →			
	AVERAGE AUDIENCE (Households (000) & %)					21,710 31.7		18,970 27.7		17,470 25.5		15,890 23.2		14,860 21.7	21.9*		21.6*
K	SHARE OF AUDIENCE %					52		45		42		39		38	38 *		39 *
	AVG. AUD. BY ¼ HR. %					30.6	32.8	27.9	27.5	25.6	25.5	23.0	23.5	21.9	21.8	21.8	21.4
2	TOTAL AUDIENCE (Households (000) & %)					17,190 25.1				18,430 26.9							
	NBC TV					← Emergency →				← NBC Saturday Night Movies → "THE SCALPHUNTERS" (9:00–11:00PM) (R)							
	AVERAGE AUDIENCE (Households (000) & %)					13,560 19.8	18.6*		20.9*	13,080 19.1	18.1*		19.4*		19.7*		19.2*
	SHARE OF AUDIENCE %					32	30 *		34 *	32	30 *		32 *		34 *		34 *
	AVG. AUD. BY ¼ HR. %					18.5	18.8	20.9	20.9	17.8	18.3	19.2	19.7	20.1	19.4	19.5	18.9
	TV HOUSEHOLDS USING TV (See Def. 1)	WK 1	58.3	58.8	59.4	60.6	62.3	62.2	61.4	62.0	60.9	60.4	59.2	58.8	57.8	57.4	56.9	56.3
		WK 2	55.2	55.2	56.0	58.2	60.5	61.7	61.6	61.3	60.9	61.4	60.1	60.3	59.0	57.6	56.8	55.4

U.S. TV Households: 68,500,000 * Half-hour ratings (for immediately preceding and subject quarter-hours). (R) Repeat, see page B. (OP) See Other Programs Section: Page A-34.

(:) FOR REM. RATINGS, SEE OP PAGES.

EVE. SAT. JAN. 25, 1975

A-13

Nielsen uses an area probability sample, and field surveyors are sent to computer-selected households where they explain the purpose of the research and ask for permission to install an audimeter. The cooperation rate is better than 70 percent. Compensation rates are modest and do vary. Cooperating families are ordinarily paid a minimum of $25 to have the meter installed, and Nielsen additionally agrees to pay half the cost of any TV set repair bills.

The NTI sample of 1200 has a forced turnover of approximately 20 percent each year. Thus some households are removed from the sample and new ones are added. This change prevents the sample from aging faster than the total population. In any event, no family is kept in the sample longer than five years. In addition to the forced turnover, natural attrition increases the percentage of sample change as a result of deaths, families that move, and some that no longer want to participate.

New York and Los Angeles SIA

Because New York and Los Angeles together represent approximately 15 percent of the nation's TV households, viewing activities in these two huge markets are terribly important to the networks, the local stations, and the advertisers. Here the Storage Instantaneous Audimeter has replaced the diary as the method of obtaining the local market report. Diaries from a matched sample are used to obtain audience demographics.

When the service, which is very costly to subscribers, was initially set up, it was largely underwritten by the independent TV stations in these markets. They were convinced that their audience levels were shortchanged in audience estimates based exclusively on diaries. Research, compiled from both diaries and meters, bears out that belief. Daytime and early and late fringe viewing are invariably underreported when diaries are compared to actual set tuning on meters. Meters also show that there is much more tuning to independent stations at all hours of the day than is ordinarily reported in diaries. Apparently the fatigue factor, wherein people either forget to fill in diaries or try to remember their viewing two days later, particularly work against the independent stations. When advertisers buy only by the numbers, and many of them do, these stations are often left out. The independent stations feel better equipped to fight the network affiliates for a share of the advertisers' dollars with a report based on meter readings. They have paid dearly for it, however, because they were the only ones willing to pay for the cost of this new methodology in the beginning. One independent station in Los Angeles was paying more than $40,000 per month until many of the other stations in that market subscribed to the service and helped share the cost. Other markets will undoubtedly become Nielsen SIA markets, if and when the stations are willing to underwrite the cost. In the meantime, they will continue to rely on the NSI and Arbitron reports compiled from diaries.

Conclusions

This chapter surveys the methodology and reports of the three major audience measurement companies. Through the years, other companies have flourished and then passed from the scene. Special continuing studies, like the Radio All Dimensional Audience Research (RADAR) that measures network radio listening, provide an important complement to the syndicated research of The Pulse, Arbitron, and Nielsen. All of this research has a far-reaching impact on the advertising industry, the public, and the broadcasting community.

For the advertisers, ratings are critical in the early media planning stages. Although media cost and efficiency factors are only a part of campaign development, they must be carefully weighed. Reliable data from all the media are necessary in order to formulate an effective strategy. In the subsequent time buying stage, advertisers would be hard put to make efficient investments without audience research data. With costs constantly rising, dollars for time buys must be very carefully spent.

For the broadcasters, audience research provides a tangible sales tool for an intangible medium. Proof of performance can be demonstrated, and it may determine whether or not a station (or network) lands an advertising order. For many stations, landing a few big orders makes the difference between a profitable operation or red ink at year's end. Station and network rates are predicated, in large measure, on audience size and composition. For all these reasons, audience estimates should reflect listening and viewing patterns as accurately as humanly and economically feasible. Sometimes a rating report will not list a rating for a particular program and will note that the audience is "below minimum reporting standards." This should not be interpreted to mean that no one is listening or watching; there is *some* audience for almost any kind of program. Accumulating mass audiences may not be possible for certain kinds of programs at certain times of the day. Although these shows may not be of viable commercial size for most advertisers, they should not necessarily be written off by the broadcasters.

For the nation's audiences, the ratings are of great importance because so many programing decisions are largely based on the popularity polls that they reflect. The viewing and listening public's stake in these decisions is obvious, and thus accurate research is clearly in the public interest.

11.11 How Do We Know They (1) Said What They Did? (2) Did What They Said They Did?

The Broadcast Rating Council

Confidence and credibility are essential for all the rating services. Because so many decisions, often involving millions of dollars, are based in part on the little numbers printed in the rating books, the broadcast advertising industry must be able to rely on that information being accurate. The obligation for reliability in audience measurements falls to the rating services themselves and also to the Broadcast Rating Council (BRC).

In 1963, following a Congressional committee investigation that revealed a number of weaknesses and serious shortcomings in audience measurements, industry leaders organized the BRC. The job of the BRC is to *monitor, audit,* and *accredit* the various rating companies. It has established minimum standards of performance and has also developed a procedure to check adherence to these standards. Companies that meet the standards are awarded BRC accreditation.

The most important and time-consuming work of the BRC is the auditing of the various audience research companies. Independent certified public accounting firms are retained by the BRC to:

1. Check the sample design, the universe sampled, and other initial specifications in the research methodology.
2. Check the implementation of the sample and the extent to which the predesignated sample is achieved.
3. Check the interviewers, their experience, training, and supervison, and the controls placed on them.
4. Verify the fieldwork of interviewers and confirm a company's internal verification procedures.
5. Check the procedures for handling questionnaires from the time of receipt through final data processing.
6. Audit the editing and coding of data and the controls used to guard against errors of omission or commission.
7. Examine data processing, weighting procedures, keypunch verifications, computer programs, and so on.
8. Check published reports and procedures to ascertain the reliability of printed output.

Costs for the audits are borne by the rating companies, and in 1974, for example, the price tag was $230,000. The result of these auditing labors, however, have been audience estimates that meet (and exceed) the minimum standards of the Broadcast Rating Council.

11.12 Glossary of Basic Research Terms Pertaining to Broadcast Audience Estimates

Audience A group of households or a group of individuals that are counted in a television or radio audience according to any one of several alternative criteria.

Audience measurements are generally expressed in two ways: as percentages, in which case they are called ratings, and as absolute quantities, in which case they represent either a number of households or a number of individuals.

Audience Composition A term that refers to a classification of the individuals or the households in a television or radio audience into various categories. Common categories for individuals are age and sex groupings (e.g., men, women, teenagers, and children). Common categories for households are based on the number of members of the household, age or education of the head of household, household income, and so forth.

Circulation Area Conceptually, a geographic area within which a television or radio station actually obtains audiences.

A circulation area for a television or radio station is often described in terms of a group of counties, or, perhaps, a group of minor civil subdivisions. One commonly used criterion for inclusion in such a circulation area is whether at least some specified percentage (e.g., 5 or 10 percent) of the households or the individuals in the county, or the minor civil subdivision, is estimated to be in the audience of that station during a specified period of time.

A circulation area is defined on a "do-receive" basis and should not be confused with a coverage area which is defined on a "can-receive" basis.

From *Standard Definitions of Broadcast Research Terms.* (Washington, D.C., National Association of Broadcasters, 1970). Reprinted by permission of the National Association of Broadcasters.

Cost Per Thousand The ratio of the cost of a television or radio advertisement (in dollars) to a number of households (in thousands) or to a number of individuals (in thousands) estimated to be in the audience at the time the advertisement is broadcast. The term is more fully referred to as "cost per thousand households (or homes)" or as "cost per thousand viewers." Often abbreviated CPM.

Not all cost per thousand ratios are comparable. Some ratios may be computed by using all households or individuals in an audience, while others may be in terms of some specified subgroup, such as the number of households with children, or the number of teenagers in an audience. Further, while a ratio may be computed for a single announcement, the announcement may be a 20-second, 30-second, or full minute commercial. In addition, the ratio may be expressed per commercial minute of advertising, rather than per announcement. For example, the cost per thousand households for an entire television program is sometimes divided by the number of minute-long commercials on that program to arrive at a ratio called the "cost per thousand per commercial minute."

Coverage Conceptually, the number of households or individuals, regardless of where located, that are able to receive a given television or radio station, or group of stations.

Coverage is measured on the basis of a survey, which may determine reception either by field tests of television sets or radios that ascertain whether a station can be received, or by interviews with persons that ask them whether they can receive a station.

When coverage figures are given for a limited geographic area rather than on the basis of "regardless of where located," the limited area should be clearly stated.

Coverage, as defined, is on a "can-receive" basis and should not be confused with circulation which is defined on a "do-receive" basis.

Cumulative Audience A term that refers to the net size of a television or radio audience during two or more time periods. That is, a

household or an individual will be counted as part of a cumulative audience only once even though the household or the individual appears in audiences during two or more time periods. Also called "net audience" or "unduplicated audience."

One may compute a cumulative audience figure for time periods during the same day, on different days within a week, or over a period of several weeks.

Cumulative audience figures are often used as a measure of the circulation of a network or a station and as a measure of the reach of a television or radio program, or group of programs. The concept of cumulative audience also may be used for different combinations of media. In all cases duplications are eliminated in the computations.

Frame A list, file of cards, map, or some other form that identifies all sampling units that are to be given some chance of appearing in a statistical survey, and also describes the location of these sampling units. One frame commonly used is a set of telephone directories. Another is a set of maps showing housing units.

A frame provides a working definition of the statistical population in a study, and a means of access to the elementary units selected for study. However, in practice a frame may only represent a statistical population imperfectly. That is, a frame may be subject to various imperfections such as incompleteness, or duplication, or both.

A frame is as essential for a complete census as it is for a sample study.

Frequency The average number of time periods, out of a set of specified time periods, in which households or individuals are in the audience of a given television or radio network, station, or program. This type of average is normally computed only for those households or individuals that are in the audience during at least one of the time periods. Also referred to as "average frequency."

Gross Rating Points The simple total of television or radio ratings during two or more time periods, or for two or more programs. Normally this sum should be taken only of ratings with the same base.

Gross rating points represent the size of a gross audience expressed as a percentage of the base used in developing the particular ratings included in the gross total. Thus, multiplying gross rating points by that base yields a gross audience figure.

Households Reached The number of households that are estimated to be in the audience of a television or radio network, station, or program during a specified period of time, regardless of where located. Also called, inexactly, "homes reached."

Households-Using-Television Rating A type of rating for televison in general, rather than for a specific network, station, or program. The base is households with one or more television sets, in a specified area. A households-using-television rating shows the percentage of these households that are estimated to be in the audience of any one of a group of television stations, at a specified time.

The term "households using television" without the word "rating" attached should be used to refer to the actual number of households in television audiences rather than to this number expressed as a percentage.

A household should be counted as using television only once in the computation of this type of rating even if it is using two or more television sets simultaneously.

Often referred to as "HUT rating." Also called, inexactly, "homes-using-television rating." A households-using-television rating should not be referred to as a "sets-in-use rating."

Individuals Reached The number of individuals that are estimated to be in the audience of a television or radio network, station, or program during a specified period of time, regardless of where located.

Rating The size of a television or radio audience expressed in relative or percentage terms.

A rating represents a percentage of some base. This base must always be stated explicitly. The base may be a number of households or a number of individuals, but in any case a rating shows the percentage of this number that is estimated to be in a television or radio audience.

A number of different types of ratings are widely used. First of all, there are several alternative criteria used for counting a household or an individual in, or out of, a television or radio audience. Second, ratings may measure the audience of a network, or of a station, or of a program, or of a group of stations or programs. Third, ratings may represent only audiences in homes, or audience in homes and away from home as well—for example, radio audiences in automobiles. Fourth, ratings may reflect audience at an instant in time, average audience over several points in time, or an accumulation of audiences over several points in time. Hence, any rating must be accompanied by a careful definition of the nature of the audience that it measures. (Five different kinds of ratings are defined below.)

1. *Average Audience Rating* A type of rating computed for some specified interval of time, such as for the length of a television or radio program or for a 15- or 30-minute period.

Conceptually, it is possible to compute a rating as of any given instant, or point in time. An average audience rating may be thought of as the average of such instantaneous ratings over a number of points in time. In all cases, exactly which values are used in computing the average must be made clear.

Thus, this type of rating is more precisely called an "average instantaneous-audience rating," though in practice the terms "average audience rating" and "average minute rating" are more frequently used.

In practice, average audience ratings are almost always calculated from sample data collected either by coincidental interviews or by meters.

2. *Instantaneous-Audience Rating* The size of a television or radio audience as of a given instant, or point in time, expressed as a percentage of some specified base.

3. *Metro Rating* A rating computed for the households or the individuals in a well-defined metropolitan (metro) area.

The term should normally be used to refer to a rating computed for a standard metropolitan statistical area, as defined by the U.S. Bureau of the Budget. However, sometimes it may be used to refer to a rating for an area that is geographically broader or narrower than the corresponding standard metropolitan statistical area, or to refer to a rating for an area for which no standard metropolitan statistical area at all has been defined. In these cases, the special use of the term should be indicated.

4. *National Rating* Any rating calculated for a television or radio network or program over the United States. In general, this kind of rating shows the percentage of television or radio households, or the percentage of a group of individuals, that is estimated to be in the audience of a network or a program over a specified time.

The base for a national rating is normally all television or radio households, or all individuals, in the United States. In some cases, however, the base used for a national rating may be limited to all television or radio households, or all individuals, in those geographic areas to which a program is being broadcast. In such cases, the exact base to which the rating is projectable should be clearly stated, and the rating labeled "national rating (program area basis)" or "national rating (program station basis)."

5. *Total Audience Rating* A type of rating computed for some specified interval of time, such as for the length of a television or radio program or for a 15- or 30-minute period.

To be counted in the audience for purposes of a total audience rating, a household or an individual must be in the audience for some consecutive period of time during the interval (e.g., for five consecutive minutes or more). To calculate a total audience rating, the number of households or individuals that are counted in the audience is expressed as a percentage of some specified base. The base may be a group of television or radio households, or a group of individuals.

A total audience rating is commonly interpreted as a cumulation of instantaneous audiences, excluding, however, those that are in the audience for less than a specified time.

To the extent that it excludes those members of an audience that are in the audience for less than a specified time, a total audience rating reflects something less than what is literally the "total" audience.

In practice, total audience ratings are frequently calculated from sample data collected either by diaries, by recall interviews, or by meters.

Reach The number of households, or individuals, that are estimated to be in the audience of a given television or radio program, or group of programs, at least once over some specified period of time. Thus, reach is simply a term used to describe the cumulative audience of a program, or group of programs. The term is also used frequently to describe the cumulative audience of a commercial announcement or a series of commercial announcements, as well as that of programs. Also called "net reach."

Sample Elementary units that have been selected from a statistical population according to some specified procedure. By definition, a sample is intended to serve as a basis for generalizing to a statistical population.

A sample must be selected according to some sampling plan or sample design, which is a complete set of instructions on how to construct a frame, on how to define a sampling unit, and on how to choose sampling units from the frame for a survey.

There are many different methods of sampling, which result in different kinds of samples. (Six of the most common samples used in audience research are defined below.)

1. *Area Probability Sample* A probability sample for which the sampling units are well-defined geographic areas, for example, city blocks. It is also possible to choose a sample of areas on a nonprobability basis, but in this case the term "area sample" should not be applied without qualification.

2. *Cluster Sample* A type of probability sample. The distinguishing feature is that the sampling unit is defined as a group, or cluster, of elementary units, rather than as an individual elementary unit. A cluster sample is a simple random sample of clusters.

In a given survey, for example, clusters might be defined as groups of neighboring housing units, and a simple random selection of such groups would constitute a cluster sample.

Estimates based on a cluster sample will normally be subject to larger standard errors than estimates based on a simple random sample of the same number of elementary units. However, the extent of the difference between the two methods of sampling will depend on the extent to which the process of clustering results in clusters that are relatively homogeneous with respect to the characteristics of interest in a study. The more homogeneous clusters are, the larger is the standard error of an estimate based on a cluster sample. In any case, the standard error of each estimate based on a cluster sample can be ascertained by application of the appropriate formula.

A main advantage of a cluster sample, as opposed to a simple random sample of elementary units, is that it assures some geographic clustering of elementary units, and thereby assures some reduction in travel time and costs, which can, at least in part, be used to increase the size of the sample.

3. *Probability Sample* A sample drawn by a procedure that has the following properties: (1) selection of sampling units is from a frame and is accomplished mechanically, generally with random numbers, and (2) the probability of selection of any individual sampling unit, and of any combination of sampling units, is ascertainable from the nature of the procedure. Also called "random sample."

There are several different methods of probability sampling, which result in different kinds of probability samples.

The special feature of all methods of probability sampling is that they permit use of the theory of probability for the computation of limits on the margin of error that is attributable to the use of sampling, rather than attempting a complete census.

Use of probability sampling does not, in itself, guarantee a reliable result, nor one that is accurate or useful. Estimates based on a probability sample will be subject to nonsampling errors as well as to sampling error.

4. *Quota Sample* A particular type of nonprobability sample. In its design, quotas are set as to the number of respondents of various types that interviewers are to obtain. For example, quotas may be set for various geographic

areas, for various age and sex groupings, for different economic levels, and so forth. The aim in setting such quotas is to insure that the sample is distributed, with respect to these characteristics, in proportion to presumably known population totals.

Once quotas are set, they are generally assigned to interviewers to fill as best they can—by searching out people with the appropriate characteristics. No frame is employed, nor is the sample selected on a probability basis. Thus, in the selection of the sample, quota sampling is always a type of judgment or convenience sampling.

Setting quotas and then filling them by judgment, convenience, or otherwise, provides no assurance of a reliable and accurate sample result. The result of a quota sample will still be subject to some degree of sampling error with respect to the characteristics that the study is supposed to measure. In any case, there are no formulas for calculating standard errors for the results of a quota sample because there are no ascertainable probabilities of selection.

Quota sampling should not be confused with stratified sampling which is a method of probability sampling.

5. *Simple Random Sample* The simplest and most basic type of probability sample. It must be selected by a procedure that gives (1) every elementary unit equal probability of being selected for the sample, and (2) every possible combination of the predesignated number of elementary units to be chosen the same probability of being selected.

Other methods of probability sampling differ from simple random sampling only in that the probabilities of selection may vary from elementary unit to elementary unit, or from one combination of elementary units to another.

To select this type of sample in practical operation, one must first construct a frame that identifies every elementary unit individually. Thus, elementary units represent the possible sampling units. Then, with the aid of random numbers, sampling units are chosen one at a time from the frame until a predesignated number of elementary units are selected. Each selection must be in such a manner that all sampling units not previously selected for the sample have equal probability of being chosen. That is, each selection must be independent of previous selections except to the extent that previous selections are not given a chance to be reselected.

6. *Stratified Sample* A type of probability sample. The application of stratified sampling requires that sampling units be classified into various categories, or strata, according to one or more criteria; for example, according to geographic location, or according to size of household or according to both of these criteria. The over-all sample is divided among these strata for purposes of calculating estimates from the sample.

There are several versions of stratified sampling. For example, in some problems one will classify all sampling units in the frame before the sample is selected. Then one selects a simple random sample, of predesignated size, from each stratum. This is called stratification before selection. Another version of stratified sampling involves selecting a sample from the entire frame, after which all elementary units chosen for the sample are classified into strata. This is a form of stratification after selection.

Estimates based on a stratified sample will normally be subject to smaller standard errors than estimates based on a simple random sample of the same number of elementary units. However, the exact gain will depend on the extent to which the process of stratification results in strata that are relatively homogeneous with respect to the characteristics of interest in a study. The more homogeneous the strata are, the smaller is the standard error of an estimate based on a stratified sample. The gain from stratification will vary from an estimate of one characteristic to another. In any event, the standard error of each estimate based on a stratified sample can be ascertained by application of the appropriate formula.

Stratified sampling is a method of probability sampling and should not be confused with quota sampling where the final choice of sampling units is normally left to the interviewers.

Share of Audience Generally, the percentage of the aggregate television or radio audience in some specified area at some specified time that is in the audience of a given network, station, or program. Frequently referred to simply as "share."

A share may be computed on a household basis or on an individual basis. The base for a share on a household basis is normally households using television or radio in a specified geographic area, over a

specified time. Thus, a share on a household basis shows the percentage of those households using television or radio that are estimated to be in the audience of a given network, station, or program, over a specified time.

The base for a share on an individual basis is normally individuals using television or radio in a specified geographic area, over a specified time. The base may include all such individuals, or perhaps some specified group of individual persons (such as those who have attained a specified age) that are using television or radio. Thus, a share on an individual basis shows the percentage of these individuals using television or radio that are estimated to be in the audience of a given network, station, or program, over a specified time.

Turnover The ratio of a cumulative audience over several periods of time (e.g., four weeks) to the average audience per period of time (e.g., per week). This ratio serves as an indication of the relative frequency with which the audience of a program, or of a station, changes over a period of time. The greater the turnover in audience, the higher is the ratio.

11.13 FTC Guidelines Regarding Deceptive Claims of Broadcast Audience Coverage (Issued July 8, 1965)

The commission believes that . . . television and radio broadcasters, other persons selling advertising or broadcasting time or programs, advertising agencies, and advertisers should, in making claims based on survey results, or data, observe the following basic guidelines.

1. A person (or firm) making a claim concerning the size, composition or other important characteristics of a listening or viewing audience is responsible for seeing to it that the claim is truthful and not deceptive. If he bases his claim on the results of an audience survey, he assumes responsibility for interpreting the data accurately. Thus, he should not engage in activities calculated to distort or inflate such data—for example, by conducting a special contest, or otherwise varying his usual programming, or instituting unusual advertising or other promotional efforts, designed to increase audiences only during the survey period. Such variation from normal practices is known as "hypoing."

It is also improper to cite or quote from a survey report or survey data in such a way as to create a misleading impression of the results of the survey, as by unfairly basing audience claims on results achieved only during certain periods of the broadcast day or on a survey of only a segment of the total potential audience.

2. Audience data are based on sample surveys not derived from complete measurements of audiences. As such, they are statistical estimates, and, at best, are of only limited reliability due to errors and distortions inherent in the statistical methods yielding such data. Claims as to audience coverage based on audience surveys should therefore be qualified in recognition of the fact that survey data are inherently imperfect. Any such claim should be accompanied by a

disclosure that any figures cited or quoted are estimates only or are based upon estimates, and are not accurate to any precise mathematical degree unless based upon a true probability sample. Audience surveys are not in practice based upon true probability samples.

3. Such claims should not be based on data obtained in a survey that the person (or firm) making the claim knows or has reason to know was not designed, conducted, and analyzed in accordance with accepted statistical principles and procedures, reasonably free from avoidable bias and based on a properly selected sample of adequate size. Such claims should not be based on survey reports or data that do not reasonably reflect current audience coverage, either because the passage of time has made the data outdated, or because a later survey report encompassing essentially the same area has been published, or because of the entry or departure of a competitor, or for any other reason.

These guidelines are offered to broadcasters and others concerned for consideration in avoiding possible violation of the Federal Trade Commission Act.

Network Sales

Ulcer Gulch in Triplicate

12

There's a long shopping list of advertising media available to advertisers, and yet most major advertisers automatically gravitate to the broadcast media. For mass marketed consumer products and services, the television and radio networks offer many advantages, primarily instantaneous coverage of mass national audiences. In the history of advertising, no medium has ever been able to match consistently the broadcast media's phenomenal success in selling products and services. Advertising on networks additionally offers a quality environment for the manufacturer who wants to reach a large market quickly, efficiently, and successfully. Huge investments are made by the networks in their efforts to provide a variety of programing to various audiences and in turn deliver these audiences to advertisers. The business of buying and selling network time is a fascinating one. It is complicated by constantly fluctuating program schedules, shifting audience patterns, and the unpredictability of the competitive picture.

Television Networks

The average network show in prime time, according to the Nielsen Televison Index, delivers about a 17 percent rating on a yearly average basis. This figure translates to approximately 12 million homes and 26 million viewers. No other advertising medium has ever been able to deliver such huge audiences on such a regular day-in and day-out basis. As a result, television has been the number one medium for the top 100 advertisers for almost 20 years, and many of them invest more than 90 percent of their advertising budgets in TV. About 500 advertisers invest in network TV, but the greatest bulk of the network time buys can be traced to 30 firms representing approximately 60 percent of the three networks' annual time sales.[1] Top spenders include Procter and Gamble, General Motors, American Home Products, General Foods, Sterling Drug, Bristol-Myers, and Ford Motor Co. Approximately $2 billion is spent by advertisers in network televison each year, and that sum gets larger each year. Buying activity is primarily confined to New York (where most of the buys are handled), Chicago, Detroit, Los Angeles, and San Francisco.

The ABC, CBS, and NBC televison networks maintain large sales departments devoted to selling and servicing national advertisers. Each network must operate in the marketplace against two strong competitors, and all the networks operate on a 100 percent sales philosophy. Unsold time cannot be warehoused and sold at a later date. The buying and selling of an intangible, perishable commodity like time, often

[1] *Broadcasting*, October 28, 1974, p. 35.

priced at tens of thousands of dollars per commercial unit, makes TV network sales an intriguing but hectic business.

To the nation's viewers, a network is really no more than a program schedule—to be perused and evaluated before a program choice is made. Over the years, the competition for audiences has been a major factor in escalating program costs as the networks search for the best possible programs to reach and serve the demands of the public. The time and financial investment are almost incalculable. To support this kind of investment, the network sales departments must sell, and sell hard, to the only buyers who will foot the bill—the nation's advertisers.

The price for commercial units in network programing is predicated upon a number of important considerations:

1. The marketplace situation. How much money is available at any given time of the year for investment in network TV advertising? This situation will fluctuate with all the variables that affect the national economy and the sale of products and services to the nation's consumers.

2. The estimated size and demographics of the audience to any given program. Audience reach and composition can vary greatly throughout the day, during the week, and by season.

3. The competitive challenge of the other two networks.

4. The size of the inventory. How much unsold time does the network have on its hands? The length of "avails" sheets quickly indicates whether, at a particular moment in time, a buyer's or a seller's market exists.

5. The networks' requirements for revenue. A network sales department must generate the income that will meet the costs of operating a huge programing service, maintaining an enormous payroll, compensating several hundred affiliates that carry network programs, and returning a profit to the network's shareholders.

Because of these important variables in determining network time charges, prices for commercial positions constantly change. "We deal in a commodity," said one network executive, "and the name of the game is supply and demand." In most instances, except for full program sponsorships, network time is sold in three ways: *up front*, *scatter*, and *opportunistic*.

Up-Front Buying

Every year in the early spring, the three television networks announce their fall prime-time schedules for the upcoming TV year, which run from mid-September through Labor Day of the following year. The excitement and speculation that surrounds the announcements keeps the lights burning late in major advertising agencies, for that's when the up-front buying begins. The buyers usually represent advertisers who spend in excess of $2 million annually in network television. Using network TV to reach large audiences on a regular basis is crucial for their marketing plans. The significant sums invested up-front guarantee access to important target audiences.

Up-front buying is usually made in prime time, in some sports programing, and in certain particularly popular daytime shows. Pilot previews for the new fall shows are arranged for major advertisers and top media buyers. These special screenings may be spread across a couple of weeks, and the network buyers can expect to be bleary-eyed after viewing new programs hour after hour. The screenings are strictly business because the buyers will carefully evaluate each program based on very practical buying considerations—what kind of audience will that program attract and in what kind of numbers? Many variables are at work, but the three most important are the time slot, the program lead-in, and the programs scheduled in the same time period on the two competing networks. From previous track records, their own expertise, and perhaps some good hunches, the buyers estimate audience shares for each program on each network. At 8 o'clock on a particular evening, for example, a buyer may estimate that CBS will earn a 35 percent share, NBC a 40 percent share, and ABC a 25 percent share of the total audience viewing *network* television. (Everyone realizes, however, that once the programs are aired in the fall, independent stations will siphon off a portion of network audiences and thus

the estimated network shares.) These estimates are not just a guessing game, but a serious business, because it is from estimated shares that subsequent negotiations are launched for up-front buys.

The negotiation process is sometimes fast and furious, and supply and demand dictate the prices. The agency will estimate, based on the market for a particular season, what cost-per-thousand (CPM) it expects to pay for a particular client. Experienced buyers are always pretty close, and the CPM becomes the primary negotiation point between agency buyer and the network account executive. The buyer will tell the account executive the budget and the demographic requirements for each buy, and the network sales department will put together a package of commercials to offer the client.

Individual prices are not quoted for each commercial in the package—only a total price. Buyers will obviously try to obtain the very best price possible, thus receiving the lowest possible CPM. The networks often hold back a few particularly attractive positions in case they need to "sweeten" a deal with an important advertiser. Sharp buyers always want to know what's in the "bottom drawer." As one top media executive said, "Our goal is top quality programing at a rock bottom price."

Because CPM is the critical factor in the purchase of network time, up-front buyers who regularly invest millions of dollars are usually given a CPM guarantee by the network, which may be based on total households or on a specific demographic target. This guarantee is verbal and never committed to writing. Neither buyer nor seller has a perfect crystal ball, and when the fall programing season rolls around, a program that was predicted to be a hit may turn out to be a flop. The loss of audience will raise the CPM for the advertiser who bought into that show. If the CPM on the total up-front package rises significantly above the verbal guarantee, the network always provides some bonus spots in order to make up for the audience loss.

Buyers play the networks against each other, and demand a series of counteroffers in order to squeeze the best possible deal. Round after round of competitive offers may be made by the networks. Hour-long phone conversations are common between a buyer and a network account executive. Changing a date or a position in a certain program may be the decisive stroke in closing a deal. When one buy is completed, and some tension relieved, it may be time for the buyer to begin network negotiations for another client. Simultaneous negotiations for several clients' network schedules are common, and also nerve-racking.

For the advertiser who elects to "lie back and wait," the risks of not buying up-front are obvious. If it's a seller's market, he may be virtually shut out. On the other hand, if it's a buyer's market, the advertiser may be able to place his schedule at a bargain if and when the networks "break price."

Because the buyers and sellers constitute a relatively small and closely knit fraternity, the network salesperson tries to help his clients make the best possible buys. A top agency buyer will ordinarily deal with one account executive from each network. But since no one account executive can be conversant and expert in the total programing lineup of his network, each is backed up by a sales force of specialists who can serve the buyer's special needs. A particular client may be interested in buying a sports package, for example. The regular network account executive will enlist the services of the sports sales specialists to provide information on these availabilities. Like all time salespeople, the network account executive earns a commission on his sales, and the more he sells the more he makes.

Network account executives who deal with the same buyers on a year-round basis can greatly assist them during the up-front buying season by advising when time should be bought. Timing is all important, for buying too early or too late may affect the CPM more than any other factor. And if it happens to be a real seller's market, the best availabilities may quickly vanish from the networks' inventories. (One network, for instance, reported a huge volume of business that produced $75 million in up-front buying in only two days.[2])

[2]*Broadcasting*, June 3, 1974, p. 7.

The negotiations and compromises between buyer and seller may go on for a week or so before a typical up-front buy is sealed. People outside the broadcast advertising industry are sometimes stupefied to learn that such a buy, representing perhaps a $10-million investment, could be agreed to in such a short period of time and finalized by nothing more than a phone call. But that's really all it takes. The call is usually followed by an order letter that only spells out these essentials: dates and programs in which commercial positions have been bought and the total price. Up-front buys are usually for no less than 26 weeks with options to renew.

After an up-front buy is made, the network prices out each individual unit for the advertiser. Unit pricing is necessary for accounting purposes, especially if a commercial is preempted by a news event, for example. If an advertiser's commercial is not aired, he must be either credited or given a "make good," which is essentially replacement time.

Between buyer and seller, their word is their bond. This trust is mandatory because the formal legal contracts sometimes exchanged between network and agency are almost never signed. Their respective legal departments are rarely able to agree on the specifics of contract language. Since the advertising business, however, cannot grind to a halt for this reason, millions of dollars in network time are bought each year without the exchange of any formal contracts.

During the up-front season, the network account executives are tremendously busy. They must stay on top of a constantly fluctuating market for network time. For the rest of the year, these salespeople are selling *scatter.*

Scatter Plan Buying

Two decades ago, many major advertisers invested their television dollars in program sponsorships. In many cases, the advertisers held the rights to the program. Some advertisers entered into cosponsorship arrangements, or alternating week sponsorships. As network time and production costs escalated, it became clear that putting all or most of the advertising eggs in one basket was not only expensive, but also risky and inefficient.

About the same time—in the late 1950s following the quiz show scandals—the networks extended their control of programing. Programs were now either wholly owned and produced by the networks, or had substantial network money invested in their development. Advertisers and their agencies found the costs of producing their own programs prohibitive. (By the mid-1970s, the weekly cost for a half hour situation comedy averaged $125,000; a one-hour action-adventure show was $250,000 or more per episode, and 90-minute TV movies ranged from $300,000 to $600,000 each.) Thus, the advertisers and agencies withdrew from an active role in program development and sponsorships, and at the same time began to modify buying criteria. Sheer ratings were no longer as important as they once were. Clients were increasingly interested in demographic breakouts and the cost efficiency factors reflected in CPMs. Spreading their dollars across the weeks, across the three networks, and across many different programs maximized total audience reach and minimized waste circulation.

Prices for network programs vary in a supply-demand market, and also in relation to viewing levels and advertisers' marketing needs. As a result, prices are highest in the fourth quarter of the year, October through December. This is the season of heavy Christmas gift advertising, new car introductions, and a plethora of cold remedy advertising. The second highest-priced season is the second quarter, April through June. The first quarter is less expensive than the second quarter, and the summer quarter when viewing levels are lowest can be bought at the year's lowest prices.

The networks' basic inventories vary not only with the time of the year, but within the broadcast day. The frequent TV viewer knows that many more commercials are carried in daytime than in prime time. Time standards for the networks permit six commercial minutes per hour in prime time and twice that number in daytime. Late night and

weekend dayparts are separate categories. The early evening half-hour network newscasts, for example, carry five commercial minutes. These minutes represent commercial time in *network* programs, and do not represent locally inserted commercials at station breaks.

Other valuable minutes are assigned to local affiliates for station identification and for locally originated commercials. The commercial time within a broadcast hour is negotiated between the network and all of its affiliates acting together as a group. Each affiliate has the same amount of time to sell during network breaks and the stations attach a high price tag on these attractive positions.

Each of the various network dayparts offers the advertiser special advantages and opportunities. For example, prime time and the early evening network newscasts offer huge audience reach. Women are still a primary target, but prime-time shows can deliver working women and men—people who are not available in other dayparts.

Daytime TV is incredibly efficient in delivering the all important demographic of women 18–49 years old. Soap operas and game shows are relatively inexpensive to produce, and the networks have twice as much time available for sale in daytime as they do in prime time. Even though some advertisers still buy minutes, the standard commercial length is 30-seconds. Thus, in dayparts, the networks' logs might show 24 30-second commercials per hour. Advertisers have learned that daytime programs are excellent vehicles for introducing many new consumer products.

Late night network programs efficiently deliver audiences composed of urban men and women. Network sports of all kinds attract men in large numbers, and therefore constitute an important sales opportunity for products where the man makes the buying decision.

Saturday morning children's programs deliver an almost pure demographic audience based on age. Thus, they constitute efficient buys for manufacturers of toys and certain edibles where children have a strong voice in brand selection.

Charges to advertisers are based on the time of the year, the audience (and therefore the CPM) the network thinks it can get, the total expenditure under consideration, the "softness" of the market, and the negotiating skill of buyer and seller. Again, it is best defined as a supply-and-demand market.

For the purposes of establishing ballpark figures, prices for 30-second units throughout the year will range as follows:

Viewing Time	Middle Price Ranges	Household CPM
Prime Time	$25,000–$35,000	$2.00–$3.00
Daytime	3,000– 8,000	1.00– 1.40
Early News	11,000– 18,000	1.60– 2.00
Late Night	8,500– 11,000	1.85– 2.20
Saturday Morning	2,500– 8,000	1.00– 1.30
Sports	5,000– up*	1.25– 3.50
Prime-time Specials	50,000– 65,000	3.00– 3.25

*Sports programs encompass a wide variety of audience levels, prices, and time schedules. One-minute commercials in the Super Bowl have been priced as high as $214,000.

The prices listed above are not rate cards. They represent a middle range of prices for 30-second positions and are subject to many variables. Time costs on the networks have been increasing between 5 percent and 10 percent each year, a reflection of inflationary times. Prices, however, must be competitive and in line with what advertisers are willing and able to pay. With very few exceptions, time charges are commensurate with audience delivered, and *not* directly related to the production costs of any given program. For example, if a dramatic series that costs $300,000 per episode to produce is doing poorly in the Nielsen Television Index, the costs to the advertiser may be significantly less than the cost of a commercial position in a highly rated, but fairly low-cost comedy series.

Besides regular time costs, network advertisers are also billed for insertion charges, called *color commercial insertion charges.* These are charges for the actual physical handling of the commercial tape or film by the engineers who insert it in the programing sequence. Prime-

"Let's skip all the commercials tonight."

Drawn for BROADCASTING by Jack Schmidt

Copyright, *Broadcasting* Magazine; reprinted by permission.

time charges run about $300 to $400 per insertion; daytime charges are approximately half these figures. Since these amounts are gross charges per insertion, the networks pay advertising agencies a 15 percent commission.

Opportunistic Buys

Because the networks operate on a 100 percent sales philosophy, occasionally a top agency buyer will be called by a network account executive who is anxious to peddle some "distress merchandise." The program offering may be a Friday "fire sale" of weekend avails, such as a sports event or sometimes a prime-time blockbuster movie. As the air date draws closer, the network may find itself with a number of unsold availabilities. Prices drop dramatically as the network tries to recoup as much as it can from a losing situation. It's called an opportunistic market by the buyers, and for the client with a reserve account available for just such situations, this short-term, short-notice buy may be a real steal.

Throughout the year, the advertising agency that handles network advertisers will constantly monitor the performance levels of each client's network buys. These "stewardship" reports track audience levels and demographic breakouts as reported in the bible of network buyers and sellers—the Nielsen Television Index. (The methodology of the NTI was described in Chapter 11, Audience Research.) A dog-eared copy of the latest NTI is always in the top desk drawer or coat pocket of agency buyers and network account executives. Audience levels are scrutinized to the last percentage point.

The NTI, as the only continuing national survey of television network audiences, is tremendously important to the broadcast advertising industry. The millions of dollars that are spent as a result of advertising decisions made at the agencies and programing decisions made at the networks are predicated largely on the numbers printed in the NTI books.

Buyers keep track of rating levels based on both households and target demographic groups in order to see if verbal cost-per-thousand guarantees will be met. If the stewardship report shows that a particular schedule is falling below estimated audience levels, the agency buyer will start requesting (then screaming for) bonus spots before the advertising campaign ends.

Program Sponsorships

Most network buying is on a participating or scatter basis, but major advertisers are sometimes interested in sponsoring specials. Sponsoring a high quality program may not only deliver large numbers of a target audience, but it also may bring an important measure of prestige to the advertiser. Other attractive aspects of such sponsorships are the excellent merchandising and promotional opportunities possible when one advertiser enjoys high association with a well-publicized special. The advertiser also knows that the commercial messages can

be "isolated" in the program and that they will not have to compete with other commercials for viewers' attention.

Specials are usually bought by advertisers who market mass consumer goods or who wish to enhance their corporate image. Planning and development begin far in advance of the air date, regardless of whether the special is supplied by the network itself or by an advertising agency.

If the special is network supplied, the host or stars of the program are usually under network contract, and the entire program is developed and produced under network auspices. It's the job of the network sales department to find an advertiser or advertisers who are interested in a special totally packaged by the network.

If the special is supplied by the advertising agency for its client, negotiations may begin a year before the air date. All three networks may be approached. Since it is increasingly difficult to negotiate a good time period, particularly in either the second or fourth quarter, the special had better be a blockbuster. The advertiser has to be prepared to pay a premium in order to place his special because the network will not preempt regular programing (and advertisers) unless it is sure the special will more than make up the loss of revenue.

The number of requirements for a network special and the details that must be attended to are mind-boggling. To acquire scripts, talent, studio facilities, and personnel for the production of a top network special takes months of organized effort. For the client, the special must fit the marketing strategy and be a "merchandisable" program. Huge promotion campaigns are always prepared to publicize the special to dealers, retailers, and the viewing public. The agency may turn out dozens of different merchandising aids, point-of-purchase materials, shelf talkers, and so on.

Specials are usually scheduled just preceding or during an advertiser's peak sales period. All the work that surrounds the development of both the program and the promotion constitutes a tremendous coordinating job. Costs for time and production can run anywhere from $350,000 for a news documentary to $600,000 or more for an entertainment special. (Specials are rarely sold on a CPM basis; as J. P. Morgan once said, "If you have to ask the price of a yacht, you can't afford it.") Promotion and merchandising are additional costs.

The advertising agency normally does not handle the actual production of a television special but usually negotiates with an experienced independent producer who has a long and reliable track record. It's to the advertiser's advantage to buy this kind of special, versus one produced by the network, because he can control program content through script approval and talent selection. Some advertisers are wary of news documentary sponsorships because the subjects are frequently controversial. They are afraid that if such a program is heavily criticized, they will also receive a share of the brickbats.

Affiliates are usually pleased with a strong lineup of network specials. They can often stimulate advertising activity from a local retailer who stocks the product advertised on such a special. Because the programs are always heavily promoted, they are almost always good audience builders.

Affiliate Compensation

Time costs on the networks always seem astronomical to the layman, but the networks are all huge enterprises that must support major facilities (offices, studios, and equipment) and meet an enormous payroll. In addition, 15 percent of all time sales goes to the advertising agency as the standard commission. The network affiliates must also be paid. Each year, according to Federal Communications Commission figures, about 15 percent of the total revenue from network time sales is disbursed to affiliates as payment for carrying network programs. The percentage has declined over the years; in the early 1960s the figure was approximately 25 percent.[3]

The three television networks have approximately 200 to 250 affiliates apiece, spread across 50 states in both large and small markets.

[3] *Television/Radio Age,* February 4, 1974, p. 22.

Obviously, a station in New York is not in the same league as an affiliate in Billings, Montana; thus, the networks negotiate a network hourly rate with each affiliate. This rate is established on a number of factors: the size of the market, the total circulation of the station, and performance levels of network programs on that station, the quality of the local programing, the station's image in the community, and last, but not by any means least, the competition in that market. The broadcast day is divided into a number of time classifications, and the station is paid a sliding percentage of the standard hourly rate for carrying network programs. The affiliate is paid more for carrying prime-time programs than for daytime fare.

The FCC requires that network-affiliate contracts be negotiated every two years, but often negotiations take place more often than that. The competitive challenge of other TV stations in a market greatly affects network-affiliate relationships. In a three-station market, a network usually has no choice but to stay with its current affiliate. In a four-station market, however, the presence of a hungry independent seeking network affiliation will keep the other stations on their toes and detract from the leverage they have in negotiating remuneration levels. On the other hand, if there are only two stations in a market, or only two VHF stations, the network that wants to keep an important affiliate may find it must raise its payments.

Affiliates send monthly reports to the network detailing every network program and commercial carried. If programs are preempted for some reason and commercials are not aired, payments are adjusted accordingly. The networks keep their affiliates constantly apprised of what commercials will be aired in which programs so that the stations can give both network and local advertisers competitive clearance (or "product protection.") A network automotive advertiser, for example, doesn't appreciate having his commercial followed at the station break with a spot for a local car dealer selling a competitor's model. Unfortunately, this does happen, and too often it goes unreported to the network.

Program clearances by affiliates, particularly ones in major markets, are crucial to the network's economic survival. Every nonclearance reduces the audience potential for a show, and this may force the network to reduce its selling price for advertising on that particular program. Sometimes stations refuse clearance of new shows they consider weak, and this action may doom the show from the start. Clearances have also been a problem on controversial programs that the affiliates thought included too much sex and violence. On a number of occasions, affiliates have refused to clear network movies, and instead they run a local movie or syndicated program. The audience may be just as large as it would be for the network program, and it is obviously more profitable to the station to sell all, and not just some, of the commercial positions within that time period.

Another problem that plagues the networks is called *clipping,* wherein a greedy local station cuts away from the network fare a few precious seconds early so that they can squeeze in an extra commercial. Sometimes only closing credits are lost on a network show, but sometimes portions of network commercials are not aired locally, or the opening billboard to the following network program is missed. Solutions to these problems lie with network-affiliate negotiations and good communications.

Radio Networks

No advertising medium in the United States has undergone more spectacular changes than network radio. When television bloomed like a hot house rose in the 1950s, the radio networks faced a devastating desertion of audiences. It's been a long difficult road coming back, but they have survived. Network executives had to reprogram to adapt to the different ways that the public was using radio, and it also had to meet the demands of both advertisers and affiliated stations. Leading the way in a number of innovations were the "magazine" formats with restructured newscasts, sports, and feature programs. Today, most network programing consists of news and news features,

fed by a number of radio networks to several thousand affiliates across the country.

Network programing is available in virtually every market in the country, and this widespread distribution constitutes an attractive advertising opportunity. The advantages offered to advertisers are impressive. Network radio is efficient and inexpensive, and with one simple buy an advertising message can be fed to several hundred affiliates and to their thousands of listeners. This national coverage is most attractive to advertisers who do not have budgets large enough to meet the costs of network television, as well as to advertisers who wish to augment major advertising buys in other media. The medium is considered an excellent complement to either network or spot TV, and for advertisers who buy a lot of radio time, network is often combined with spot. Since commercial production costs are low, copy can be constantly changed.

Buying opportunities are extremely flexible in network radio. Advertisers may buy on a year-round basis, or may buy a schedule that runs less than one week. "Drive time" (6:00–10:00 A.M. and 4:00–7:00 P.M.) is the most sought-after network buy.

Like network television, most network radio is bought by New York advertising agencies, but a significant amount of business comes from advertisers and agencies located in Chicago, Detroit, Los Angeles, and San Francisco. Although buys are usually made a month or so in advance of the air date, the network can accommodate advertisers on very short notice.

Most network availabilities are for news and sports. Because of the demographics of the audience attracted to this kind of programing, major advertisers on network radio include automobile manufacturers, petroleum companies, airlines, a few national retail chains, and a number of travel related businesses.

The standard unit in network radio is still the 60-second announcement, although 30-second units are available. This shorter unit, however, does not cost half of the minute rate but usually 60 percent or more. Availabilities are often sold on a fixed position basis, in which the advertiser is guaranteed a particular time period. Less expensive positions are available on a run-of-schedule basis and may be moved or preempted without prior notice.

The costs for network radio are very low compared to network television, and they are even low compared to the costs of print ads in national consumer magazines. The prices vary from day part to day part and are predicated on a number of factors: the number of affiliates in a network lineup (see the following list); the competitive picture; the general state of the economy; the size of the networks' inventories; the size and demographics of the audiences and—therefore—the cost-per-thousand.

To provide an idea of costs and network lineups, here is a list of the average costs for a 60-second commercial in drive time on the major radio networks:[4]

		Number of Affiliates
■ ABC Contemporary Network	$1,760	330
■ ABC Entertainment Network	$1,030	435
■ ABC Information Network	$ 960	370
■ ABC FM Network	$ 500	208
■ CBS Radio Network	$1,420	256
■ NBC Radio Network	$1,380	235
■ NBC National News and Information Service	$ 150	65
■ Mutual Broadcasting System	$ 685	675
■ Mutual Black Network	$ 750	94

Note: Network radio rates are negotiable and the above costs are only benchmarks to indicate relative costs among networks.

Radio has not been considered a glamour medium for many years, and so network account executives find it's an uphill fight to win new

[4]McCann-Erickson, Inc. Media Department, New York.

clients. Some advertisers are too preoccupied with their television investments to give radio the time and attention it deserves. A common complaint among account executives is that agencies ignore or neglect radio because the 15 percent commission from this low-cost medium "isn't worth the trouble." If they do use radio, many advertisers and their agencies prefer to use spot instead of network.

In the eyes of agency buyers, several problems plague the radio medium and make it an unattractive buy. *Wild-spotting* by local affiliates discourages some prospective network advertisers. The term refers to the practice of lifting a network commercial from a newscast, for example, and replacing it with a local spot. The network commercial is played, but later, and not always at the time or in the program environment the network advertiser wants. Some of the networks forbid, or closely monitor, these practices and do guarantee rebates to advertisers if station clearances for a particular schedule do not meet a satisfactory level. Station clearances have been, and continue to be, a headache for several of the radio networks and for their clients.

Audiences are fragmented in radio, and affiliates of the same network may broadcast greatly differing local program formats. In addition, their performance in the ratings may reveal that a network has some very weak and some very strong affiliates. Because of these variables, most advertisers active in network radio buy more than one network in order to adequately reach the target audiences in the various markets.

When the radio networks aggressively solicit national advertisers, many of their local affiliates are upset. They believe that the networks are encouraging advertisers to raid budgets originally allocated to spot radio. A station manager may be told by a spot buyer, "You're already included in our network buy—so I'll buy your competition, the independent stations." In such cases, the networks are cast as the villains. It's true that the networks are trying to build an advertising base separate from spot in the minds of agencies and advertisers, but it's not always easy to do so. The *line* radio networks face formidable competition from the *spot* radio networks organized and sold by major station representative firms. (These spot networks, often numbering several hundred stations, are sold as a package by a rep firm. This kind of buy is more fully described in Chapter 13, Spot Sales.) As a result of this increasing competition, several radio networks provide cost-per-thousand guarantees to advertisers and assurances that commercials will be run as ordered in key markets and in specified day parts.

Network account executives constantly strive to make radio more visible and important to advertisers. Most agencies, however, remain relatively uninterested in network buys. They feel that spot radio will remain their primary vehicle in this medium because they are able to place schedules on *only* those stations that present the best reach and frequency figures for prime prospects. Top media executives have said, "Network radio is the toughest broadcast sell today and will be for the foreseeable future."

From the station viewpoint, programing supplied by the network is obviously not the staple of the program schedule. What an affiliate wants from its network is the kind of programing it either cannot produce or would find too costly to produce. Network newscasts, sports, and features are designed to augment the basic local programing of the affiliates. Some stations, such as those with rock formats that appeal to very young audiences, are not at all interested in a network affiliation.

Remuneration for carrying network programs represents very modest revenues for the affiliates. Stations are usually paid on the basis of the number of commercials carried from network feeds and according to particular dayparts. Important affiliates in large markets are paid proportionately more than small station affiliates, and some affiliates receive no compensation at all. The Mutual Broadcasting System (MBS), for example, has never paid its stations. MBS affiliates are provided with free programing, and in return the lineup of approximately 675 affiliates constitute a salable commodity for the network. Stations affiliated with other networks may or may not be compensated for the programs they carry. It depends on the market, how important the station is to the network, and a variety of other circumstances. In some cases, very small affiliates must pay their own telephone line charges in order to pick up a network feed.

Conclusions

The United States is one of relatively few countries serviced by very large, privately owned commercial broadcasting networks. Stations, not the networks, are licensed by the government. Because Americans spend so much time and attach so much importance to their use of the broadcast media, the business of buying and selling network time is a truly fascinating enterprise. The nation's advertisers, big and small, have gladly paid the bill. They know that only the networks can deliver national audiences in large numbers on a consistent daily basis. The buys are relatively simple to negotiate, and the advertisers' commercials are aired simultaneously on hundreds of affiliates to an audience that may number in the millions. Costs are reasonable in terms of audience delivered, and this efficiency constitutes one of the networks' greatest attractions to the national advertiser. The impact of a commercial schedule launched on a network basis is often dramatic. A successful one in terms of subsequent sales may mean that the advertiser will regain the cost of his network advertising investment many times over. Some companies invest virtually their entire advertising budgets in the networks. It must be remembered, however, that although a network buy may appear relatively simple to make, the success (or failure) of advertisers, agencies, and—most importantly—individuals involved in buying and selling network time rides on almost every buy.

Spot Sales

But My Station Is a Must-Buy!

13

Several billion dollars are invested every year in spot advertising. This huge expenditure is not only a tribute to the selling power of radio and television but also to the broadcast media's flexibility and versatility. A tailor-made campaign can be ordered in just the markets and on just the stations important to an advertiser. For many clients, spot augments network buys to "heavy up" advertising weights in particularly important markets. Other advertisers, however, use spot as their primary buy in the broadcast media, especially if an advertised product has limited distribution. And for other advertisers, who may have achieved national distribution of their product but still operate within extremely limited budgets, a network buy may be too expensive. Thus, spot may be the best option for them.

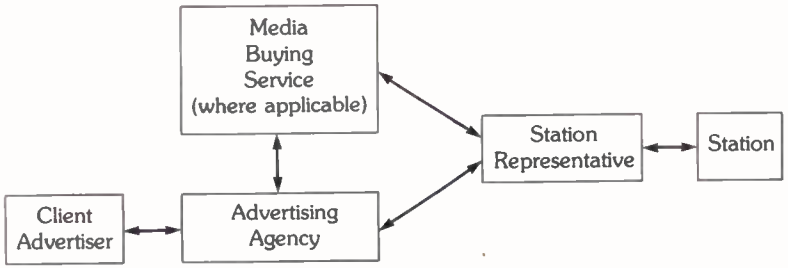
The term *spot* does not refer to an individual commercial but to advertising schedules bought on stations in selected markets. Although spot buys are usually for commercial announcements, occasionally an advertiser will buy program sponsorships on a spot basis. A campaign may be ordered for just a few days or weeks, or for several months.

Many advertisers invest in both network and spot buys, and the way they allocate their budgets depends on the marketplace and the advertising opportunities available at a given moment. From the broadcasters' viewpoint, spot revenues are affected greatly by supply-and-demand. Investments may vary dramatically from quarter to quarter. In many cases, the sums spent on spot fluctuate accordingly with those spent on network buys. If the networks are sold out or close to it, spot will prosper because advertisers who are unable to get what they want on the networks will move their dollars into spot. If the networks "break price," advertisers may sometimes move spot dollars to the networks to take advantage of the rate reductions. Many spot advertisers, however, are not network customers; their use of spot depends on the strategy of their particular advertising program in any one year.

If an advertiser who is headquartered in Chicago wants to place a schedule of radio commercials in 150 markets scattered across the 50 states, he obviously needs an efficient system for time buying. The time buying responsibilities will be handled by the advertising agency or possibly by a media buying service. (Some ad agencies do not maintain fully staffed media departments, and this kind of specialized work is farmed out to the experts in an independent company who do nothing but media planning and buying.)

The nation's commercial stations, which number more than 7,000, depend on their station representatives to solicit national spot business for them. Since any one station would find it impossible to maintain account executives in all the major buying centers, most stations rely on station representative firms that maintain offices in these cities. Rep firms may handle a dozen or several hundred stations. It's their job to keep up-to-the-minute information on their clients' commercial availabilities, rates, audience estimates, and so on.

13.1 Interrelationships in the Spot Buying Process



If an agency time buyer in Chicago wants information on a station in Phoenix, he need only pick up the telephone to call a rep whose office is just a block or two away. Within 24 hours the buyer will have what he needs. The accompanying diagram (13.1) shows the interrelationships of the various enterprises involved in spot buying.

Spot Time Buying Procedures

There are several stages in spot time buying procedures from the inception of a campaign until the day the commercials are last aired and all the bills are paid.

Step One. In the early stages of planning, the advertising agency's media department develops a media strategy designed to meet the client's objectives. (See Chapter 6, Media Planning.) With client approval, that plan will subsequently be implemented when it is time to begin the actual time buying. The time buyer assigned to a particular client must work with the station representatives to make the best and most efficient buys possible. The markets to be bought, the demographic objectives, and the budget are all specified.

Buys are too hectic and confusing to attempt to buy a dozen markets at once. With few exceptions, therefore, time buyers will buy the most important markets first (usually the largest) and then proceed down the list. A rep with stations in a number of different markets may have to come to the agency or media buying service several times to see the same time buyer on the same campaign. Since the rep is primarily concerned that his stations are included in the campaign, these occasional extra visits represent only a minor inconvenience.

Step Two. The station rep, after a telephone request from the time buyer, will put together a package of station availabilities and prices. The more the rep knows about the objectives of the campaign, the better job he'll do in preparing avails. Avails will usually include the following data:

- Programs or commercial positions available
- Times and dates
- Prices
- Program ratings
- Total households (or data on a particular demographic group)
- Cost-per-thousand estimates for each availability

Rating levels, household estimates, and demographics are based on the audience research service preferred by a particular agency. (In the case of radio, Pulse or Arbitron audience estimates are quoted; in television, data comes from either Arbitron or the Nielsen Station Index.)

Step Three. The rep will usually deliver all the information to the buyer in person and discuss the different options and opportunities. On the same day, of course, the buyer may be discussing similar opportunities with other station reps for the market under consideration. In a four-station market, for example, only two stations may be bought for a particular campaign. Thus, a rep's sales ability, the attractiveness

of programs and prices, and the rapport established (often over many years) between buyer and seller are of great importance. It's a negotiating game, and supply and demand control the expenditure. Naturally, the time buyer will try to get the best possible buy for the client, and the rep will try to "bring in the order" for his stations. Negotiations usually take place under some rather horrendous deadlines, because most spot schedules are bought just a few weeks before air dates.

With a limited budget and the pressures of a major buy, the time buyer must establish standards for evaluating all the proposals. Buyers and sellers agree that demographic and cost-per-thousand (CPM) estimates constitute the major criteria. In essence, such criteria mean that the aim is to reach the target audience (defined in terms of sex and age) at the most efficient price.

Clients sometimes impose spot-buying guidelines. Buyers may be instructed as to minimum rating levels for any particular commercial position, the dayparts to be bought, and the types of programs to be considered. If clients are concurrently running network schedules, they may specify a time separation between their network and spot commercials. All these requirements complicate spot buying.

Another criterion for making buying decisions is to analyze a TV program's environment or, in the case of radio, the programing format of the station. Some advertisers are very particular about the qualitative aspects of the programs in which their commercials appear. A bank, for example, may not want to run commercials in, or adjacent to, some of the more raucous game shows or situation comedies.

All buyers are well aware that the television viewer selects the program and that the radio listener selects the station. Since there has been a vast proliferation of radio programing formats, the buyer needs to know the specific programing policy of the station under consideration. The demographic makeup of that station's audience reflects its programing policy. Stations that constantly change formats build and destroy audiences, and for this reason many radio time buyers are interested in long-term ratings as part of their buying criteria. In a large, very competitive multistation market, the audience pie is sliced

"Sure our predicted rating, share of audience and rank isn't too high. But we're right up there when you break it down to the teen-age boy audience between 14 and 14½."

Cartoon by Sidney Harris. Copyright, *Broadcasting* Magazine: reprinted by permission.

a bit differently every time a station changes format. Information provided by the reps is invaluable, because the common handicap of all spot buyers is that they cannot see or hear what they are buying.

Still another basis for spot buying is to use estimated *gross rating points* (GRP). For example, a client may plan a spot schedule that is expected to achieve 200 GRP in the top 50 markets and 100 GRP in the second 50 markets. Average quarter-hour ratings are used, and the ratings for each commercial position are added up. A gross rating point represents 1 percent of all the television (or radio) households in a given geographic area. Four well-placed prime-time TV positions that achieve a 25 percent rating each will add up to a weekly GRP of

100; or, 20 positions that each deliver a rating of 5 percent will also attain 100 GRP. The figures represent varying amounts of duplicated audience, for no advertiser can hope to reach every household in a market in one week, regardless of the number of commercials run. Estimates of gross rating points have no connection to costs but simply indicate the impact a schedule may have on a market during a one-week period.

Time buyers always try to obtain the best possible schedule at the lowest possible price. Spot buying is like network buying in that supply and demand greatly affect the prices. Selling "off the rate card" is common in spot buying, particularly in television, and buyers frequently ask station reps to "break price" for their clients. If business is booming and a station is practically sold out, the rep would not consider asking his station to cut its rates. For many stations, however, spot business makes the difference between red and black ink on the financial statement, and they are willing to reduce their rates in order to bring in extra business.

Step Four. When the station representative gets the order from the time buyer, he will usually telephone or teletype his station to ask for confirmation. (If he does not get the order, the time buyer owes him a courteous explanation that he can relay to the station.) Inventory control at the station level is crucial for broadcasters who hope to reap profits in national spot business. The station must keep careful track of what is currently available for sale and what will soon be available for sale (following advertisers' expiration dates). The station must also supply this data on a continuing basis to the national representative. The same availabilities offered to an agency time buyer in New York may be concurrently offered to other agency buyers in major cities around the country and also to local advertisers in the broadcaster's hometown. "Avails" are sold on a first come, first served basis.

As soon as the station receives an order from its representative firm, the inventory will be checked and a confirmation sent to the rep. If all times ordered are still available, everything is rosy. If not, the station will identify which positions are already sold and offer alternatives.

Step Five. The time buyer receives an order confirmation from the station representative. If substitutions must be offered, they can usually be negotiated very quickly, for the time buyer is anxious to move on to other markets and stations on the list. The station rep issues a written confirmation of the final order and sends a copy to the station.

Step Six. The agency's traffic department is notified immediately after a buy is confirmed and told the start date and the length of time commercials will run on each station. It's the job of this department to handle the physical shipment of the commercials (films or tapes) to each station, along with explicit instructions for rotating them.

Step Seven. During the course of an advertising campaign, the advertising agency is billed on a monthly basis by the media. Station accounting departments prepare the billing and forward invoices and notarized affidavits of performance to the agency. The affidavit enumerates every commercial run for a particular client during the past month. "Final Sunday Billing" was inaugurated some years ago to handle the problem of the last day of the month falling in the middle of the week. Most time buys are made weekly not monthly, and it is infinitely easier to handle billing on a Monday through Sunday basis. Stations now submit their invoices through the final Sunday of any given month. If commercials are run after that Sunday, they are included in the next month's billing.

Step Eight. When the accounting department at the agency receives the station invoice and affidavit, it will check it against what the time buyer ordered. If everything agrees, the bill is promptly paid. The standard 15 percent agency commission is reflected in the billing. For example, if a TV station has run $1,000 worth of time for a given advertiser, the advertising agency commission of $150 will be shown on the bill. The agency pays the station $850 and bills its client $1,000.

The times, dates, or actual schedule on the affidavit may not always coincide with the times ordered by the buyer. In such cases, the result is the most vexing, time-consuming and complained-about problem in spot business. The accounting department sends the bill to the time buyer, who by now is busy with something new. The time buyer must

decipher the problem, notify the station rep, and ask for an explanation. By the time the station rep secures an explanation from the station and relays it to the time buyer, more time has passed. The buyer may or may not accept make-good commercials run at times other than the ones ordered. Commercials may have been preempted, or the rates on the invoice may not be correct. Commercials may not have been aired in compliance with the rotation schedule. Resolving all of these problems takes time, and all the while the station is wondering when it will be paid. Buyers and sellers of time all agree that papecwork is the number one problem in the industry, and station business managers sing the "slow pay" blues in unison. Billing problems are more prevalent in TV than in radio, because in television, specific times rather than general time blocks are usually ordered.

Radio Rate Cards

The rate cards published by radio stations across the country are as diverse as the stations themselves. In New York City, a top-rated station may charge $250 for a 60-second announcement. A small station in Wyoming may charge only $2. Although the rates vary tremendously, the pricing and discounting structures used to determine them are based on two premises: (1) in general, prices are established in relation to audience delivered, and (2) the more the advertiser buys, the less it costs per unit.

In establishing prices, a radio station manager must first determine the various rate card time classifications, generally on the basis of the station's audience size throughout the day. For most stations, but not all, commute hours (or drive times) are prime time and often designated as AAA or AA time. The next lower classifications are usually the daytime hours, then evening hours, and finally the graveyard period, midnight to dawn. (Some stations, particularly contemporary and rock stations, reverse these time classifications because estimates show their largest audiences tuning in during the afternoon and evening hours.)

The ideal rate card is easy to read and is structured in a logical progression, such as time classification by time classification, including the range of discounts. Different advertisers obviously seek different objectives, and the intelligently planned radio rate card provides flexibility for these different needs. Some advertisers are interested in long-term campaigns that will continuously maintain consumer awareness. Other advertisers buy short flights to publicize a special sale. Certain advertisers seek a male audience, or want to reach housewives or teenagers. If a rate card offers all these opportunities, it makes the selling job much easier for the national rep or the station account executive.

A great variety of discounts are available on rate cards. The most common are weekly discounts with descending prices based on the number of commercials bought each week. Other discounts, offered for long-term advertisers, are often called consecutive week discounts. For big spenders, some stations offer a *bulk* or *volume discount* based on annual expenditures. For advertisers on limited budgets, *best times available* (BTA) or *run of station* (ROS) packages are usually available. In BTA or ROS buys, the station sells positions at a lower rate but does not guarantee the time of day the spots will run.

Because so many advertisers want their commercials run in drive times and in daytime periods in the latter part of the week, many radio stations offer a *total audience plan* (TAP). The TAP discounts are attractive, but the advertiser must agree to have his commercials run throughout the broadcast day and across the days of the week. The station decides where each announcement will run within the time blocks ordered. Advertisers are told that a TAP will enhance their reach, which is valid enough, but it also frees a number of commercial positions on a station's log and thus permits more time to be sold throughout the week.

The 60-second commercial is the standard in radio, but most stations also offer a 30-second and a 10-second rate. Some stations will offer a 20-second rate, but it often costs the same as the 30-second spot. Radio subscribers to the Code Authority of the National Association of

Broadcasters pledge to run no more than 18 commercial minutes per broadcast hour. To reduce clutter, many stations are now limiting commerical time to 8, 10, or 12 minutes per hour and both advertisers and listeners have been pleased.

(See the sample rate cards [13.2] and glossary of rate card terminology [13.3].)

Television Rate Cards

Television rate cards are more complicated and therefore more confusing than radio rate cards. (See 13.2.) Fluctuating audience size is the primary reason for this complexity. The homes-using-television level may be 10 percent at 8:00 A.M. and 60 percent at 8:00 P.M. Viewers may desert a station in droves at the conclusion of a popular program, and the rating book may reflect a real see-saw pattern throughout the broadcast day. Even in prime time, a station's ratings may increase or decrease dramatically from one hour to the next. For this reason, and because television time is relatively expensive, stations establish a multitude of prices. Few general time classifications are designated; instead, a separate rate for each commercial position (either in or adjacent to programs) is usually specified.

Most of the opportunities for clients to save a few dollars in TV come with the time buys bought on a preemptible basis. Many stations offer a *fixed, semifixed,* and *preemptible* rate. The lower rates are available to advertisers who have limited dollars to spend and who are willing to risk being preempted by a higher rate advertiser. Depending on the specifications in the station's rate card, these lower rate advertisers may be preempted on two-weeks' notice, one-week's notice, or no notice at all. The station will obviously do its best to reschedule this advertiser in other time periods. Although this buying procedure may be satisfactory for local advertisers who can't afford fixed time rates, national spot advertisers usually do not want schedules subject to preemption. As a result, time buyers try to get fixed times at preemptible rates.

Because individual pricing units are increasingly used in TV rate cards, discounts are not as extensive as they are in radio. Many stations, however, will offer a dollar volume discount for major advertisers spending a significant sum over a one-year period. Others will offer a discount to short-term heavy advertisers who buy, for example, at least 25 announcements per week. Most rate cards contain some kind of discounted package offering.

The term *rotations* is common on TV rate cards, and it refers to a scheduling system that distributes an advertiser's commercials on either a horizontal or vertical basis. A *horizontal rotation* is common in stripped programs, meaning the same program scheduled on a Monday through Friday basis, such as soap operas, game shows, and afternoon movies. In a horizontal rotation, the advertiser's commercials are rotated in the same program across the days of the week. A *vertical rotation* places the advertiser's commercials in a time block of programs. For example, one day the commercial may be run at 10:00 A.M., the next day at 10:30 A.M., and the following day at 11:00 A.M. The reason for these rotations in TV is the same as the reason for the total audience plans in radio: it enhances advertiser reach and opens up more availabilities for the station to sell.

In many markets, stations establish a price *grid* for positions in prime time. Different prices on the grid are similar to fixed and semifixed rates. There may be as many as a half dozen prices or sections quoted for a particular position. Although the advertiser who buys at the bottom of the grid may have a real bargain, he may be preempted by advertisers willing to pay a higher price for the same position. In the fourth quarter at Christmas time, advertisers usually must buy near the top of the grid in order to get a schedule on the air. In the summer months, when spot sales are down, the same advertiser may be able to buy the same schedule at a much lower total price tag.

Grids, or rate cards divided into sections, reflect the acceptance of both buyer and seller that schedules must be negotiated. Stations always try to sell as high on the grid as possible and still get business. Sometimes, commercials are sold at the preemptible rate, but adver-

tisers are given verbal guarantees that announcements will not be preempted. These matters are always at the station's discretion.

The 30-second commercial is the standard in television, but most stations also list prices for 10-second and 60-second units. Since minute commercials almost always cost twice as much as the 30-second ones, this rate helps to explain why the 30-second commercial is increasingly used as advertising costs continue to escalate.

Barter and Tradeouts

"To trade by exchange of commodities rather than by the use of money," is the way one dictionary defines *barter*. Bartering broadcast time for goods and services has been a common practice for decades. In recent years, barter activity has become big business.

Almost every radio and television station in the country has been involved in a barter or tradeout arrangement at one time or another. Few stations are ever completely sold out, and their unsold time represents a loss never to be recovered. Because it would infuriate their regular full-rate advertisers, broadcasters are reluctant to unload unsold time at greatly discounted prices. They are, however, willing to trade it for goods and services.

Tradeouts are made at the local level between station management and local businesses. When the station manager needs new office furniture, when the news department needs a remote truck, or the sales department must entertain a multitude of clients, tradeouts can be arranged. In return for merchandise or due-bills, the station will run a certain number of commercials. The number will obviously be negotiated, but there is no doubt that the retailer will not be exchanging merchandise for the card rate value of the commercials. The cost of new furnishings for the station lobby may be $3,000, and the card rate value of the time traded to a local furniture store may be $6,000. In most instances, tradeout commercials are arranged on a best times available or run-of-station basis. Tradeouts usually do not include production costs.

Barters usually take place at the national level and are a bit more complicated than a local tradeout deal because of the presence of a middleman. There are a number of barter houses, and one of the largest and best known is the William B. Tanner Co. of Memphis. Their catalogue is distributed widely to both print and broadcast media management. The barter salesperson negotiates with the station for what is needed. It may be prizes for a promotional contest, or premiums for the station sales staff to use as give-aways. A top 40 station, for example, may want to secure a half dozen motorcycles as contest prizes. In return, the barter salesperson will negotiate a certain amount of time on the station and then peddle it to whoever wants it. Large national advertisers often avoid these opportunities, because the barter commercials are occasionally in poor time periods and are constantly preempted. The bargain simply isn't worth it if the national advertiser is trying to coordinate a major multimedia promotion. Sometimes, however, advertisers can arrange excellent schedules that will not be preempted.

It is difficult to estimate the volume of barter business conducted each year in the broadcasting industry, but a safe guess is that it runs into the tens of millions of dollars. It is an opportunity market for all concerned.

Advertiser or Barter Syndication

A special form of barter has become increasingly popular in television, barter syndication. The station trades time for a program, rather than for goods and services. The advantages to the advertiser of such an arrangement are:

1. The advertiser can develop a program that will enjoy wide popularity among the target audience he hopes to reach.

2. The costs of such a program are invariably less than full sponsorship of a network TV series.

3. The series is syndicated on a spot basis in just the markets of prime importance to that advertiser.

4. Good time periods can be negotiated with stations interested in carrying such a series.

5. Large corporate manufacturers may advertise many different products in the commercial positions within the program series.

6. With high identification between the sponsor and the program, the series can be merchandised to dealers, retailers, and the public.

For the station that accepts a barter syndication series, there are two major advantages:

1. A time period is filled at no charge, and the station does not have to produce programing or buy regularly syndicated programing.

2. Several of the commercial positions in the program are "given back" to the station and can be sold to noncompetitive national or local advertisers.

If the program series is a popular one, availabilities will be quickly sold and the station will profit. Usually, the arrangement for a barter program is that the advertiser keeps half or two-thirds of the commercial positions and gives the remainder back to the station.

Some headaches for the advertiser are involved in barter syndication, however. Production costs must be kept in line, or all the savings can be quickly lost. Negotiating a good time slot on an important station in a major market is not always easy, and major market clearances are the whole idea behind barter shows. Further, there's plenty of competition from other program producers also trying to obtain one of the relatively few good time periods available on top stations.

When the Federal Communications Commission adopted the Prime Time Access Rule, effective in 1971, the net effect was a tremendous boost to barter syndication. The three commercial TV networks were required to cut back their programing in prime-time hours from three-and-a-half to three hours. The FCC's purpose in adopting this rule was to encourage programing diversification and to provide both local station and independent program producers the opportunity to create new programs that might better serve the public. The rule was less than a total success as stations looked around for low-cost and high-profit shows to fill the 7:30 to 8:00 P.M. time period (one hour earlier in the Central Time Zone). Game shows and wild animal series were launched, along with some other inexpensive program formats. Some of the most popular have been *Truth or Consequences, Hollywood Squares, New Dating Game, Wild Kingdom, Animal World,* and *Hee Haw*. Many of these series are owned by advertisers and provided to stations on a barter syndication basis. The growth or the decline of barter has depended, and will continue to depend, on the state of the economy, the costs of network and spot television, stations' costs in buying or producing programing, and the ultimate status of the much-debated Prime Time Access Rule.

Spot Radio Networks

National station representatives who sell spot radio time to advertising agency time buyers know all too well that one of their biggest problems is just getting radio included in a media strategy! The radio industry has continuously sold the medium as being efficient, effective, and excellent for a media mix. Television, however, is a tough competitor, and many times radio has almost been written off by clients who invest all of their budget in TV and print media.

One way to get more advertisers to invest their money in radio is by making the medium easy to buy. Certainly, that has always been the case in network radio. Now, however, the "wired webs" or traditional line networks have a strong competitor: spot radio networks.

In the 1960s, many stations, particularly in small markets, were available to advertisers as a group buy, but major stations in major markets were not. As a new business venture, the Blair Radio Network was established in 1970 and is considered the first of the modern rep net-

works.[1] Other spot networks, organized by representative firms, have also become available to advertisers.

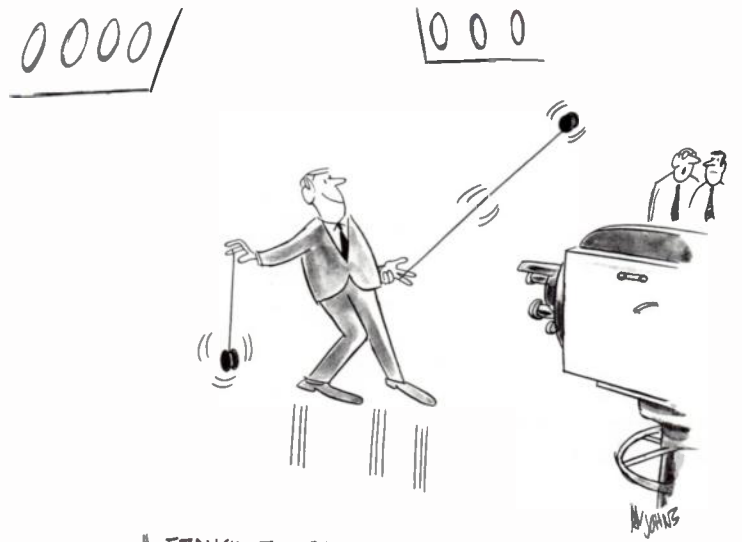
Unlike affiliates to a regular line network, stations in spot networks do not carry common programing. They are not linked together; they only carry the commercials mailed to them by the advertiser who has bought a large group of stations participating in a spot network. The nucleus of any spot network is the rep's list of represented stations. For buys extending beyond this list, the rep arranges with stations in other markets and thus can provide a tailor-made list to fit an advertiser's needs. Stations usually serve as outlets for only one spot network.

Spot networks offer a very attractive flexibility to advertisers. An advertiser may buy a tailor-made list of markets, such as the top 50 or 100. The starting dates of the campaign may be staggered, if necessary, to accommodate various marketing requirements. The advertiser can "heavy up" the schedules in particularly important markets. Different commercial lengths may be used or various dayparts may be ordered. The traditional line networks cannot provide this kind of flexibility.

In order to make spot networks as attractive and easy to buy as possible, the rep firms assume responsibility for coordinating the schedules and handling the billing. Thus, instead of the advertising agency receiving two hundred separate invoices from as many stations, it receives one bill—from the Katz Radio Network, the Blair Radio Network, the Eastman Network, or whatever spot network landed the order. The agency pays the rep firm, which then compensates all the stations in the spot network and deducts a commission for its services.

Not everyone is enthusiastic about spot networks. The regular line networks must certainly sell hard in order to offset this strong new competition for radio advertising budgets. Many buyers believe that a spot network buy is more expensive than a line network buy on the same number of stations and that it requires a substantial budget. It may be that smaller advertisers are better off using regular spot buys.

[1]*Broadcasting*, October 14, 1974, p. 36.



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Conclusions

Radio and television spot sales offer advertisers of all sizes many important and attractive options. Campaigns can be placed in a tailor-made list of markets and on just the stations of the buyer's choosing. Advertising weights can be varied, start dates can be staggered, and the advertiser can run regionalized copy to achieve greater impact. Long-term commitments are not necessary. Schedules may be bought on relatively short notice and, if necessary, canceled or modified.

For large advertisers, spot schedules can augment network buys in particularly important markets. Spot is an ideal advertising vehicle for

test marketing new products or for launching new campaigns. The large advertiser can quickly add spot to his advertising program to meet a strong competitive challenge or other unexpected development.

For small regional advertisers, spot buys can be tailored to fit product distribution patterns. The buys may be heavy or light, but what is important is the opportunity to stretch advertising budgets for maximum efficiency.

Account executives from rep firms sell spot time to time buyers in agencies and media buying services across the country. The budgets may be large or small, but these two key people—the rep and the buyer—facilitate the flow of buying and selling between advertisers and stations.

The advertisers' investments in spot buys add up to billions of revenue dollars each year for the nation's broadcasters. Since spot represents a major vehicle for selling goods and services, the nation's advertisers consider the expenditure well worth it.

13.2 Rate Cards

Radio Station WOAI, San Antonio, Texas

ANNOUNCEMENT TIME CLASSIFICATIONS		
AAA	6 AM – 10 AM	Monday – Saturday
AA	3 PM – 7 PM	Monday – Saturday
A	10 AM – 3 PM	Monday – Saturday
	7 PM – 12 MN	Monday – Saturday
	All Day	Sunday

TOTAL AUDIENCE PLAN (TAP) 1/3 AAA, 1/3 AA, 1/3 A		
Weekly	60	30
6X	17	14
12X	15	13
18X	13	11

WEEKEND SPECIAL ROS Friday 12 Nn – Sunday 9P		
Weekly	60	30
50X	500	400

WEEKLY PLANS	ANNUAL PLANS	AAA		AA		A	
		60	30	60	30	60	30
6X		20	18	18	16	16	14
12X		18	16	16	14	14	12
	250X	17	15	15	13	13	11
18X	500X	16	14	14	12	12	10
	750X	15	13	13	11	11	9
	1000X	14	12	12	10	10	8

FARM AND RANCH
Monday – Friday (60" or less)
12:14 PM - 1:00 PM $35
5:30 AM - 6:00 AM $30
Feature Sponsorship +25%

Radio Station WKBW, Buffalo, New York

AAA 6 - 10 AM Monday - Saturday

	Minute	30 Sec.	10 Sec.
Less than 6 per week	65.00	52.00	42.00
6 per week	62.00	50.00	40.00
12 per week	57.00	46.00	37.00
18 per week	52.00	42.00	34.00

AA 2 - 7 PM Monday - Saturday

	Minute	30 Sec.	10 Sec.
Less than 6 per week	50.00	40.00	32.00
6 per week	45.00	36.00	29.00
12 per week	40.00	32.00	26.00
18 per week	35.00	28.00	23.00

A 10 - 2 PM Monday - Saturday & 9 AM - 7 PM Sunday

	Minute	30 Sec.	10 Sec.
Less than 6 per week	40.00	32.00	26.00
6 per week	37.00	30.00	24.00
12 per week	34.00	27.00	22.00
18 per week	32.00	26.00	21.00
24 per week	30.00	24.00	20.00

B 7 PM - Midnight Monday - Sunday

	Minute	30 Sec.	10 Sec.
Less then 6 per week	35.00	28.00	23.00
6 per week	32.00	26.00	21.00
12 per week	29.00	24.00	20.00
18 per week	27.00	22.00	18.00
24 per week	25.00	20.00	16.00

RCS 6 AM - Midnight Monday - Sunday

	Minute	30 Sec.	10 Sec.
Less than 6 per week	42.00	34.00	28.00
6 per week	40.00	32.00	26.00
12 per week	38.00	31.00	25.00
18 per week	36.00	29.00	24.00
24 per week	33.00	27.00	22.00

BULK PLANS
(ALL FLAT RATES NO DISCOUNTS)

ALL NITE SHOW

6 Spots Per Night	$200 per Week 60's
7 Nights Midnight - 5 AM	$175 per Week 30's

ANNOUNCEMENTS

MONTHLY ROS (Runs Anytime Within 4 Consecutive Weeks)

	Minute	30 Sec.	10 Sec.
24 per month	36.00	29.00	24.00
48 per month	35.00	28.00	23.00
72 per month	34.00	27.00	22.00
96 per month	32.00	26.00	21.00

YEARLY ROS (Runs Anytime Within 7 Days)

	Minutes	30 Sec.
1000 per year	31.00	25.00
1500 per year	29.00	24.00
2000 per year	27.00	22.00

NEWSCASTS

DRIVETIME

AM Full Five Minutes		PM & Headlines	
3 per week	70.00	3 per week	55.00
6 per week	67.00	6 per week	50.00

SPORTS

SPORTS SCOREBOARD OR SKI REPORTS

3 times per week	57.00
6 times per week	55.00

PLAY BY PLAY SPONSORSHIP

Rates On Request

Radio Station KRAK, Sacramento, California

WEEKLY PACKAGE PLAN

CLASS AAA

	60 sec	30 sec	10 sec
30 Per Week	$54	$43	$32
24 Per Week	58	46	35
18 Per Week	61	49	37
12 Per Week	63	50	38
6 Per Week	65	52	39
FIXED	72	58	43

CLASS AA

	60 sec	30 sec	10 sec
30 Per Week	$45	$36	$27
24 Per Week	48	38	29
18 Per Week	51	41	31
12 Per Week	53	42	32
6 Per Week	55	44	33
FIXED	60	48	36

CLASS A

	60 sec	30 sec	10 sec
30 Per Week	$43	$34	$26
24 Per Week	47	38	28
18 Per Week	49	39	29
12 Per Week	51	41	31
6 Per Week	53	42	32
FIXED	48	46	35

CLASS B

	60 sec	30 sec	10 sec
30 Per Week	$28	$22	$17
24 Per Week	29	23	18
18 Per Week	30	24	19
12 Per Week	31	25	20
6 Per Week	33	26	21
FIXED	35	28	22

CLASS C

50% off earned Class B rate.

Discounts 52 weeks – 10%

RATE PROTECTION

Three months from date of increase.
Policies per SRDS coding.

KRAK TIME RATES

CLASS AAA

6:00-10:00 A.M. Monday-Saturday

CLASS AA

3:00-7:00 P.M. Monday-Saturday

CLASS A

10:00-3:00 P.M. Monday-Saturday
6:00 A.M.-7:00 P.M. Sunday

CLASS B

7:00 P.M.-12 Midnight Monday-Sunday

FARM

5:00-6:00 A.M. Monday-Friday

CLASS C

All other times.

ANNU/PLAN

CLASS AAA

	60 sec	30 sec	10 sec
500 X	$45	$36	$27
1000 X	40	32	24

CLASS AA

	60 sec	30 sec	10 sec
500 Per Year	$37	$30	$22
1000 Per Year	32	26	19

CLASS A

	60 sec	30 sec	10 sec
500 Per Year	$36	$29	$22
1000 Per Year	31	25	19

CLASS B

	60 sec	30 sec	10 sec
500 Per Year	$24	$19	$14
1000 Per Year	20	16	12

Master contract subject to short rate. Must be equally distributed over five or more days within the week. Not combinable.

KRAK AUDIO NEWS PACKAGES

Ten minute news features based on double the earned sixty second SDP rate. Five minute news based on earned Weekly Package rate plus 25%. Fifty-two week discount 10%.

SPOT DISTRIBUTION PLAN (SDP)

All SDP schedules must be equally distributed over five or more days within the week. Do not combine for frequency with any other schedules, packages or programs. No additional discounts.

CLASS AAA

	60 sec	30 sec	10 sec
30 Per Week	$45	36	$27
24 Per Week	48	38	29
18 Per Week	51	41	31
12 Per Week	53	42	32
6 Per Week	55	44	33
FIXED	60	48	36

CLASS AA

	60 sec	30 sec	10 sec
30 Per Week	$37	$30	$22
24 Per Week	40	32	24
18 Per Week	43	34	26
12 Per Week	45	36	27
6 Per Week	47	38	28
FIXED	50	40	30

CLASS A

	60 sec	30 sec	10 sec
30 Per Week	$36	$29	$22
24 Per Week	39	31	23
18 Per Week	42	34	25
12 Per Week	44	35	26
6 Per Week	46	37	28
FIXED	48	38	29

CLASS B

	60 sec	30 sec	10 sec
30 Per Week	$24	$19	$14
24 Per Week	25	20	15
18 Per Week	26	21	16
12 Per Week	27	22	17
6 Per Week	29	23	18
FIXED	30	24	19

CLASS C

50% of earned Class B rate.

Television Station KGTV, San Diego, California

KGTV10 SAN DIEGO Rate Card No. 15, Effective September 1, 1975

Minutes are double the 30-second rate
ID's are one-half the 30-second rate.
5 seconds are 60% of the 10-second rate.

DAY/TIME	PROGRAM	30/20-SECOND SEC 1	SEC 11	SEC 111	SEC 1V
MONDAY/FRIDAY					
7:00-9:00 AM	Today Show	$55	$50	$45	$40
9:00 AM-2:30 PM	Daytime Rotation	90	80	70	60
12:00-12:30 PM	The News	100	90	80	70
3:00-4:30 PM	3:00 Movie	80	70	60	50
4:30-5:00 PM	Adam-12	150	130	110	90
5:00-6:00 PM	The News	265	240	200	180
6:30-7:30 PM	Merv Griffin	300	270	240	225
7:30-8:00 PM	ROS Access	365	305	265	225
7:30-8:00 PM (MON)	High Rollers	270	240	210	180
7:30-8:00 PM (TUE)	Hollywood Squares	370	340	310	270
7:30-8:00 PM (WED)	Price is Right	300	270	240	200
7:30-8:00 PM (THUR)	Match Game	370	340	310	270
7:30-8:00 PM (FRI)	Hollywood Squares	370	340	310	270
8:00 PM (M-TH/SAT)	Various	440	415	380	330
11:00-11:30 PM (M/S)	The News	340	315	295	265
11:30 PM-1 AM (M/SAT)	Tonight Show	150	130	110	90
11:30 PM-1 AM (SAT)*	Saturday Night	180	160	140	120
1:00-2 AM (M/TH)	Tomorrow Show	40	30	20	10
1:00-2:30 AM (FRI)	Midnight Special	55	40	30	—
SATURDAY					
7:30-12:30 PM	Kid Rotation	90	75	60	—
12:30-2:00 PM	Various	100	75	60	45
2:00-3:00 PM	This Week in NFL	75	60	50	40
3:00-5:00 PM	KGTV Movie	135	115	95	75
5:00-5:30 PM	The News	200	170	140	120
6:00-7:00 PM	Ironside	210	190	170	150
7:00-8:00 PM	Space: 1999	300	270	240	200
1:00-2:00 AM	KGTV Movie	50	40	30	20
SUNDAY					
7:00-9:30 AM	Religion	30	20	—	—
9:30 AM-4:00 PM	Football	540	—	—	—
3:00-5:00 PM	KGTV Movie	135	115	95	75
5:00-5:30 PM	The News	200	170	140	120
6:00-6:30 PM	KGTV Specials	170	140	110	80
6:30-7:00 PM	Wild Kingdom	365	305	265	225
11:30 PM-1:00 AM	KGTV Movie	60	50	40	30

* Effective 10-11-75

DAY/TIME	PROGRAM	30/20-SECOND SEC 1	SEC 11	SEC 111	SEC 1V
MONDAY					
8:00-9:00 PM	Invisible Man	$800	$700	$600	$500
9:00-11:00 PM	NBC Movie	850	750	650	550
TUESDAY					
8:00-9:00 PM	Movin' On	800	700	600	500
9:00-11:00 PM	Police Story/Forrester	950	850	750	650
WEDNESDAY					
8:00-9:00 PM	Little House	950	850	750	650
9:00-11:00 PM	KGTV Movie	575	525	475	425
THURSDAY					
8:00-9:00 PM	Montefusco/Fay	800	700	600	500
9:00-11:00 PM	Ellery Queen/Med. Story	800	700	600	500
FRIDAY					
8:00-9:00 PM	Sanford/Chico	1400	1300	1200	1100
9:00-11:00 PM	Rockford/Police Woman	1000	900	800	700
SATURDAY					
8:00-9:00 PM	Emergency	950	850	750	650
9:00-11:00 PM	NBC Movie	850	750	650	550
SUNDAY					
7:00-8:00 PM	Walt Disney	1000	900	800	700
8:00-9:00 PM	Holvak	800	700	600	500
9:00-11:00 PM	Mystery Movie	1000	900	800	700
NEWS COMBO (2 Spots)	(1) 11PM News (M/Su) (1) 5PM News (M/F)	510	480	450	435
NEWS COMBO (3 Spots)	(1) 11PM News (M/Su) (2) 5PM News (M/F)	665	635	605	585

KGTV SAN DIEGO

Television Station WTNH-TV, New Haven, Connecticut

8
wtnh·tv
new haven

WTNH-TV Hartford-New Haven

Rate Card 75-2 Prime 30 Second Costs

DAY	TIME	PRICE	PROGRAMMING
Mon.	8-11PM	800/700	The Rookies/S.W.A.T./Caribe
Tue.	8-11PM	600/500	Happy Days/Tuesday Movie of the Week/Marcus Welby
Wed.	8-10PM	950/850	That's My Mama/Wednesday Movie of the Week
Wed.	10-11PM	500/400	Baretta
Thur.	8-9PM	500/400	Barney Miller/Karen
Thur.	9-11PM	800/700	Streets of San Francisco/Harry-O
Fri.	8-9PM	450/350	Kolchak
Fri.	9-10PM	700/600	Hot "L" Baltimore/Odd Couple
Fri.	10-11PM	400/300	Get Christie Love
Sat.	8-9PM	300/200	Kung Fu
Sat.	9PM-CC	600/500	ABC Saturday Night Movie
Sun.	730-1030PM	800/700	Six Million Dollar Man/ABC Sunday Night Movie
Sun.	830-1030PM	900/800	ABC Sunday Night Movie
M-Sun.	730-11PM	1500/1200	ABC Special Presentations
M-Sun.	8-11PM	600/500	Prime ROS

Prime ID's: M-Sun., 730-11PM — $350/300/250
Pre-emptible

EFFECTIVE 4/7/75

WTNH-TV Hartford-New Haven

Rate Card 75-2 30 Second Costs

DAY KIDS	TIME	FIXED	G-1	G-2	G-3	G-4	G-5	G-6	PROGRAMMING
M-F	7-8AM	125	100	90	80	70	60	50	Kid's Rotation
Sat/Sun	7AM-1PM 9AM-12NN	200	175	155	135	115	95	75	Kid's Weekend Rotation
DAYTIME									
M-F	8AM-1230PM	80	65	55	45	35	25	15	Morning Rotation
M-F	1230-430PM	140	115	105	85	70	50	40	Afternoon Rotation
M-F	8AM-430PM	130	105	90	75	60	45	30	Daytime Rotation
M-F	Daytime Pkg.	5x 8AM-1230PM 100/75							
FRINGE									
M-F	430-6PM	250	200	175	150	125	100	75	Merv Griffin
M-F	6-630PM	500	450	400	350	300	250	200	Action News—Early
Sat/Sun	6-730PM	300	250	225	200	175	150	125	Action News
M-F	7-730PM	500	400	350	300	250	200	150	Truth or Consequences
M-Sun	11-1130PM	500	450	400	350	300	250	200	Action News—Late
M-F	1130PM-1AM	90	80	70	60	50	40	30	WW Entertainment
Fri.	1AM-CC	80	65	55	45	35	25	15	Rock Concert
Sat.	1130PM-CC	175	150	125	100	75	50	40	Million $ Movie
Sun.	1130PM-1AM	90	80	70	60	50	40	30	It Takes A Thief/Dragnet
Sat/Sun	2PM-CC	200	175	150	125	100	75	50	Sat/Sun Cinema
ACCESS & WEEKEND									
Mon.	730-8PM	550	450	400	350	300	250	200	New Candid Camera
Tue/Fri	730-8PM	550	450	400	350	300	250	200	Let's Make A Deal
Wed.	730-8PM	550	450	400	350	300	250	200	$25,000 Pyramid
Thurs.	730-8PM	550	450	400	350	300	250	200	Jeopardy
M-F	730-8PM	550	450	400	350	300	250	200	Access Rotator
Sun.	630-730PM	550	450	400	350	300	250	200	Lawrence Welk
Sun.	1030-11PM	550	450	400	350	300	250	200	Police Surgeon
SPORTS									
Sat.	5-630PM	550	500	450	400	350	300	250	WW of Sports
Sat/Sun	Various	500	400	350	300	250	200	150	PGA Golf
Sat/Sun	Various	300	225	200	175	150	125	100	World Invitational Tennis
PRIME									
M-Sun	730-11PM	1500	1200	1000	800	600	400	200	Prime

ID's — 50% of 30 Second Rate.
60 Second — Double the 30 Second Rate.

EFFECTIVE 4/7/75

13.3 Glossary of Rate Card Terminology

Annual Discount An annual discount is offered to advertisers who buy a 52-week schedule. It is sometimes based on the total number of commercials purchased or on the total annual expenditure. (See Bulk or Volume Discount.)

Best Times Available (BTA) A BTA is a "pot luck" advertising schedule offered by many stations, often at lowest rates. It is usually sold as a package and scheduled at the station's discretion. (Also called Run of Station or Run of Schedule.)

Bulk or Volume Discount This discount is offered to advertisers who either buy a large volume of commercials (perhaps 1000 or 1500) or spend a specific minimum amount of money over a one-year period.

Consecutive Week Discount (CWD) A CWD discount is for long term advertisers who run continuous schedules of 13, 26, 39 or 52 weeks. Discounts usually range from 5 percent to 15 percent off the station's regular rates.

Fixed Position This term refers to a commercial position guaranteed by the station to run at a particular time.

Frequency Discount A frequency discount is based on the total number of commercials run on a station during a one-year period. Often shown on a rate card as 13 × (times), 26 ×, 52 ×, 104 ×, 156 ×, 312 ×, and so on.

Grids A grid is a TV pricing system that may show a variety of prices for any one availability, usually those in prime time. The station will sell near the top of the grid when business is very good and near the bottom of the grid when business is "soft." (See Sections.)

Orbits An orbit is a scheduling system that rotates an advertiser's commercials either horizontally or vertically. A horizontal rotation moves the commercial in the same time period across the days of the week, such as 3:00 P.M. Monday, 3:00 P.M. Tuesday, 3:00 P.M. Wednesday, and so on. A vertical rotation moves a commercial throughout a general time period, such as 10:00 A.M. Thursday, 10:30 A.M. the following Thursday, 11:00 A.M. the following Thursday, and so on.

Preemptible This term refers to a commercial position bought at a rate lower than the full-rate advertising rate and subject to preemption by an advertiser who wants the same position and is willing to pay full rate.

Product Protection This term refers to a guarantee by a station that the advertiser will be "protected" from the commercials of competitors by a minimum amount of time. Product protection may be for 10 minutes, 15 minutes, a half hour, or whatever the station may designate. It includes both network and locally originated commercials.

Rate Protection This term refers to a station's guarantee against rate increases for advertisers buying a schedule. Rate protection may be offered for a specific number of weeks, or often for just the duration of an advertiser's schedule. (If a station *lowers* its rates, the advertiser may immediately switch his schedule to the less expensive rates.)

Rotations (See Orbits.)

Run of Station (ROS) (See Best Times Available.)

Sections Sections are usually shown on TV rate cards as price designations for fixed positions and preemptible positions. For example, the top priced fixed position rate may be designated Section 1 at $300; a position preemptible on two weeks' notice may be designated Section 2 at $275; and a position that is preemptible with no notice may be designated as Section 3 at $250.

Short Rate An advertiser who contracts to buy a particular schedule earning a discount for either the number of commercials run each week, or the number of weeks the campaign runs, may be subject to

a short rate if the schedule is canceled or changed. For example, if an advertiser buys a schedule and earns a 5 percent discount for 26 consecutive weeks, and then decides to cancel at the end of 20 weeks, the CWD will not apply. This advertiser will be short-rated and must pay an additional 5 percent for all the commercials run during the 20-week period.

Total Audience Plan (TAP) TAP, a package plan offered by many radio stations, distributes an advertiser's commercials over several day parts and across the days of the week for a reduced rate.

Weekly Discounts or Plans A discount offered to advertisers based on minimum weekly buys. Often offered as a plan of 10, 20, 30, or more announcements per week.

Local Sales

Show Biz on Main Street

14

The national advertiser who spends $100,000,000 a year in an advertising program is far different from the local advertiser who may spend $100,000 or even only $10,000. Although their marketing objectives are usually similar—to sell their goods and services to satisfied customers—the ways they seek to accomplish these objectives are understandably and unavoidably dissimilar.

Revenues from local advertisers increase each year for the nation's radio and television stations, which consider such accounts vital. Local advertising in the broadcast media usually means retail advertising, and it has been the bread and butter of radio stations for many decades. The excellent results retailers have obtained from radio is reflected in the increasing number of dollars invested in the medium. Between 1960 and 1970, for example, local business for the radio industry more than doubled. The Radio Advertising Bureau reported that 1972 was the first billion dollar year for radio retail advertising.[1]

Radio stations depend on local advertisers more than TV stations do, and the importance of these advertisers continues to grow. National spot business still constitutes the primary source of TV stations' revenues in major markets, but between 1960 and 1970 local advertising investments tripled. The Television Bureau of Advertising reported that 1973 was the first billion dollar year for local TV revenues.

The major retail spenders in the broadcast media are department and discount stores, auto and truck dealers, restaurants and drive-ins, supermarkets and food stores, furniture stores, financial institutions, and clothing stores. These clients are also heavy print users, familiar with newspaper and direct mail advertising. Many retailers consider the broadcast media wise investments and have allocated a portion of their advertising budgets to them. Others, however, are reluctant to spend their money in the broadcast media. Their reasons are varied; some are valid and others are not.

The retailer who deals with tangible merchandise and is used to the tangible qualities of print advertising is often unfamiliar with the advertising possibilities of radio or TV. He is comfortable and complacent with his head buried in a favorite newspaper. He can pin up his ad on a bulletin board. On radio or TV, on the other hand, his ad is an abstraction that exists only momentarily. Further, since commercials are often not conducive to selling a large number of individual items, many retailers still cling to print advertising. Newspapers do this job superbly, and an immediate response in sales may be very easily traced to print ads. The broadcast media are best suited to promoting events and building a store image. It is difficult, however, to convince a retailer weaned on item selling in newspapers that a blind medium such as radio can effectively generate store traffic.

[1] *Radio Facts: RAB Pocket Piece 1975* (New York: Radio Advertising Bureau, 1975), p. 33.

"There was a noticeable lack of enthusiasm in your reading of 'baby beef liver, only $1.29 a pound.'"

Drawn for BROADCASTING by Jack Schmidt

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Many retailers have told station account executives, "I tried radio (or TV) once, but it didn't work." The chances may be good that the retailer succeeded in breaking every rule of good broadcast advertising. (The ultimate ridiculousness of some retailers in "testing" the broadcast media is reflected in a story about a store manager. He bought radio time to feature one product that he had never before advertised, and then hid it under the counter to see if anyone would ask for it!)

Local Selling Considerations

A local station sales manager always divides the prospective client list among the account executives, for there's no point in having two salespersons from the same station soliciting the same client. If station account executives expect to land retail business by knocking the competition (be it other broadcast stations or print advertising), they are making a big mistake. Squabbling stations in competition with one another can degrade the entire medium in the retailers' eyes. They should realize that since newspapers and retailing have grown up together, that relationship is very secure. Broadcasters should not ask retailers to establish a separate and additional budget for radio or TV but instead seek to divert some of the advertising monies to the broadcast media. They should encourage the retailer to give the same time and attention to the broadcast media as to print, and to support that effort with an adequate budget. A radio or TV campaign must be run in sufficient depth and length to achieve results, and it is the account executive's responsibility to communicate this necessity to the advertiser. Too many retailers expect overnight results from broadcasting, and in many instances that is simply not possible.

The retailer is concerned that his advertising investments accomplish two things: (1) that the results justify the expense, and (2) that he can, in some way, measure those results. Broadcast commercials aimed at enhancing a store image, for example, will have a tough time meeting the second qualification. Thus, it becomes obvious that the broadcasting account executive must continually reeducate the retailer as to what he can and should expect.

If the retailer's broadcast campaign is a failure, the loss often results from his own inexperience. The station's account executive who sold him the schedule, however, should share the blame since his job is to help the retailer use the broadcast media properly. Some store managers with severely limited advertising budgets say that talk is cheap, but television is not. They are concerned that their low-cost TV commercials will look pathetic run back-to-back with slick, expensive national commercials. The station account executive can show the retailer how a good, high impact commercial can be produced on a modest budget and still be original enough to constitute a source of pride for store personnel.

Radio and television are not replacements for print advertising, of course. If a retailer moved all his advertising budget from newspapers and direct mail to the electronic media, he would be very foolish indeed. Broadcast advertising, however, has proved itself most effective in a media mix because of its flexibility, coverage, and speed. For example, radio's coverage may be more select than newspaper coverage, depending on the nature of the time buys, and the expense is very competitive with newspapers in terms of cost-per-thousand estimates. The versatility and immediacy of broadcasting can benefit the retailer in other ways. Commercials can point out newspaper ads or direct mail pieces. Copy can be changed quickly, which is important to retailers who may need to make a fast change in sale items or in pricing. Television can take the viewer on a store tour and display merchandise, friendly clerks, ample parking lots, and other store attributes. In addition, the broad circulation of radio and television within any given market is a definite plus in merchandising.

These advantages of the broadcast advertising media can be very attractive to local retailers. They are aware that newspapers present a number of problems even though they have been the traditional retail medium. Linage rates have been rising in recent years, along with cost per-thousand estimates. In most markets, circulation in proportion to population has been declining. Given the enormous quantity of newsprint that makes up one edition, retailers often wonder if their ads are so buried that they are lost to many prospective customers. Another factor is that newspapers constantly reach the same audience. Since young people are not heavy newspaper readers, certain retailers ("mod" clothing and fast-food outlets, for example) have found the broadcast media increasingly appropriate for their needs.

In many retail campaigns, store managers are concerned with communicating to prospective customers one or more of the following features of their store: (1) specific items; (2) events such as an End-of-the-Month Sale, January White Sale, and most importantly, the Christmas season; (3) store image; and (4) store services. Obviously, it is not possible to squeeze very much information on all these features into one 30- or 60-second commercial; thus, a commercial will usually concentrate on just one or two aspects.

Item Selling

Item selling has enjoyed some spectacular successes in the broadcast media, but the selection of the item or items to be featured and the manner of presentation must be carefully constructed. First of all, the retailer should select a popular item that is timely and is stocked in large quantities. The news value of the item should be exploited. The item should represent the merchandise carried in the store and be an attractive value to prospective customers. The commercial should provide sufficient information to interest the viewer, and the number of items featured should be limited, or else the trees will be lost in the forest. An exception to this guideline is shown by the huge success of some commercials that simply use a panning camera to survey a tremendous selection of one item—perhaps cameras, ladies' handbags, or toys.

Event Selling

Event selling is an excellent way to use the broadcast media to support print advertising. Special selling periods (Christmas, Back-to-School, Mother's Day) are likely to find the retailer involved in heavy newspaper and direct mail campaigns. Radio and television can complement such campaigns by generating interest and excitement for an up-coming event. Ten second announcements run in a saturation buy a day or two before a major store event are particularly effective (and inexpensive).

Image and Service Selling

In *image and service selling,* the retailer must look beyond the merchandise. Managers often think of their store almost solely in terms of what it sells, but the customers' involvement is deeper. A store is size, selection, decor, sales personnel, free delivery, shopping bags, parking, credit and return policies, and a host of intangibles. The broadcast

media, with their exceptional creative capacities, are able to build and enhance a store's image in a way the retailer cannot achieve in the print media. Music, sound effects, lights, movement, excitement—these cannot be captured by ink on paper. But they can be built into a radio or TV commercial. The results may be new prestige and wider customer acceptance and store loyalty. Overzealous store advertising managers have sometimes, unfortunately, produced image commercials based not on what the store actually represented, but on what they wished it did. Such advertising can puzzle their regular customers and mislead prospective customers.

Success comes only when both broadcasters and retailers take the effort to learn something about the other's business. Retailers who build commercials that look and sound like a print ad, who try to be cute and are never funny, who write dull copy, who neglect to feature the right kind of merchandise or include the store name often enough, who economize in all the wrong places, and who do not use radio and television in what it does best—personal selling—are destined for failure. The station account executive must be a versatile salesperson willing to invest the extra effort to learn something about his clients' businesses. Many station salesmen understand broadcasting, but they do not understand retailing. They approach a store manager quoting statistics on cumulative audience, cost-per-thousand, ratings, and shares, and it usually sounds like so much gibberish to the retailer. What he wants to know is if he can sell shoes on the radio.

Sales Procedures

The most successful local broadcast account executives will attest to the following procedures for selling retail accounts.

Step One. The purpose of the salesperson's first call should be simply to get acquainted and gather information. A good salesperson will not attempt to sell time from the station's viewpoint, but rather from the retailer's assessment of his own needs. To do so, the salesperson must understand the prospect's hopes and expectations and learn as much as possible about the store's merchandise, markup, selling seasons, customer profiles, sales personnel, competition, and so on. This data, along with the wealth of information on retail businesses supplied to member stations of the Radio Advertising Bureau and the Television Bureau of Advertising, provides the base from which the sales presentation can be prepared. Successful salespeople always do their homework.

Step Two. The second call is for the purpose of making the sales pitch. There are no hard and fast rules on the best procedure for selling time, even though some account executives think they have a magic formula. The salesperson's presentation is obviously based on the information gathered in the first call, the subsequent homework, the personality and the advertising knowledge of the store manager, and some old-fashioned sales techniques. Some account executives simply move down through a list, first selling their medium, then their station and its audience, next talking availabilities, and then finally costs. This procedure may work very well for the large retail store heavily involved in all facets of advertising. For the relatively inexperienced advertiser, however, his first concern is, "How can I reach my customers? How can I get people into my store?" The account executive who has correctly qualified the prospect will understand these concerns and may use a variety of approaches. He or she will discuss the retailer's needs, and create a desire for the "product" by revealing some lack in the store's advertising program. One approach is to present station success stories. These successes may be attested to by letters to the station from satisfied advertisers, or more elaborate presentations can be used that show sample commercials and then quote sales results. Either method is a powerful tool, for each provides solid evidence of the station's impact in the community.

For some retail accounts with little or no broadcast experience, the salesperson will do well to talk commercials first and time buying last. Unless the store management can become excited about what their commercial will say or look like, they won't take much interest in the

station's rate card. Many retailers do not have advertising departments or advertising agencies. An assistant manager may double in brass as the store's advertising manager. With the help and hand-holding of the local newspaper account executive, he may be fairly accomplished at turning out an attractive and effective newspaper ad. But writing a radio or (heaven forbid!) television commercial would terrorize him. The station account executive must also help and hold his hand — or lose the business.

Most successful local salespersons have a knack for developing a commercial idea that will appeal to their prospective advertisers. In radio, it may involve actually producing a speculation commercial that can be played for the retailer. If the commercial is good and appealing, the retailer may be eager to sign on the dotted line. A standard ploy, and sometimes a last resort by the station salesperson who is anxious to close a sale, is to urge the store manager to serve as talent. "You'd be just great on television, and who knows more about this store than you? Besides, you won't have to pay an announcer!" The ego trip is often irresistible, and unfortunately, often it results in some of the worst advertising on television.

Step Three. After the station account executive has made his pitch, he should leave a program schedule, a coverage map, and a rate card with the store's advertising manager. Unless the client is an experienced broadcast advertiser, many account executives leave behind little or no audience research data. They are often too confusing for the uninitiated, and some smart salespeople know that if they sell by the figures they will have to live with them later. Selling the station's personalities is often easier and more personally involving for the client than audience statistics. The retailer may perceive the live commercial of a popular TV host or radio DJ as delivering greater impact because of the personality's stature with an audience.

Step Four. When a station account executive lands an order, it is his responsibility to see that the advertiser is making an intelligent buy. The station salesperson knows and understands the program schedule, audience research data, and costs; from this knowledge, he must carefully construct the best possible schedule for each particular advertiser. A clever commercial is not enough. It must be scheduled on the right days and at the right times, with sufficient frequency to reach the advertiser's best prospects. Underselling is as great a disservice to the client as overselling.

Almost every retailer runs a number of sales during the year. Newspaper and direct mail should advertise the items, but the broadcast media should be utilized to promote the event. Because the retail business flows in peaks and valleys, the advertising time buys of most stores should probably be developed on a flight basis. It may not be necessary, nor even desirable, for a retailer to run commercials every day of the year. Retailers who use broadcasting for short-lived campaigns and who are off and on in flights will do well to develop a thematic approach for all broadcast commercials in order to maximize the reinforcement value. A theme may be established with nothing more complicated than a store slogan or a special musical refrain.

Radio and television should be used to support major events or to promote particularly current items. For example, radio's tremendous flexibility can benefit both the broadcaster and the retailer who cooperate in an arrangement to run commercials for sunglasses only on bright sunny days, or to advertise air conditioners when the temperature reaches 85 degrees. Much versatility is possible. The account executive's skill and imagination can be put to work for the retailer inexperienced in the broadcast media, and campaigns can be tailormade to fulfill the objectives of each advertiser. As retailers discover their own best uses of the broadcast media, the results are sometimes spectacular.

Step Five. After the retailer's commercials are on the air, the station account executive should remember the obligation to service that account. He should keep in touch with the client, find out if he is satisfied with results, see if the schedule can be improved, and generally express interest and willingness to help the retailer achieve the best possible results from the advertising investment. Poor servicing is one common reason for retailers saying, "I tried it once."

Local Rates

Because local newspapers are formidable competitors to broadcasters, many stations offer a special rate to hometown clients in order to obtain some of the retailers' advertising allocations. Station managers realize that their coverage of out-lying areas often constitutes "waste circulation" to the local merchant. Customers are not likely to travel miles into the city just because a retailer has advertised a sale. (This waste circulation usually does not exist for the national spot advertiser who wants widespread broadcast distribution to match product distribution patterns.)

Local rate cards are common in small and medium-sized markets but not too prevalent on top-rated stations in major markets. The reason is twofold. Some top stations are so close to being sold out they don't have to offer a local rate. Other stations, located in the largest markets, have difficulty separating local from national advertisers and determining which ones would earn the lower rates. It is easier and less complicated for these major stations to use one rate card.

Radio stations use local rates most frequently. In many instances, the local or retail rate cards are structured identically to the national rates. The prices are simply lower. Television stations usually don't publish local rate cards because rates and schedules are usually negotiated on a single buy basis. The local retailer who is a "TV believer" may earn maximum discounts or drive a very good bargain because he uses the medium a great deal. Such retail business is as prized as national spot business by station management. (In national spot business the station may deal through a national representative with a time buyer two thousand miles away, and the station obviously has little control of the situation.) Station sales managers know that many retail accounts are excellent prospects for sponsorships of regularly scheduled local programs. In turn, the retailer who sponsors such programs as daily newscasts, weather reports, school sportscasts, or other events of local importance can project an image of community involvement.

Co-op Advertising

Literally thousands of manufacturers have cooperative advertising budgets available to local retailers for sharing in the expense of advertising a product at the local level. Everything from underwear, to vacuum cleaners, to ice cream may be advertised in co-op arrangements. The commercial (often provided by the manufacturer) is tagged with the store name, and the manufacturer and the retailer split the costs of broadcast time or print space. Because the ad is placed by the retailer who is often able to buy radio time and newspaper space at local rates, the cost factor may be particularly attractive to the manufacturer.

For the retailers, co-op money permits them to expand their total advertising program and to feature popular items in commercials and print ads without carrying the total cost. In many instances, the manufacturer will provide ready-made radio or TV commercials that help keep production costs in line and permit the retailer to tie into a high-quality, professionally prepared advertising program. TV commercials are usually on 16mm film, and they are often provided at no cost, or for the cost of the film print. Store identification can be added at the beginning of the film, the end, or both. The film may be cut and reassembled to suit the store image. Sound tracks may be replaced or modified. Manufacturers vary in what they will permit retailers to do with the film, but the store can always build its own identification into the commercial. Although some store managers are delighted to use co-op monies, they prefer to produce their own commercials that feature particular products.

Numerous retailers are not enchanted with co-op programs for several reasons. They say, "Why should a local department store share 50–50 in the cost of a minute TV commercial for a nationally distributed line of men's shirts when the store may get only 10 seconds as a tag?" A customer may be able to find this brand at a dozen different stores. The store manager wants to promote his store, not help

his competition get sales. Another reason for dissatisfaction is that co-op programs at the store level usually mean advertising dollars are being diverted to participate in these plans. Thus, the store is restricted in the amount of money delegated to its own advertising program.

Many retailers don't really know how to use co-op allowances effectively. They often simply work out an arrangement with the manufacturer to forego co-op monies and instead take a discount on the wholesale price of the goods. Manufacturer's representatives sometimes use the inducement of co-op allowances to secure shelf space in retail outlets. It provides a sweetener for expanding distribution. Co-op allowances have been both used and abused by all the parties concerned.

Co-op is used most extensively in newspaper advertising in composite ads, wherein a drug store, discount house, or supermarket may take out a full page ad and feature dozens of items. Each manufacturer is then billed for a portion of the ad. The store usually ends up paying little or nothing.

Many manufacturers are reluctant to reveal their co-op allowances to the media, not only because co-op programs have been exploited by retailers, but because many manufacturers do not want to encourage an increased use of such programs. On the other hand, the media (radio in particular) are always anxious to learn about available co-op programs because they represent opportunities for new business. The manufacturers remain notably close-mouthed.

In order to protect themselves, manufacturers always set a limitation on the amount of money to be used. In addition, they usually require that the retailer use the allowance within a one-year period or else forfeit it. The *Robinson-Patman Act,* which is administered by the Federal Trade Commission, specifies that a manufacturer's co-op arrangements be equitable among retail outlets so that big store chains will not gain an unfair advantage. The legal requirements are complicated and were clarified to some extent in 1972 when the FTC issued *Guides on Cooperative Advertising.*

Broadcasting stations carrying co-op commercials need only bill the retailer in the usual manner. The retailer, in order to secure his allowance, must submit copies of scripts, receipted station invoices, and affidavits of performance to the manufacturer. The most common allowance is 50–50 in payment of time and space costs, although this may vary. Many manufacturers require that these bills be sent to the Audit Checking Bureau in Memphis, Tennessee, which carefully checks the materials before approving payment. This practice protects the manufacturers and helps keep business procedures honest.

Conclusions

The multiple facets of local broadcast advertising can provide invaluable experience to a young station account executive. The client list for any salesperson may include a number of highly experienced and successful advertisers, as well as a number of prospects who have never before used radio or television. The challenges are as diverse as the advertisers themselves.

Selling time to local retailers is truly a business of "trying on the other fellow's shoes." Station account executives not only must know their own business, but they must often take a self-taught crash course in retailing. Unlike some national station representatives, they are not just taking orders but really *selling* the medium and their station to a retailer who wants and needs help. Simple selling, however, is not enough at the local level. In these times of increasing competition among all the media, it is absolutely necessary for stations to *service* their accounts. Commercials and schedules can always be improved.

The variety of clients, the marketing problems encountered, and the opportunity to develop creative selling programs furnish the salesperson with an interesting and challenging career. It's no secret to the ambitious young people in the broadcasting business that the great majority of station managers attain their positions by coming through the ranks of broadcast sales departments.

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Social Responsibility

FOUR

Truth in Advertising

Black and White and Shades of Gray

15

Appearances to the mind are of four kinds. Things either are what they appear to be; or they neither are, nor appear to be; or they are and do not appear to be; or they are not, and yet appear to be. Rightly to aim in all these cases is the wise man's task.

In this way the Greek philosopher Epictetus summarized one problem in finding elusive truth almost two thousand years ago. The phrase *Truth in Advertising* has been the object of respect and scorn and thoughtful analysis and inflamed rhetoric. It is certainly a source of confusion to the consumer and consternation to the advertising industry. What is truth in advertising? What criteria should be used as measures of truth? Who shall establish the criteria? Where should the lines be drawn? Who bears responsibility?

To begin at the beginning is to recognize that advertising is a powerful tool of persuasion in guiding consumer purchase decisions. The way consumers respond to advertising messages is fraught with complexities. If analyzed as a simple process, it might be identified as (1) attention, (2) perception, (3) belief, (4) motivation, and (5) purchase. But consumers do not progress through these steps like so many robots. Gaining the attention of the consumer through advertising does not imply his feet are irrevocably set on the path of ultimate product purchase. Each receiver will decode the advertising message in his own unique way. How that message is perceived and subsequently believed provides opportunities for the misinterpretations, deceptions, and frauds that continuously plague the advertising process.

Perception is treated in the studies of social scientists Bernard Berelson and Gary A. Steiner. They point out that the selection of stimuli is based on three main factors: "the nature of the stimuli involved; previous experience or learning as it affects the observer's expectations (what he is prepared or "set" to see), and the motives in play at the time, by which we mean his needs, desires, wishes, interests, and so on—in short, what the observer wants or needs to see and not to see. Each of these factors can act to heighten or to decrease the probability of perceiving, and each can act on both exposure and awareness."[1]

People's predispositions are a major factor in whether they pay attention to something—a fact advertisers have known for years. Interest is usually heightened when predispositions are strong. They may be either positive or negative, but obviously the advertiser's objective will be simplified if a receiver already feels strongly about, or is concerned with, a product or promise conveyed in the advertising. Gaining attention is the first goal of advertising—a difficult task when consumers are bombarded with messages. Shaping the perceptions of those who do notice an advertisement is the next step.

[1]*Human Behavior, An Inventory of Scientific Findings* (New York: Harcourt Brace Jovanovich, 1964), p. 100.

Consumers, consciously or unconsciously, look for things that are relevant to them. Their perception of stimuli is based in a mental-set that sifts and then accepts, rejects, or simply ignores the message. But since attitudes are not carved in stone, advertisers have learned that a skillful campaign with high repetition can not only make the unaware aware, but can additionally achieve an attitude shift. Certainly, individual perceptions are not a reliable diagnosis of "truth," however defined. The complex psychological makeup of each consumer makes it possible for some advertisers to manipulate a consumer's predispositions and attitudes, and to exploit his foibles and even his gullibility. Unfortunately, in both the marketplace and in the political arena, history has shown that when one is gullible, one is also vulnerable.

Most people accept deception in certain forms quite willingly, such as in entertainment. The magician who makes the visible invisible and the circus side show barker who lures in his customers with promises of strange and wonderful things to see have fooled people for centuries, and they love it! In these instances, the deception is harmless. In the political arena, however, people's vulnerability and their subsequent deception has resulted in some of history's tragedies. The unswerving loyalty of ignorant masses has led to disastrous wars, and the blind acceptance of religious faiths has sometimes resulted in persecutions and genocide. The sins of the marketplace in deceiving gullible customers are modest in comparison. That does not excuse them, of course, but perhaps the comparison will help to establish a reasonable perspective of the problems.

"Truth in advertising" will not be found unless the problems are first identified and understood. Exactly how is the consumer misled in advertising? What specifically are the areas of complaint? A number of deceptive practices, misleading advertising techniques, or general areas of consumer complaint are discussed below. Some of these practices are illegal, and some are not. Many occupy the gray area that prompts the question of what criteria should be used to evaluate advertising—what the admaker puts into the ad, or what the consumer may take out of the ad?

Bait and Switch

"This brand new deluxe vacuum cleaner with all the attachments is yours for only $29.95, and you'll get our exclusive guarantee. Hurry in today folks, because this offer will end soon." The bait is irresistible! A deluxe vacuum cleaner for $29.95? What a bargain! This old gimmick still bilks the consumer with the "bait" of a tremendous bargain and the subsequent "switch" to a much higher priced model. The store has no intention of selling this bargain, but it uses such advertising to lure in prospects. Then, the salesperson persuades them that the bargain is really no bargain at all, because a much bigger and better model is what they really deserve. Before the customer can collect his wits, the slick salesperson has the poor sucker signed up for a financial commitment many times the price of the original bait. It may be a vacuum cleaner, sewing machine, TV set, major home appliance, or a series of dance lessons. The possibilities are numerous, but these products most commonly have been the objects of bait and switch frauds. Although this trick is practiced most extensively by small unscrupulous retailers, large chains of stores have also been charged with bait and switch advertising. It's strictly illegal but often hard to prove. The victims are usually poorly educated and ignorant of their own rights in the marketplace. They may not even fully realize the nature of their involvement. If they do, they may be too embarrassed to complain, or else they may feel that protest would be useless.

Bait and switch practices have been found in direct mail advertising and door-to-door selling, and also on the airwaves and in newspapers and magazines. Realistically, the media would be hard pressed to check every advertiser for the possibility of bait and switch tactics. Usually, however, they know which businesses have indulged in unscrupulous practices and can watch out for ads publicizing spectacular "savings." Such a screening process by responsible media constitutes the first line of defense. The second line of defense lies with the consumer, to whom common sense should speak.

"Scientific" Claims

Americans greatly respect science and technology, and a product whose advertising claims are wrapped in the evidence of "scientific" tests may prove tremendously attractive. The problem of presenting the results of valid scientific tests in advertising messages is horrendous. Testing may involve complicated methodology and analysis conducted by a team of scientists. Their findings may appear as so much mumbo-jumbo to the advertising agency seeking to translate extensive scientific data to consumer language. Because the task is almost hopeless in a 30-second commercial, it is easy to see why advertising has perpetrated glib little phrases that may sound reassuring to the consumer, but are actually meaningless. What does "doctor tested" mean? What does "scientific tests prove" prove? The claims communicated in the advertising may or may not be valid. The consumer does not know, since there is no way all the data can be conveyed to him. Even if it were possible, the consumer might need a Ph.D. in chemistry to analyze the findings.

The media are in an equally difficult position, because they are not equipped to judge scientific claims made by advertisers. In 1964, the NAB Code Authority established the Scientific Advisory Panel (subsequently renamed the Medical and Science Advisory Panel) to provide special expertise in determining the validity of technical documentation. This reservoir of knowledge for reviewing advertising claims provides a service to individual broadcasters who simply cannot compile such data themselves.

In recent years, the Federal Trade Commission has become increasingly interested in advertising claims based on scientific tests. It has requested a multitude of advertisers to substantiate their claims. The commission subsequently received reports that required another battery of scientists to interpret the material. The task of determining the veracity of those claims is further complicated by vigorous debate and disagreement within the scientific community. The consumer does not benefit very directly from such controversy, but the FTC's interest has served to caution reckless advertisers. They are increasingly hesitant to perpetrate fraudulent advertising based on phony or nonexistent testing with the knowledge that the FTC, local authorities, and the media are increasingly concerned and alerted to this problem.

In the area of self-regulation, the NAB Code Authority has issued extensive guidelines in the so-called "men-in-white" provisions. Dramatizations in dentists' and physicians' offices have long since been banned. Third person representations of professional advice are unacceptable. (For example, the actress may not say, "My doctor told me. . . .") The following phrases are likely to raise eyebrows at the Code Authority: "Many doctors prefer. . . ." "Tested in leading hospitals. . . ." "Medically proven. . . ." "Doctors know about Product X." "There are some strict and complex guidelines, and the advertising agency creative team will do well to clear its questions through the Code Authority for more specific help and interpretations.

The problem of communicating scientific data to the public through advertising messages is not confined to proprietary products. Automobiles, tires, auto accessories, gasolines, laundry detergents, and a vast array of cleaning products have all been advertised in a cacophony of claims and counterclaims. The resulting confusion and consumer complaints are understandable. But because the data presented are often truthful and useful, banning or severely curtailing the reports of scientific testing in advertising would hardly be a service to the consumer. An amputation is not a reasoned cure for a sore toe.

One common and fairly safe technique for suggesting a scientific context is to verbally manipulate the advertising claim. A product may not "cure" a problem but may be touted to "help prevent" or "help relieve" some malady. A commercial may proclaim that a product "can be effective" or even "virtually foolproof." These qualifiers—dubbed *weasel words*[2]—may keep an advertisement on the safe side

[2]Carl P. Wrighter, *I Can Sell You Anything* (New York: Ballantine, 1972.) This paperback contains a fascinating study of manipulative techniques. Many examples are given to illustrate various distortions of fact in advertising copy.

of the legal parameters, but they do not constitute candor with consumers. Most people, unless they are trained in semantics, do not pick up the nuances.

What the distortion of scientific tests indicates, in both direct and implied claims, is the need for strong, cogent self-regulatory guidelines and clear legal delineations issued by the appropriate regulatory bodies and upheld by the courts.

Manipulated Statistics

Disraeli's oft-quoted observation, "There are three kinds of lies: lies, damned lies, and statistics," applies to many industries, including advertising. Statistical manipulation will permit the advertiser to "prove" just about anything. Technically, the bits and pieces that make up an advertising claim may be truthful, but as a whole, the advertising is misleading. "Two out of three doctors prefer . . ." may sound to the consumer like 66⅔ percent of the membership of the American Medical Association endorses a particular brand of laxative. Perhaps a total of three doctors were interviewed. Although that would be unlikely, the advertising neither states nor identifies what kind of "doctors" they were.

The *biased sample* is the most common form of statistical manipulation in advertising. The basic and most scientifically valid sample is the random sample, wherein everyone or everything in the population has an equal opportunity to be included. A true random sample, however, is a pretty rare thing because of the great expense and the time required. As a result, most samples cited in advertising claims are based on a stratified random sample. This means that the sample is designed to include the appropriate characteristics that are believed to be in the "total universe." This includes proportioning a sample by sex, age, income, education, ethnic grouping, and so on. The trouble can begin right here. The selection of this stratified sample may not be based on valid information, and thus there is a built-in bias before the data collection even begins! Many people are simply unwilling or unavailable to be included in a sample. Others are eager to participate. Securing honest answers to questions is a further complication. Annual income, for example, may be stated as one figure to an interviewer, and quite another to the Internal Revenue Service.

The degree of bias the above problems represent is impossible to measure. A television commercial with wide exposure touted the great relief from pain a sample of patients found by taking a particular brand of analgesic. What the commercial did not state was that the sample was composed only of new mothers, still in the hospital and suffering from postnatal discomfort. They hardly qualified as a stratified random sample. Other shortcomings can increase problems of bias in sample selection. In some cases, the sample may be too small. In other cases, data may be procured from only one testing procedure. In either event, results will be biased. If a coin is tossed ten times and comes up heads eight times, it would be ridiculous to proclaim to the world the results of that one sample. Proclamations based on similar nonscientific samples have been made many times in advertising claims, however, and the consumer is usually unaware of the deception. He is led to believe the product will perform as stated in every instance.

The averages quoted in advertising offer another opportunity for statistical manipulation. Most college students know the difference between the mean, median, and mode, but the consumer out of school for a few years may have forgotten. He presumes the number quoted is an arithmetic average. The advertising doesn't tell him, anyway. The mean may be too high or too low for an advertiser's purposes, and so a deceptive one may replace the figure with the *median* or *mode* and still proclaim stunning results for his product.

Secret Ingredients

Akin to the matter of scientific testing is the fascinating world of secret ingredients. Advertising claims of a secret ingredient are obviously

intended to provide a sharp competitive edge. The advertiser hopes that the consumer will perceive a unique advantage in his product—one that will result in a stampede of brand switching or that will reinforce the consumer's sense of self-satisfaction for selecting the superior product. For many excellent patented products available on the market, product efficacy depends on a unique and valid ingredient or manufacturing process. Unethical advertisers, whose products are not similarly blessed, are not reluctant to manufacture a claim of a secret ingredient.

In the nineteenth century, advertisements for a wide assortment of tonics and "youth restorers" promised to cure everything from falling hair to the gout. This kind of advertising has all but disappeared, but the public is still offered the allure of secret ingredients. Now, however, the pitch is much more sophisticated. Cosmetics, over-the-counter drugs, detergent and soap products, toothpaste, mouth washes, and gasolines have all been touted to contain an ingredient or additive that makes the product superior. The ingredient may be a figment of the advertiser's rich imagination, or it may be an ingredient also found in the competitors' products. Both cases reflect advertisers' problems in marketing parity products. Advertising copy is rife with claims that Product X contains Placebo! The illusion of uniqueness may also be created by substituting some scientific-sounding formula for the generic name. Many believing consumers do not know what's been done—or even care—in their pursuit of the golden promise held out to them by the product with the secret ingredient.

It contains DXQ, you idiot!

Copyright Ed Arno, TV Guide, 1972.

Phony Demonstrations

The production problems of TV and the opportunities for visual deception have worked hand in glove on many occasions to execute some frauds as phony as Piltdown Man. Many misleading demonstrations have been impossible to detect on the home screen. Evidence of a product's superiority has sometimes been so convincing that consumers thought the "proof" was irrefutable. In all cases, the victims were the viewing public and honest competitors.

One of the most famous cases arose from Colgate-Palmolive Company's Rapid Shave TV commercial, produced by the advertising agency, Ted Bates & Company. "To prove Rapid Shave's supermoisturizing power, we put it right from the can onto this rough, dry sandpaper." Swish, on it went, and off came the sand in clean, smooth strokes. What the viewer didn't know was that it was not sandpaper,

but a sheet of Plexiglass covered with sand. The Federal Trade Commission first initiated action in 1960 by charging the advertiser and the agency with perpetrating false and deceptive advertising. After a full investigation and hearing, the FTC finally issued a cease-and-desist order in 1961 requiring Colgate-Palmolive to withdraw this advertising from the media. The respondent chose to pursue the case in the federal courts, and after years of litigation the U.S. Supreme Court agreed to hear the case. The landmark decision against Colgate-Palmolive was handed down in 1965, and in it Chief Justice Earl Warren declared:

> We agree with the Commission, therefore, that the undisclosed use of plexiglass in the present commercials was a material deceptive practice, independent and separate from the other misrepresentation found. We find unpersuasive respondents' other objections to this conclusion. Respondents claim that it will be impractical to inform the viewing public that it is not seeing an actual test, experiment or demonstration, but we think it inconceivable that the ingenious advertising world will be unable, if it so desires, to conform to the Commission's insistence that the public be not misinformed. If, however, it be impossible or impractical to show simulated demonstrations on television in a truthful manner, this indicates that television is not a medium that lends itself to this type of commercial, not that the commercial must survive at all costs. Similarly unpersuasive is respondents' objection that the Commission's decision discriminates against sellers whose product claims cannot be "verified" on television without the use of simulations. All methods of advertising do not equally favor every seller. If the inherent limitations of a method do not permit its use in the way a seller desires, the seller cannot by material misrepresentation compensate for those limitations.[3]

Advertising agencies and their television producers are now extremely cautious in developing demonstration commercials. Affidavits are signed and witnesses who are present during production will testify, if necessary, to the legitimacy of the demonstration. TV producers who are foolish enough to "doctor" up the product, the setting, or lighting, or to perpetrate a fraud through deceptive tape or film editing are courting trouble.

A few advertisers, however, still can't resist the temptation to use the devices of a phony demonstration. What are these devices? An oldtimer in commercial production can recite them all: whipped detergent suds make a delectable looking head on a glass of beer; vegetable shortening is a wonderful stand-in for ice cream, and it won't melt under the lights; a cleaner will miraculously penetrate the dirt on a kitchen floor if the floor is first covered with powdered graphite; soap chips glisten on breakfast cereal even when sugar doesn't; a soft drink will sparkle if the ice cubes in it contain a wad of aluminum foil; beaten egg whites make a gorgeous lather of shampoo suds and won't turn the model's eyes red; a fine mist of water on cake frosting will make it look like a scrumptious masterpiece; and shaving cream is a good substitute for whipped cream, because it won't melt as easily and the TV crew won't eat it!

The Campbell Soup Company found itself in the soup with the Federal Trade Commission over an advertisement that used glass marbles in the bottom of the bowl. The problems for the producer were evident: all the goodies sank to the bottom, and on camera, the soup appeared to be thin and rather unexciting. When marbles were added, they supported the edibles and made them visible on camera. The Federal Trade Commission was unsympathetic. No one adds marbles to his soup.

In many cases, these bits of visual legerdemain are harmless enough. They are prompted by the exigencies of a deadline, a budget, and a need to show a product as it really is. Long before television arrived on the scene, photographers working on magazine advertisements used a multitude of studio tricks to improve the looks of a product. No one worried about regulatory actions. Times change, however, and now government officials have little sympathy for the problems of a TV producer who must create a commercial that makes a product look as attractive as possible. Sometimes a perfectly superb product may look impressive in the studio set, but it appears as a visual disaster on

[3]FTC v. Colgate-Palmolive Co., 85 S.Ct. 1035 (1965).

a camera viewfinder. Naturally, the crew is tempted to "dress" the product in colored lighting, dilute or strengthen it, or do whatever else experience and imagination dictate. Most producers today, however, conscientiously abide by the rules of legitimate demonstrations. The product can still be made to look good on camera, but it usually takes more time to light and stage when the delusory little shortcuts cannot be employed.

One of the most reprehensible tricks of phony demonstrations involves no deception in how the advertiser's product is presented, but in how the competitor's product is portrayed. A side-by-side comparison of almost any two brands can hoodwink the viewer into believing that the competitor's product is truly inferior. Seeing can be deceiving. The competitor's hair spray may be used on a model whose hair is hopeless anyway, for example. All the devices that are used to make a product look appealing can also be used to make it appear a disappointing second choice. The advertiser and the agency that unfairly compare their product with that of a competitor are guaranteed a chance to play defendant in a law suit.

False Analogies and Dangling Comparisons

Symbols are a legitimate and effective advertising device. They may create high audience interest and more clearly communicate a function for a product or service. The problem for the advertising agency is to find the right analogy. To properly represent a product, the analogy should be intellectually valid. Is the on-camera torture testing an accurate indication of a product's durability in routine use over the span of several years? Wristwatches and automobile tires have been put through a battery of Spanish Inquisition techniques that make unforgettable TV commercials. Are the comparisons valid? Maybe yes, maybe no, but it is very clear that depicting the product in normal use would put an audience to sleep. Although the analogy should be interesting, it should also be accurate and not mislead the viewer into believing the product is stronger, bigger, better, or longer-lasting than it actually is.

The "happy ending" commercials usually tie the product to a social or personal dilemma. The listener or viewer may be so absorbed in some problem that he is unable to separate the make-believe situation from product reality. Will gargling with Brand X mouthwash double the salesman's orders? Will Susie land the star quarterback by using a certain shampoo? No one consciously believes these implications, but appeals to security and personal acceptance still sift through. Advertisers may argue that the psychological boost of confidence provided by using certain products will help Susie and the salesman achieve success. These comparisons are not really destructive, but ones in the area of health and safety generate greater concern. Toothpaste commercials that promise sex appeal are only silly; toothpaste commercials that imply product use will eliminate dental caries are misleading. The nutritional value of food products should be fairly presented and not compared with spectacular growth in children or with a bloom of good health that strains credulity. Over-the-counter drug advertising should comply with governmental and self-regulatory guidelines and not suggest that a product will restore vigorous health and youth. Automobile tire advertising should not imply that a certain magic foursome will equip a car with the stopping power of a Siberian Tiger.

Dangling comparisons are the result of clever semantic manipulation. "Hospital tests prove Brand X kills 35 percent more germs!" "Nostrum A goes to work twice as fast!" "Get 50 percent more power with Whizbang Gasoline!" "You'll earn twice as much in half the time." "Our widget is whiter, brighter, smoother, stronger, easier, cheaper, better." Than what? One advertiser did elucidate: his detergent is stronger than dirt! The technique is not confined to product advertising. A corporate advertiser bragged in TV commercials that "Esso is doing more."

Like is commonly used in advertising copy to accomplish a comparison. This popular "weasel" word implies, but stops short of, a guarantee. "Feel like a tiger." "Smell like a rose garden." "Sleep like a baby." The phrases promise everything, but are actually meaningless.

Other dangling comparative techniques may be extremely subtle in suggesting a comparison with competitors' products. "Bufferin doesn't upset your stomach!" This is a simple declarative sentence, and yet the hidden meaning is more important than the overt. Does this claim imply that other analgesics *will* upset the stomach?

A *non sequitur* in advertising copy can slip past the consumer's ear to implant an idea that is not really valid. "This household cleaner is used every day in City Hospital. To sanitize your bathroom and keep it 'hospital clean,' use Brand X!" "Football star Bob Halfback runs five miles every morning and then eats a big bowl of Krunchy Munchees. Build your stamina and strength and make the team with Krunchy Munchees!" The conclusions seem to be based on a valid premise, but they are not.

William James once observed, "There is no worse lie than a truth misunderstood by those who hear it."

Deception by Omission

Deception by omission is a subtle and insidious device often developed on a purely emotional base, and it's one that exploits the immature consumer. "Go now—pay later" glorifies the going and seems somehow to suggest that later payment will be painless and so far into the future that the customer need not concern himself. Since immediate gratification is the theme, the product's short-comings and the buyer's responsibilities are glossed over. Correspondence schools with their "free talent tests," for example, recruit pupils on a wave of enthusiasm for the profits and fame that await them. Needless to say, the school's successes are few, but these exceptions are presented as typical to prospective students. The work, the time, and the expenditures required are only alluded to or are completely omitted in the school's advertising. A battalion of lawyers is available to assure the advertiser that he is this side of the law and that the contract signed by the new student is irrevocable. If the student wants to wiggle off the hook, he finds it either impossible, or not worth the time and expense to wage a fight.

In broadcasting, the time limits of a commercial mean that much information must be omitted. The advertiser is certainly not going to use those precious and expensive seconds to announce to the world any drawbacks in his product or service.

Consumer protection laws now help to protect the buyer who purchases products with a guarantee or warranty. In many cases, these laws extend to advertising copy, and the advertiser can no longer simply proclaim "It's guaranteed!" If mention of a guarantee is included in an advertisement, the basic provisions of that guarantee must be elucidated.

Stereotypes

Advertising stereotypes have been around much longer than the electronic media. Years ago, magazine and newspaper readers were accustomed to a number of easily recognizable stereotypes in print ads. Benign Mother, warm and affectionate, served oatmeal to her healthy cherubs. Father, tired after a long day's work, daydreamed in a chair by the fire and indulged in self-congratulation over the life insurance he had bought to protect his familial responsibilities. The Young Man (handsome devil), smoked his favorite cigarette to project an image of success and sophistication. The Sweet Young Thing, of course, was dependent, shy, and indecisive. Her primary concern was the proper choice of complexion soap. All these images, common in early print

advertising, show up in modern broadcast commercials. They are simply redressed and updated. Although the portrayals attempt to be consistent with contemporary society, they are invariably throwbacks to an earlier time when stereotypes were routinely accepted.

Why do advertisers and their agencies create commercials that perpetuate stereotypes? The most common explanation arises from time limits. Advertisers claim that to inform and indoctrinate a consumer in 30 to 60 seconds means that symbols and images must be immediately understandable. There is not time for lengthy exposition or characterizations that break the mold.

No group, however defined, has escaped stereotyping. It may be by age, sex, ethnic grouping, or by occupational status. Even though the possibilities are diverse, the same old demeaning aspects of stereotypes emerge. Children are presented as precocious brats, or as unbelievably sweet and well-behaved. Teenagers are usually shallow and preoccupied with their own insecurities (which can be miraculously eliminated by some product purchase.) The elderly—women especially—are invariably doddering, confused, and humorously endearing. Both men and women are presented in a number of standard roles. Men are usually portrayed as bright, intelligent, successful, and competent. The "father knows best" image is not useful for all advertisers, however. Some prefer the "father knows nothing" portrayal, wherein the wife-spokeswoman preaches the merits of a product (usually a personal product) and solves her mate's problem.

Women and women's groups have complained loud and long, and often to little avail, about the roles that females play in commercials. There are many stereotypes of women, but the most common (and the most objected to) are the (1) simple-minded housewife who needs the authoritarian spokes*man* to show her how to perform some household chore a better way, (2) the working woman (usually a flighty befuddled secretary or store clerk) who likewise needs the advice of a male authority figure, and (3) the beautiful sex bomb who adorns the ad (and the product), but additionally appears to be a virtual mental defective. Two major objections arise from these portrayals: First, the stereotypes do not accurately reflect social reality. Second, the extensive distribution and repetition of these commericals tend to reinforce destructive and demeaning images of women.

Not only have many viewers complained about sexism in advertising, but women performers have also complained about being underrepresented in commercials. Several surveys conducted by the Screen Actors Guild, one of the major talent unions, concluded that women aren't getting a fair share of jobs in commercials.[4] Using 340 submissions to the Clio Awards (a competition for excellence in various categories of TV commercials), one study concluded that twice as many men as women were shown in TV commercials; that 93 percent of the off-camera speaking parts went to men; and that 73 percent of the off-camera singers were men. Of all the various roles given to women performers, 70 percent were nonspeaking parts. "We must assume if they do not speak, they decorate," said a SAG board member.

Besides the compilation of numerical data on women in advertising, several researchers have investigated how women are portrayed in commercials. One particularly interesting study, published in the *Federal Communications Bar Journal,* reported findings based on the monitoring of commercials in prime time TV on the three major networks.[5] The authors analyzed commercials as to the nature of the product advertised, the sex of both on-camera and off-camera talent, and the situation category such as Person in the Home, Person Who Needed Help, Person Who Provided Help, Person who Gave Advice, Person Who Was Given Advice, and so forth. They wrote, "Besides a grossly insufficient number of women announcers regardless of the nature of the product, representation of women was worst for neutral products and best for household products." In all categories, more women than men needed help and also provided help. More men than women gave advice, and more women than men were given

[4]*Broadcasting,* November 11, 1974, p. 39.

[5]Arthur Jay Silverstein and Rebecca Silverstein, "The Portrayal of Women in Television Advertising," *Federal Communications Bar Journal*, vol. 27, no. 1 (1974): 71.

advice. Women were subservient approximately eight times more often than they were dominant. The authors did observe, however, that the characterizations presented were "relatively reflective of social reality. More women than men spend most of their time in the home and do buy and use household products with greater frequency. Men have more diversified jobs and are generally the breadwinners in our society."[6] The advertising industry, however, was urged to reexamine the roles of women in commercials so that characterizations would not be conspicuously or unrealistically one-sided.

Testimonials

The testimonial sales approach in a radio or television commercial may be just as effective as the door-to-door salesperson who drips sincerity in an eyeball-to-eyeball encounter. But although the householder who answers his door knows and understands the motives of the salesperson on the threshold, this same householder often fails to perceive that a product testimonial on television is paid for. It seems so honest, so genuine! Or, at least it did until the testimonial format was beaten into the ground and consumers began to view many of these ads cynically.

In the past, commercials with actors and famous celebrities proclaiming their enthusiasm for every imaginable product reached some preposterous levels. Most often, such commercials today are innocuous and simply amusing. When, however, the actor or celebrity slips into a role that suggests some special expertise, the commercials can no longer be considered harmless. Medical opinion, scientific data, engineering competence, or investment acumen should only be represented by those genuinely qualified. The guidelines of the NAB Code Authority, along with the guidelines for testimonial advertising issued by the Federal Trade Commission, are outlined in Chapter 7, Creative Planning.

[6]Ibid., p. 97.

Selling Status and Building Bandwagons

In the seventeenth century, religious philosopher Benedict Spinoza wrote, "None are more taken in by flattery than the proud, who wish to be the first and are not."

Advertising appeals directed to status seekers—however one defines them—are inevitable in a capitalistic society that tends to measure its wealth in material possessions. The great increase in discretionary purchasing power in the last quarter century has made more and more money available for luxury purchases. Advertising copy for expensive cars, furs, jewels, fine furnishings, and clothing are replete with appeals to snobbism. Although one might claim that this kind of advertising promotes a shallow sense of values, making such a moral judgment is a dangerous and too often hypocritical response. Who is to say how consumers should best spend their money? The techniques used to sell a product or service should not, of course, subjugate human values for material ones; beyond that, the only real cause for alarm is the advertiser who insidiously exploits the insecurities and naiveté of children by unduly emphasizing status. A toy or a bicycle should not be touted as a status symbol. Children should not be led to believe that if they do not own a particular product, they are early failures or their parents don't love them. (The complexities of these problems are explored in Chapter 18, Advertising to Children.)

Bandwagon advertising techniques were a major subject of Vance Packard's book, *The Hidden Persuaders.* In the 1950s, this best seller was termed an exposé of the manipulative advertising industry. The barons of Madison Avenue were portrayed as victimizing a gullible and helpless public with advertising that pandered to their irresistible emotional impulses. Their goal was to build a bandwagon effect. Then and now, a common technique is to use the hortatory statement: "Join the Pepsi generation!" (or be left out!). Commercials are filled with imperatives. The impression left with the listeners is that everybody is indeed doing it, or eating it, or wearing it, and certainly buying it. The

device is obviously more prevalent and effective in selling nonessentials than needed goods and services.

Because most national consumer advertising is attitudinal, substance is often superceded by presentation. Too little information is provided, and yet advertisers hope consumers will hop on their bandwagon. Many do. Still, the good sense and intellectual independence of the American consumer has prevailed. The failure every year of hundreds of test market products is proof that the public will not be coerced or hornswoggled into buying everything it is told to buy. Accusations of selling the unnecessary to the unwitting are probably overestimated, and they belong with the myth of Americans as sheep. Americans are not congenitally naive.

Hyperbole

If all the exaggerated superlatives were struck from commercial copy, the nation's audiences would probably be bored to death with advertising. A copywriter with a rich imagination and a well-thumbed thesaurus is bound to exaggerate, because the hyperbole attracts attention for the selling message. A strictly factual, rational, and nonemotional ad would probably fail. Where, then, should the ethical line be drawn for permitting exaggeration in advertising? It is interesting to speculate whether it is axiomatic in many product categories (notably cosmetics) that the more overblown and outrageous the claim, the more acceptable it is. Who believes that a new hair color will transform Miss Dowdy into a raving beauty or that an aftershave cologne will find the hero with a harem on his hands? No one; but if the commercial is well done, it's fun, and viewers will like the advertising and the product. Lesser exaggerations, however, can be misleading, because they are offered as literal truth even when the product cannot live up to the claim. "You'll find a million uses for this polish" is probably acceptable; but "You'll never have to polish your floor again" is not.

The creative team writing the advertising "puffery" should conscientiously evaluate their efforts on the basis of what the consumer will take out of the ad. Whatever the product promise, it should be extended as a reasonable expectation of performance; the product should be able to live up to the promise in normal use. Even if the FTC doesn't catch him, the advertiser who makes an exaggerated promise will be punished in the long run, because disappointed consumers will never again buy the product.

Poor Taste

There's nothing illegal about poor taste in advertising. Many people, both inside and outside the industry, think that poor taste is like the weather—everybody talks about it, but no one seems to be able to do anything about it. There is no shortage of commercials that violate good taste and assault the audience's sensibilities with the shrill, the obnoxious, and the downright stupid. The aggravation of program interruptions is compounded when the messages boast and brag, chant ridiculous jingles, or launch into a hard sell or "you dumb jerks" approach. These travesties on good taste are not confined to low budget fender-thumping retail commercials. Large national advertisers are responsible for equally vulgar commercials. They reason that if loud, repetitive, and annoying commercials will stick like a burr in viewers' minds, there will be a subsequent ring of coins in the cash register. Making a sale is all they care about.

Gresham's Law that the bad drives out the good is not necessarily valid in advertising. Standards are constantly rising, and a survey of advertising practices over the decades would provide ample proof of improvements. In the broadcasting industry, improvements in taste can be traced to two factors. The first is that increasing advertising budgets now permit agencies to hire top writers, musicians, photographers, and other professionals who take great pride in their work and often turn out advertising that far exceeds broadcast programing in charm, taste, and aesthetic appeal. The second reason is the stringent

"He's worked in so many of those irritating-type commercials, the public is beginning to recognize him."

Drawn for BROADCASTING by Sid Hix
Copyright, *Broadcasting* magazine; reprinted by permission.

self-regulatory codes of the NAB. These codes are filled with prohibitions related to taste. Code Authority decisions have sometimes been labeled arbitrary by advertisers, but they have succeeded in banning from the airwaves a host of techniques considered in poor taste. Live models cannot be used in foundation garment advertising unless they are fully clothed. Stations have been cautioned about the delicate problems of presenting commercials for funeral services. Commercials for feature films are reviewed each month and evaluated individually, for many of these "trailers" have included rather lurid excerpts from upcoming movies. Many personal products have either been banned by the Code, or advertisers are severely restricted in what they may present either visually or aurally. Liquor advertising is not seen or heard on Code subscribing stations, not because of a government ban, but because the Code Authority and the distilling industry realize that the use of hard liquor is an extremely sensitive issue with a great many people. Advertising for beer and wines is acceptable but subject to strict guidelines. All of these efforts on the part of the advertisers, the media, and self-regulatory groups have contributed to a rising standard of taste in advertising.

In 1968, Harvard professors Raymond A. Bauer and Stephen A. Greyser published an exhaustive survey of consumer attitudes to advertising.[7] It resulted from a methodology that included both interviews and record-keeping by participants in the study. On "ad counters" (little hand-held mechanical devices), over 1500 participants recorded the number of ads in all media they noted during the day. They were asked to fill out an ad record card for each ad they considered especially annoying, enjoyable, informative, or offensive. Of *all* the ads counted, 5.5 percent were categorized as enjoyable, 5.8 percent as informative, 3.7 percent as annoying, and 0.8 percent as offensive.[8] The great proportion of ads counted by the participants apparently were received with a measure of indifference or apathy. Undoubtedly, the advertising industry is more concerned about the high percentage of indifference than it is about the low percentage of irritation. Advertisers and agencies can take some solace from the authors' conclusion:

> These responses tell us that although Americans react neither favorably nor unfavorably to a very substantial proportion of the ads of which they are consciously aware, nonetheless when ads do make a particularly favorable or unfavorable impression, it is most likely a favorable one. This is true of ads during the day or the evening, for men and for women, for young and for old, for rich and for poor, for those with much education and little education.[9]

[7]Raymond A. Bauer and Stephen A. Greyser, *Advertising in America: The Consumer View* (Boston: Graduate School of Business Administration, Harvard University, 1968).
[8]Ibid., p. 183
[9]Ibid., p. 337

Conclusions

Truth in advertising escapes definition. The problems it poses are like a changing kaleidoscope, and so are the solutions. One thing is clear, however: the responsibility for establishing and maintaining truth in advertising must be shared. Goverment regulation, self-regulation, and consumer education must work in harmony to achieve high standards. To abdicate all responsibility to goverment is to invite eventual censorship, an anathema in a free enterprise system. Yet, in order to protect the health and safety of the consumer, regulatory bodies at the local, state, and federal levels do have a legitimate interest in enforcing the law and prosecuting advertisers guilty of deceiving and cheating the public. The main problem in legislating advertising practices is to strike a workable balance that permits honest advertisers to function competitively and that also enables the appropriate regulatory body to protect the consumer from dishonest advertisers.

The appropriate and practical limits of government regulation are the object of intense debate in the advertising industry. Many advertising practitioners—including advertisers, agencies, and media—feel that a number of regulatory proposals are either unwieldy or punitive to advertisers with integrity. They pay lip service to the tenets of self-regulation, and express horror at extended government regulation. Regrettably, they back up their protestations with precious little time, money, or staff for building an effective self-regulatory mechanism.

One problem with self-regulation, of course, is getting everyone concerned to accept and adhere to such regulations; another is the difficulty of establishing fair standards. Some critics say that if the justices of the Supreme Court cannot agree on the standards established in the Constitution, it would be folly to expect less gifted people to agree to an interpretation of standards for truth in advertising. This argument, however, is no excuse for not attempting self-regulation. Self-imposed standards work best with ethical businesspeople and with those who have inadvertently strayed into gray areas. To date, the successes far outnumber the failures.

As for the unscrupulous advertiser, he will never understand moral preachments. Appeals to ethical standards by well-intentioned advocates of self-regulation will fall on deaf ears. Such advertisers are the vampires of business who victimize the poor, the elderly, and the uneducated. Eventually, they press the self-destruct button of *caveat emptor.* Then, and only then, do they understand the clout of government regulation. They richly deserve whatever is dealt to them in punishment by the legal system (and probably more).

Particularly in large corporations, responsibility for truth in advertising claims is dissipated at the executive level. Brand managers may live or die by their success or failure in meeting goals. Thus, they often do nothing more than perfunctorily review the veracity of advertising claims. Too many other things require the attention of those who run to stay in place.

The stereotype of the advertising agency account executive as a fearful, sniveling "yes man" who would sell his soul to placate the client gets tiresome, and yet a number of agencies have compromised whatever ethics they might have held. Both the client and the agency should probably share legal responsibility. If they did, two things would be accomplished: the agency would not knowingly create deceptive advertising if it knew it could not pass the buck, and the client would not be able to threaten the agency with losing the account if it refused to perpetuate dishonest advertising.

Within the province of government regulation and through self-regulatory efforts lie many of the solutions to deceptive and misleading advertising. But what is the consumer's responsibility? In an interdependent society, people naturally delegate portions of their personal decision making to others. They do not have time, nor have they found it necessary, to master many skills. A relatively abundant economy has provided most consumers with all the basics of life, and a great deal more. Consumers cannot and will not become expert on every subject involving a purchase decision. Even though they have become accus-

tomed to the authoritarian voice of advertising, the advertising industry should not have to bear full responsibility for consumer education. Neither should the government quarterback every purchase decision, even though it should protect the consumer from illegal and deceitful practices. At all times, the consumer should be treated with respect. The advertising he sees and hears should be honest, factual, and useful. Beyond that, the consumer—as the recipient of a public education who can study a wealth of information on products and services—must function as a free agent in the marketplace.

In a 1919 Supreme Court decision, Chief Justice Oliver Wendell Holmes wrote: "When men have realized that time has upset many fighting faiths, they may come to believe even more than they believe the very foundations of their own conduct that the ultimate good desired is better reached by free trade in ideas—that the best test of truth is the power of the thought to get itself accepted in the competition of the market, and that truth is the only ground upon which their wishes safely can be carried out. That at any rate is the theory of our Constitution. It is an experiment, as all life is an experiment."[10]

[10]Abrams v. United States, 250 U.S. 616, 630 (1919).

Government Regulation

Big Brother Is Watching

16

All advertising media must live with a variety of local, state, and federal regulations. Students are usually surprised, and advertising practitioners often dismayed, to learn that standard commercial advertising does not enjoy the full protection of the First Amendment guarantees of freedom of speech and the press. Starting early in this century, case after case has established an impressive body of law that makes it clear that the government has far-reaching powers to regulate commercial advertising. These legal precedents have been predicated on a number of major government responsibilities: health and safety of consumers, franchising and licensing power, regulation of competition, packaging, pricing, and so on. It is an interesting circumstance of the broadcast advertising industry that two major federal agencies are deeply involved in its regulation. The Federal Trade Commission (FTC) is charged by the Congress with consumer protection, including the authority to take legal action against businesses perpetrating false and misleading advertising. The Federal Communications Commission (FCC) is charged by the Congress to regulate the public airwaves, which involves granting licenses to responsible parties to operate radio and television stations "in the public interest, convenience, and necessity." Advertisers, concerned about government regulation, focus most of their attention on the Federal Trade Commission, but the Federal Communications Commission in recent years has become more interested in advertising as it relates to broadcast regulatory matters.

Federal Trade Commission

In the early years of the twentieth century, many burgeoning monopolies killed off their competition with unscrupulous business practices. The situation was so serious that alarmed members of the Congress proposed the establishment of a federal bureau to regulate business and prevent the formation of monopolies. The Federal Trade Commission Act, passed by the Congress in 1914, created a needed antitrust instrument to maintain a free, competitive marketplace. The legislation provided that the FTC would be composed of five commissioners appointed by the President and subject to the consent of the Senate. No more than three of the five could be members of the same political party, and each commissioner was to be appointed to serve a seven-year term. (Over the years, many commissioners have been reappointed when their terms expired.) The Federal Trade Commission Act, although amended a number of times, is contained in a slim 20-page document. The most important amendment was the Wheeler-Lea Act of 1938 that brought consumer protection squarely under the jurisdiction of the FTC.

The wellspring of the commission's power to regulate advertising comes from three main sections. Section 5 prohibits "unfair methods of competition in or affecting commerce, and unfair or deceptive acts

or practices in commerce." Section 12, which was added with the Wheeler-Lea Amendment, contains a strict prohibition against any "false advertisement" for the "purpose of inducing or likely to induce purchase of food, drugs, devices or cosmetics." Section 15, added at the same time, defines false advertising as follows:

> The term "false advertisement" means an advertisement, other than labeling, which is misleading in a material respect; and in determining whether any advertisement is misleading, there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, sound, or any combination thereof, but also the extent to which the advertisement fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the commodity to which the advertisement relates under the conditions prescribed in said advertisement, or under such conditions as are customary or usual.

To serve as a watchdog on competition, to help enforce the antitrust laws, and to assume the major government responsibility for consumer protection—these duties presented an awesome task to the FTC. By 1965, a half century after its formation, the commission had only grown to a staff of 1200 working in Washington, D.C., and in 11 field offices across the country.

The commission, sometimes referred to as "The Old Lady of Pennsylvania Avenue," became the target of an aggressive investigation in 1968 by seven young law students known as Nader's Raiders. The consumer protection advocate, Ralph Nader, had championed reforms of unsafe business practices, and then developed a keen interest in the organization and activities of the federal agency responsible for regulation in this area. Nader's published report contained a devastating indictment of the FTC.[1] The staff was labeled lazy and incompetent, guilty of political cronyism, absenteeism, fearful of both big business and the Congress, responsible for discriminatory hiring, illegal secrecy, dependent on "voluntary" compliance rather than pursuit of legal remedies, slow to initiate actions, preoccupied with trivial cases, and too timid to seek from Congress the necessary additional powers to adequately protect consumers' interests. Officials at the commission were outraged and condemned the report as unfair and inaccurate.

Soon after the report came out, the Antitrust Law Section of the American Bar Association, at the behest of President Richard M. Nixon, investigated the structure and activities of the FTC. The results of this investigation were released late in 1969.[2] The rhetoric was not as sensational as that of the Nader group, but the conclusions were essentially the same.

As a result of criticism and political pressures, the FTC was extensively reorganized in the early 1970s. Some of its activities were consolidated, new duties were given to two major bureaus, the Bureau of Competition and the Bureau of Consumer Protection. The former is primarily concerned with enforcing antitrust laws and preserving free and fair competition. The Bureau of Consumer Protection is of primary interest and concern to the advertising industry. Much of this bureau's effort is directed toward nonadjudicated matters, but it seeks legal remedies in matters of particular importance to the public interest. Its work includes a variety of activities, including services both to consumers and to businesses.

Industry Guides

The Bureau of Consumer Protection develops and distributes industry guides related to a variety of products, services, and marketing practices. These little brochures are simply statements explaining the FTC's

[1] Edward F. Cox, Robert C. Fellmeth, and John E. Schultz, *The Nader Report on the Federal Trade Commission* (New York: Richard W. Baron, 1969).

[2] *Report of the Commission to Study the Federal Trade Commission* (American Bar Association 1969).

opinion of how certain products should be marketed. Guides have been issued, for example, for marketing dog and cat food, feather and down products, and private vocational and home study schools. A guide is not a treatise, but a position paper on the state of the law at a particular point in time. Although these advisory interpretations do not have the force of law, they help determine the meaning of certain industrywide terms, and the circumstances under which such words as *gold-filled* or *water resistant* might be construed as deceptive. Conscientious members of the business community are careful to consult these guides when planning an advertising strategy.

As a help to the advertising industry, the FTC issued *Guides for Advertising Allowances* in 1972 and *Guides Concerning Use of Endorsements and Testimonials in Advertising* in 1975 (See Chapter 7, Creative Planning). Another useful FTC publication, *Guides Against Deceptive Pricing,* issued in 1964, contains a number of opinions related to misleading advertising of so-called bargains, retail price comparisons, and the use of advertising which states, "Formerly sold at $ _____." The fact that the media are filled with proclamations of spectacular "savings" over the "regular" price is evidence that many advertisers either don't know about the FTC guides or ignore them because they have no regulatory teeth. Perhaps because there is no legal backing for them, the commission has issued only a very limited number of these industry guides.

Advisory Opinions

The FTC gives an advisory opinion in response to a query from an individual or a company. The opinion does not prejudice the commission if it wishes to reconsider the matter or revoke the opinion. The opinions are not binding, but they help businesspeople determine where the limits of the law may lie. The commission is selective in responding to requests, and its advisory opinions are not always made public in order to protect confidential information (such as trade secrets) that may be revealed in the request.

Trade Regulation Rules

The Bureau of Consumer Protection is also authorized by the FTC Act to issue Trade Regulation Rules (TRR). These rules differ from industry guides in that they declare what will constitute an unfair or deceptive practice in the opinion of the commission. Violation of the TRR is considered by the Commission as a *prima facie* violation (meaning a violation at first appearance) of Section 5 of the FTC Act, which is concerned with unfair methods of competition and unfair or deceptive acts. The rules are considered by the Commission to be legally binding on all parties within the intended scope of the stated principles. Before TRR are issued, the Commission holds open hearings in which interested parties may present their views.

TRR were not issued until the decade of the 1960s, and the dozen or so existing rules are concerned, in almost all cases, with matters not related to advertising. (TRR, for example, have been issued for putting care instructions on textile wearing apparel, and for eliminating the misbranding and deception about the leather content of waist belts.) Some businesspeople have questioned the authority of the FTC to issue such rules. The matter was heard in a major case by the federal courts as the result of new Trade Regulation Rules pertaining to posting octane ratings on gasoline pumps. The FTC view was that consumers should be able to see the precise octane level of a given fuel on gasoline pumps. This posting would enable the purchaser to select the gasoline that meets his car's requirements and avoid paying more for gasoline that has a higher octane level than needed. Immediately after the commission issued this rule, 32 refiners and two trade associations challenged the FTC's authority. The Federal District Court in Washington, D.C., subsequently upheld the challenge. However, when the case was appealed to the U.S. Court of Appeals, District of Columbia Circuit, the lower court decision was reversed. The Appeals Court decision conferred on the FTC the authority to promulgate Trade Regulation Rules that have the effect of substantive law. Judge J. Skelly Wright wrote the court decision and stated, "[T]here is little question that the availability

of substantive rule-making gives any agency an invaluable resource-saving flexibility in carrying out its task of regulating parties subject to its statutory mandate. More than merely expediting the agency's job, use of substantive rule-making is increasingly felt to yield significant benefits to those the agency regulates. Increasingly, courts are recognizing that use of rule-making to make innovations in agency policy may actually be fairer to regulated parties than total reliance on case-by-case adjudication."[3]

The advertising industry's interest in the FTC's power to issue trade regulation rules has, to date, been predicated on principles rather than actual events. Advertising industry leaders have declared that the power to issue TRR is a usurpation of Congressional power and that it would result in the promulgation of national rules affecting almost every transaction for goods and services. (Advertisers much prefer the FTC's industry guides, which are advisory, established after hearings, and abided by on a voluntary basis.)

Because advertising is a creative process, TRR directed specifically toward advertisers would, of necessity, have to deal in broad principles. It would be an impossible task for the FTC to write detailed rules and attempt to enforce them on such a fluid industry. A possibility, however, would be for the FTC to write rules requiring some type of affirmative disclosure. Products and services dealing with nutrition and safety are likely prospects for this kind of ruling, in which the FTC could require that certain statements be included in the advertising. Such statements could be incorporated in print advertising relatively easily, but lengthy ones would pose a huge burden to the advertiser trying to sell his product in a 30-second commercial format.

Advertising Substantiation Program

In 1971, as a result of a petition filed by Ralph Nader and his Center for the Study of Responsive Law, the FTC adopted a resolution that requires all advertisers to be able to substantiate any claim about a product's performance, quality, effectiveness, safety, or comparative price.[4] A few weeks later, the Advertising Substantiation Program was implemented when the FTC first ordered that certain advertising claims be substantiated. Automobile manufacturers were asked to back up claims made in national advertising programs. Four domestic and three foreign automakers were given 60 days in which to submit requested documentation to the FTC, which would review the data and place it in public files.[5] Following this action, many more advertisers were asked to substantiate their claims. The commission was particularly interested in products related to public health and safety, such as air conditioners, dentifrices and toothpastes, soaps and detergents, hearing aids, electric razors, TV sets, cough and cold remedies, and tires.

Advertisers not sufficiently prepared to back up their claims have had to scramble to find convincing substantiation. The rationale for some claims has made highly interesting reading. For example, on January 16, 1973, United Press International (UPI) reported on the proof that the cold remedy manufacturers coughed up for their claims. Reports on public file at the FTC revealed that the "fever reducer" in Dristan is aspirin; that the summer cold labeled as a "different animal" by Contac is different because most people think it is; and that the "children's aspirin" labeled Congespirin is actually just a smaller dose of aspirin than commonly marketed.

The advertising industry has been deeply concerned, and on some occasions indignant, about what it considers the "trial by publicity" of the FTC program. When the FTC has issued its requests for substantiation, entire product groups have been cited, and the commission has enumerated quite a number of specific claims it wants substantiated. Such action has been "good press," often reported on major broadcast newscasts and in newspaper articles. Unfortunately, the public has often misinterpreted these reports and assumed the FTC was issuing

[3]National Petroleum Refiners Association v. FTC, 482 F.2d 672, 681 (1973).

[4]*Federal Trade Commission Annual Report*, 1971, p. 11.

[5]*Broadcasting*, June 14, 1971, p. 59.

formal complaints. The media must share responsibility for this misunderstanding, because the news reports have not clearly explained the exact nature of the commission action on a number of occasions. The advertising industry is also frustrated by the seeming one-sidedness of the press. When adequate substantiation is later submitted to the commission, the advertiser never receives as much publicity for proving his honesty as for being challenged in the first place.

After the substantiation program was launched, the data began stacking up in the commission's offices, and so did the problems of finding staff, budget, and time to analyze the materials. A very small number of formal complaints were filed by the FTC in response to staff evaluations of the submitted data. In many cases, the substantiation was just placed on public file, and the few people who did consult the information came either from the academic community or from consumer groups.

In an effort to make the program more useful to consumers, the FTC changed a number of procedures in 1973. As a result, advertisers who are asked to submit substantiation now have 30 days instead of 60 days in which to reply, which obviously speeds up the review process. The FTC asks that the information be written in plain language, because previously the average layperson was not able to decipher the voluminous and technical submissions. The program has been changed from a shotgun to a rifle approach, and the commission has been more selective in seeking data from advertisers whom it considers the most likely offenders and whose advertising has great impact on buying decisions.

The commission considers the substantiation program the best device to date to encourage honest advertising claims. It is essentially preventive rather than corrective, and it is a tremendous deterrent to false or misleading advertising. The advertiser is encouraged to do his homework before the ad is created. Although many advertisers consider the program a nuisance at best, the result has been better, more honest, and more informative advertising. The commission has a legal right to request these data, and the lesson for the advertising industry has been very clear. The prudent advertiser must have adequate and reasonable proof of claims before the claims are made.

Advertising Evaluation Section

As a result of the Advertising Substantiation Program, the FTC staff realized it needed a rational method of selecting claims for substantiation. It was clear a program was needed to focus on specific problem areas.

Under the Bureau of Consumer Protection, the Advertising Evaluation Section was established in 1973 and assigned two primary functions: to monitor advertising in both print and broadcast media, and to evaluate claims and substantiating materials. The monitoring program involves clipping ads from magazines with national circulation and monitoring television commercials. As a result of this viewing, the staff may ask one or more of the networks for commercial storyboards. With a staff of less than a half dozen people, it is obvious that the best this unit can do is to employ a sampling technique for monitoring. Beyond this, they must rely on the alertness of the other commission staff members, and on the active interest of consumers and competitors.

Adjudicated and Nonadjudicated Settlements

The Bureau of Consumer Protection receives complaints about advertising from a great variety of sources. They may come from a competitor who believes that a particular advertising technique constitutes an unfair business practice. A complaint may be filed by a consumer group or by a product purchaser who feels he has been unfairly exploited. In some instances, the action may be initiated by a commission staff member. Whatever the source, the thousands of complaints that pour into the FTC cannot all be accommodated. Ground rules to evaluate complaints are necessary in order to expedite commission business. Former Chairman Earl W. Kintner, in an article in a well-known law review, enumerated six principles followed by the commission:

1. *Tendency to deceive.* The Commission is empowered to act when representations have only a *tendency* to mislead or deceive. Proof of *actual* decep-

tion is not essential, although evidence of actual deception is apparently conclusive as to the deceptive quality of the advertisement in question.

2. *Immateriality of knowledge of falsity.* Since the purpose of the FTC Act is consumer protection, the Government does not have to prove knowledge of falsity on the part of the advertiser; the businessman acts at his own peril.

3. *Immateriality of intent.* The intent of the advertiser is also entirely immaterial. An advertiser may have a wholly innocent intent and still violate the law.

4. *General public's understanding controls.* Since the purpose of the act is to protect the consumers, and since some consumers are "ignorant, unthinking and credulous," nothing less than "the most literal truthfulness" is tolerated. As the Supreme Court has stated, "laws are made to protect the trusting as well as the suspicious." Thus it is immaterial that an expert reader might be able to decipher the advertisement in question so as to avoid being mislead.

5. *Literal truth sometimes insufficient.* Advertisements are not intended to be carefully dissected with a dictionary at hand, but rather are intended to produce an overall impression on the ordinary purchaser. An advertiser cannot present one overall impression and yet protect himself by pointing to a contrary impression which appears in a small and inconspicuous portion of the advertisement. Even though every sentence considered separately is true, the advertisement as a whole may be misleading because the message is composed in such a way as to mislead.

6. *Ambiguous advertisements interpreted to effect purposes of the law.* Since the purpose of the FTC Act is the prohibition of advertising which has a tendency and capacity to mislead, an advertisement which can be read to have two meanings is illegal if one of them is false or misleading.[6]

The commission will assess complaints on these bases and in relation to its own appropriate jurisdiction in the matter, the probability of violation of the law, and whether the matter is of sufficient importance to the public interest. It is obvious that with its enormous job and limited resources, the FTC can only pursue the most important cases. (In 1975, the commission budget was approximately $42 million. The staff numbers about 1600, and of that number only a few hundred are lawyers. Policing the advertising industry constitutes only a small portion of the commission's responsibilities.) If, after evaluating a complaint, the commission feels there is substantial reason to believe an advertiser has violated the law, it may initate action.

[6]Earl W. Kintner, "Federal Trade Commission Regulation of Advertising," *Michigan Law Review*, vol. 64, no. 7 (May 1966): 1280–1281.

Voluntary Compliance

If a practice has already been terminated (perhaps because an advertising campaign has run its course), or will shortly be terminated, the advertiser may be permitted to file an assurance of voluntary compliance, agreeing to discontinue a particular advertising practice which has been questioned by the commission. It is not allowed in every case, but the commission will consider the gravity of the matter, the past record of this advertiser, and whether or not such an assurance is suitable in a certain case. This voluntary promise not to continue a particular business practice is not legally binding, but if violated, the FTC may resume proceedings against the advertiser.

Consent Orders

In more serious cases, the commission is not satisfied with voluntary assurance, and it will prepare a formal complaint if there is reason to believe a particular practice violates a provision of the FTC Act. The advertiser will be notified of the commission's intention to institute formal proceedings charging him with having violated one or more of the statutes administered by the FTC. The party has ten days in which to respond and state whether or not he is interested in having the proceedings disposed of by the entry of a consent order between the party and the commission. It is at this point that the case becomes either an adjudicated or nonadjudicated matter. (It is estimated that in four out of five cases the advertiser takes the latter option of a consent order.)

If the advertiser elects to seek this nonadjudicated settlement, he

may appear or be represented by counsel to negotiate the matter. The consent order will spell out in detail the facts of the case, conclusions of law, and requirements to be binding on the party, which usually means that the advertiser agrees with a commission order to sin no more. What is important, however, is that the consent order is legally binding. "In addition, the agreement may contain a statement that the signing thereof is for settlement purposes only and does not constitute an admission by any party that the law has been violated as alleged in the complaint."[7] After the consent order is drawn up, it is put on public record for 30 days, which permits interested parties to comment on it. Then, the consent order is forwarded to the five commissioners, who usually accept it. In unusual cases, they may reject it and issue a complaint that will turn the case into an adjudicated matter. Unlike voluntary compliance, a consent order is binding on the respondent, and a violation of the order will subject the party to the same penalties as violating a cease-and-desist order.

Cease-and-Desist Orders

In adjudicated matters, the procedures are more formal, lengthy, and costly to both the advertiser and the government. Adjudication requires that specific legal steps be followed. It begins with the issuance of a complaint by the commission, and may end with a cease-and-desist order. The initial complaint must contain, among other things, a clear and concise factual statement as to the practices alleged to be in violation of the law, a recital of the commission's legal authority in relation to the matter, and a notice of the time and place for a hearing, which must be at least 30 days after the complaint has been served. This provision allows a 30-day negotiation period in which the commission staff and advertiser may work out a consent order.

[7]*FTC Organization, Procedures and Rules of Practice,* August 15, 1971 (rev. February 3, 1973), Sec. 2.33, p. 37.

If the party elects to contest the allegations, the matter is put on the commission docket and one of the administrative law judges is assigned to hear the evidence. Formerly called hearing examiners, these judges make the initial decisions in contested cases involving alleged violations of laws administrated by the FTC. The setting and procedures are similar to that of a federal district court. The respondent will be represented by legal counsel, the judge will hear testimony of witnesses, cross-examination, and oral argument, and he will accept depositions, documents, and other evidence. After all the evidence has been received, the administrative law judge will consider it and file an initial decision within 90 days following the hearing. He may dismiss all of the charges or some of the charges. The judge may issue a cease-and-desist order, or another order, such as for corrective advertising. At this point, his jurisdiction is terminated.

Before the decision is implemented, however, it must go to the five commissioners. If neither the FTC legal staff nor the respondent files an appeal of the judge's decision, the commission will confirm that decision in almost every instance. The administrative law judge's decision may be appealed by either the respondent or the commission staff; both are permitted the absolute right of appeal. A brief must be filed within 30 days of the service of the initial decision. If this happens, the commissioners will sit as judges to accept evidence and hear oral argument. The commission may uphold or reverse the decision of the administrative law judge, or may modify or remand the decision. The final order of the commission is not effective for 60 days. (A cease-and-desist order, for example, would not create a burden for an advertiser whose campaign ran its course by the effective date of the order.)

The 60-day grace period permits time for the respondent to seek review of the case in the Federal Court of Appeals. If the respondent decides to appeal, he may continue business as usual, and this includes perpetration of whatever practice has been part of the commission's cease-and-desist order. Matters of this sort can go on for years, and in the meantime the alleged illegal advertising practice continues. (The manufacturers of Regimen, a reducing aid, and Geritol fought com-

mission decisions for years in the federal courts. Sixteen years elapsed in the commission's efforts to force Carter's Products, Inc., to drop the reference to liver in "Carter's Little Liver Pills.")[8]

Violation of a cease-and-desist order not on appeal in the federal courts will subject the party to a civil penalty of not more than $10,000 for each violation. Violations of the Wheeler-Lea provisions of the FTC Act involving false and misleading advertising may subject the party to a fine and/or six months' imprisonment if convicted. If the respondent pursuing his case is dissatisfied with the decision of the U.S. Circuit Court of Appeals, he may seek final review in the U.S. Supreme Court. The high court may hear the case and render a decision, or it may refuse to hear the case, in which case the decision of the appeals court stands.

Other Remedies and New FTC Powers

In either adjudicated or nonadjudicated settlements, the FTC's legal machinery suffers from two major shortcomings built into the regulatory system. Because the nation's judiciary philosophy is based on the premise that one is innocent until proved guilty, everyone has an opportunity to sin at least once. This is certainly true of the perpetrator of false and misleading advertising. He may exploit thousands of consumers on a one-time basis, for the FTC does not exercise prior restraint or act as censor. The second problem, evident in so many cases, is that years can elapse while matters are in litigation. In many instances, regardless of the final settlement, an advertiser can reap enormous profits from allegedly deceptive practices while a case is in the courts, and those profits can far exceed litigation costs.

A number of remedies to these problems have been considered by the FTC and the Congress. They include using the commission's power to seek preliminary injunctions. An amendment to the Alaska Pipeline Bill in 1973 allows the commission to go to court to seek preliminary injunctions against unfair or deceptive acts or practices. This weapon has rarely been used. It is issued only when a federal court is convinced that the FTC's evidence is substantial enough to warrant such an emergency measure, for a preliminary injunction stopping some sort of business practice is a rather drastic move. Most often, allegedly false or misleading advertising simply does not call for this kind of action.

Some commissioners have advocated restitution for the wronged consumer. They declare that the rustlers should not be allowed to keep the calves. But restitution is obviously a complicated matter to adjudicate, especially in view of today's mass marketing practices. Further, it is not compatible with the commission's attempt in recent years to get advertisers to comply with industry-wide regulations. Restitution, by definition, would require administration on a case-by-case basis, a lengthy and time-consuming process.

When the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act was signed into law in 1975, the commission gained many new powers. The law expanded and reinforced the FTC's authority to promulgate rules that would specify new regulatory areas and define with the force of law what is "fair" and what is not. A number of due process provisions were also added to hearing procedures on rule-making. If the Justice Department fails to act within 45 days of receiving an FTC request to do so, the FTC can now represent itself in court in civil action. The FTC's jurisdiction has been expanded from matters "in commerce" to matters "affecting commerce." Through a consumer redress provision, the commission may now go to court on behalf of consumers injured by violations of FTC regulations. Extensive new disclosure and content standards for warranties have also been established.

Corrective Advertising

To protect consumers from false and deceptive business practices, another recourse is available to the commission—corrective advertising. This regulatory innovation was first introduced in 1971, and

[8]Carter Products, Inc. v. FTC, 268 F.2d (9th Cir.), cert. denied, 361 U.S. 884 (1959).

the term refers to advertisements designed to correct the impression left by previous advertising alleged by the FTC to be false or misleading. The first corrective advertising was run by Profile bread, owned by ITT Continental Baking Company. It resulted from FTC complaints about the advertisements for this product and for two other products of ITT Continental—Wonder Bread and Hostess snack cakes. Specific copy claims were cited for all three products, particularly in the area of nutrition. Profile bread was allegedly advertised as a diet product, purported to be less fattening than ordinary bread because it contained fewer calories per slice. After some complicated bargaining, the Profile bread case was resolved in a consent order, a nonadjudicated matter. (The Wonder Bread and Hostess snack cake cases were heard by an administrative law judge.)

For Profile bread, ITT Continental agreed to devote 25 percent of its advertising expenditures for the next 12 months to running corrective advertising. Television commercials were produced for this purpose after the FTC approved the following copy:

I'm Julia Meade for Profile bread. And like all mothers I'm concerned about nutrition and balanced meals. So, I'd like to clear up any misunderstandings you may have about Profile bread from its advertising or even its name. Does Profile have fewer calories than other breads? No, Profile has about the same per ounce as other brands. To be exact, Profile has seven fewer calories per slice. That's because it's sliced thinner. But eating Profile will not cause you to lose weight. A reduction of seven calories is insignificant. It's total calories and balanced nutrition that counts. And Profile can help you achieve a balanced meal. Because it provides protein and B Vitamins as well as other nutrients. How does my family feel about Profile? My children love Profile sandwiches. My husband likes Profile toast. And I prefer Profile to any other bread. At our house delicious taste makes Profile a family affair."[9]

A consent order in 1972 with Ocean Spray Cranberries Inc., constituted the second corrective advertising case settled. Ocean Spray agreed it would no longer advertise its juice products as being as nutritious or more nutritious than orange or tomato juice unless proven to be true. Of the advertiser's expenditures, 25 percent was to be devoted to this message:

If you've wondered what some of our earlier advertising meant when we said Ocean Spray cranberry juice cocktail has more food energy than orange juice or tomato juice, let us make it clear: we didn't mean vitamins and minerals. Food energy means calories. Nothing more. Food energy is important at breakfast since many of us may not get enough calories, or food energy, to get off to a good start. Ocean Spray cranberry juice cocktail helps because it contains more food energy than most other breakfast drinks. And Ocean Spray cranberry juice gives you and your family Vitamin C plus a great wake-up taste. It's . . . the other breakfast drink.[10]

A careful analysis of these two corrective advertisements clearly reveals how subtle the message can be. In the Profile bread commercial especially, it is interesting to note that the copy implies that the viewer is the party who misunderstood the earlier advertising. "I'd like to clear up any misunderstandings you may have about Profile bread." The advertiser did not mislead; the consumer misunderstood. The Ocean Spray commercial is an example of how a scientifically meaningless phrase ("food energy") can be used to suggest to the consumer that it contains high nutritional value.

In both of the above cases, the agreement to run corrective advertising was part of a consent order—a voluntary agreement made by the advertiser. The FTC has since sought corrective advertising from a number of major advertisers, including the manufacturers of some well-known analgesics, including Anacin, Bufferin, Excedrin, and Bayer aspirin. A court judgment on the FTC's power to *order* corrective advertising has not been handed down to date, and major advertisers in particularly competitive markets are unlikely to roll over and play dead without challenging such an order in court. The commission's

[9]*Consumer Reports,* February 1972, p. 64.

[10]*Advertising Age,* May 8, 1972, p. 133.

"Despite the fact that the Federal Trade Commission compels us to admit that all we've said about Pell's Pills for the past 38 years is false and misleading, we're sure you'll continue to buy and trust them just as you always have."

Cartoon by Sidney Harris. Reprinted with permission from *TV Guide* ® magazine. Copyright © 1972 by Triangle Publications, Inc., Radnor, Pennsylvania.

view has been that the legality of corrective advertising rests in Section 5 of the Federal Trade Commission Act that grants power to issue orders against unfair or deceptive acts. The philosophy behind corrective advertising is to undo the effects of the earlier practice and to attempt to return the marketplace to its original state. The FTC denies that its purpose is to embarrass the advertiser, but rather that it intends to communicate information to the consumer he probably would not discover otherwise. The commission staff has no intention of applying corrective advertising in every case it pursues, and staff members are not in agreement on its efficacy or even its legality; thus, a host of other offenders has not been asked to run corrective advertising.

The theory of corrective advertising suggests that it is reserved more for cases of deception than unfairness. In addition, the remedy is ordinarily reserved for special cases when the sheer impact of a long-term heavy advertising schedule is supported by an enormous budget. (This was certainly not the case with Profile bread or Ocean Spray, but may suggest the trend for the future if the commission seeks other corrective advertising settlements.)

The jury is still out on the public response to corrective advertising, primarily because so little of it has been run, and because consumer response has not been researched. It is not known whether consumers perceive these messages as corrective and alter their predispositions to the product. Corrective ads, particularly the subtle ones, may slide off the memory. Even if honest competitors may feel vindicated by a corrective advertising program, it is not really known if such a program is effective in returning market shares to their original state. One thing is clear, however. If the threat of corrective advertising requirements by the commission is upheld by the courts, it could result in an important deterrent to advertisers tempted to mislead and deceive consumers.

FTC and FCC Liaison Agreement

The Federal Trade Commission is but one of 20 or so federal bodies that regulate advertising. Other regulatory agencies, such as the Food and Drug Administration, Interstate Commerce Commission, and the Federal Power Commission, are concerned with particularly defined areas of interest in advertising regulation. The FTC's responsibilities are extensive, and so, too, are those of the Federal Communications

Commission. Because so much broadcast advertising activity involves both these agencies, a liaison agreement between the two commissions was developed in 1972. "The FTC, pursuant to its legislative authority, will exercise primary jurisdiction over all matters regulating unfair or deceptive advertising in all media, including the broadcast media; and the FCC, pursuant to its Congressional mandate, will continue to take into account pertinent considerations in this area in determining whether broadcast applications for license or renewal of license shall be granted or denied and in the discharge of other statutory responsibilities."[11] The two-page agreement is a declaration of the FTC's and FCC's intent to exchange information and generally cooperate in pursuit of common or related interests. The general counsels of both agencies serve as the liaison officers.

Federal Communications Commission

This government agency, established by the Communications Act of 1934, is directly responsible to Congress for regulating interstate and foreign communications by television, radio, cable, and wire. (See Chapter 1, Radio Advertising to 1946.) Regulation of existing radio and television stations constitutes only a portion of the FCC's work. Its far-reaching responsibilities also include regulation and policy planning for satellite communications, citizens band communications, aviation and maritime radio, common carrier services (including telephone and telegraph), and a host of other ones. These responsibilities occupy a staff of 1800 and an annual budget of $47 million. Like the FTC, commissioners are appointed by the President. The FCC, however, is composed of seven commissioners, whose seven-year appointments must be confirmed by the Senate. No more than four of the seven may be members of the same political party. Five bureaus conduct the principal operations of the FCC. The Broadcast Bureau is of primary importance to broadcasters and advertisers, for it is responsible for regulating radio and television stations. The other four bureaus—the Cable Television Bureau, the Common Carrier Bureau, the Safety and Special Radio Services Bureau, and the Field Engineering Bureau—deal with the specialized services implied in their titles.

The Broadcast Bureau

Radio and television stations are privately owned, but since they use the public airwaves, they are subject to regulations by the FCC through the Broadcast Bureau. The commission assigns frequencies and call letters, determines power limits and hours of operation, licenses technicians who operate broadcast equipment, and requires licensees to keep logs of programs, commercials, and technical data. Stations are licensed for three-year periods; at license renewal time, they must prove to the commission that they have served the public interest. In years past, this matter was usually routine, but in recent years, complaints and challenges have been filed against a great many stations at license renewal time. A number of individuals and citizens groups have challenged license renewals with such regularity that the commission's workload has greatly increased, for it has had to evaluate these complaints and conduct hearings on the merits of many of these cases. The broadcasting industry has sought relief from Congress through longer license periods and has asked that language be added to the Communications Act that would provide some measure of license security for the broadcaster who lives up to his promises. Members of Congress have deliberated on the issues, but no action has been taken to date.

The Communications Act in Section 326 forbids the commission to act as a censor. Programing policies cannot be dictated, nor can

[11]Federal Communications Commission, *Liaison Agreement Between Federal Communications Commission and the Federal Trade Commission*, FCC Report #25-18, May 3, 1972.

advertising policies of licensees. At license renewal time, however, the commission will review both a station's programing and commercial practices. As part of this evaluation process, the commission will determine whether a wide variety of commission requirements has been met, including proper utilization and maintenance of broadcast equipment, filing the necessary reports with the FCC, and service to the local community.

The commission has always encouraged stations to program, in as far as it is possible, to a wide cross-section of interests. It considers news and public affairs programing as particularly valuable services. FCC philosophy encouraging stations to present a balance of viewpoints has been embodied in the commission's Fairness Doctrine. In 1949, *The Report on Editorializing by Broadcasting Licensees* established two basic requirements for meeting the Fairness Doctrine. First, it required that every licensee devote a reasonable portion of broadcast time to the discussion and consideration of controversial issues of public importance; secondly, it specified that licensees must make their facilities available for the expression of contrasting viewpoints when controversial issues are presented. The report emphasized the licensee's responsibility to determine how, precisely, these requirements could be met.

The Fairness Doctrine was incorporated into the Communications Act by the Congress in a 1959 amendment of Section 315 that deals primarily with the appearance on a station of qualified candidates for public office. The amendment excluded from the equal time provisions of this section the appearance of legally qualified candidates on bona fide newscasts, news interviews, news documentaries, or in on-the-spot coverage of bona fide news events. Additional language was then added. "Nothing in the foregoing sentence shall be construed as relieving broadcasters, in connection with the presentation of newscasts, news interviews, news documentaries, and on-the-spot coverage of news events, from the obligation imposed upon them under this Act to operate in the public interest, *and to afford reasonable opportunity for the discussion of conflicting views on issues of public importance* [emphasis added]." Most of the broadcasting industry assumed that this language was nothing more than a restatement of long-standing commission policy toward broadcast programing. When some broadcasters suggested that it might be applied to advertising, they were not taken seriously. But since the 1959 amendment, the Fairness Doctrine has raised some of the most controversial and confusing issues ever faced by broadcasters, the commission, and the courts.

Cigarette Advertising

On January 2, 1971, cigarette advertising vanished from the airwaves and became a fascinating chapter in broadcast history. When the 1964 report of the Surgeon General was released, it clearly spelled out the high statistical correlations between cigarette smoking and a number of serious illnesses. Public health officials were anxious to educate consumers as to the dangers of smoking. In that same year, the FTC proposed trade regulation rules that would require a warning on cigarette packages. The NAB Code Authority revised its provisions so that appeals to youth in cigarette commercials would be prohibited. The issue became an emotional one as proposals and counterproposals for legislation were introduced in Congress. The tobacco companies represented an enormous industry and a powerful lobby, but Congress was under mounting pressures because of the health issue. After much debate, the 1965 Cigarette Labeling and Advertising Act was passed. A portion of the bill required that a health warning (not a death warning, as some had urged) be printed on each pack of cigarettes, and it specifically prohibited the FTC from requiring a stronger warning for three years. The new law was a compromise and constituted minimal legislation. Since it carried an expiration date of 1969, the anti-cigarette interests knew they could regroup to fight another day. For the broadcast advertising industry, the more than $225 million annually invested by tobacco companies seemed secure, at least for the moment.

In 1966, a young New York lawyer, John Banzhaf III, sent a request to WCBS-TV, CBS's flagship station in New York City, requesting free time to present views on the cigarette smoking controversy. He claimed

that the deluge of cigarette commercials urging the public to smoke was not properly balanced by presentations on the dangers of smoking, and thus the station was not fulfilling its fairness obligations. The station refused the request, stating that it had fulfilled its obligations through other types of programing. Banzhaf appealed to the FCC. In 1967, the commission upheld his complaint and stated that the Fairness Doctrine did apply, but it stressed that this application to cigarettes was unique and that it was based not only on fairness but on the public interest. The station was directed to use its own good judgment to see that adequate information on the dangers of smoking was allocated broadcast time.[12]

Requirements of the Fairness Doctrine are not the same as the requirements of the Communications Act of equal time for political candidates. Fairness obligations do not prescribe minute-for-minute equity in time allocation, and the format to be utilized is left to the discretion of the licensee. Banzhaf, however, pursued the matter and petitioned the U.S. Court of Appeals in Washington, D.C., seeking equal time for antismoking messages vis-a-vis cigarette commercials. At the same time, the National Association of Broadcasters and the Tobacco Institute filed separate cases in the U.S. Court of Appeals for the Fourth Circuit, Richmond, Va. Subsequently, the three cases were consolidated in the District of Columbia.

The court decision handed down in 1968 upheld the commission's action in requiring antismoking messages to be aired.[13] The decision was based on the broader "public interest" provisions of the Communications Act. The court ruled that the FCC's action had not violated either the Cigarette Labeling and Advertising Act of 1965 or the First Amendment. The court noted that advertising "barely qualifies" as constitutionally protected speech, but it stressed that the decision was not an invitation to the commission to scan the airwaves for other abuses. In the end, however, the court refused *equal* time for anti-cigarette messages.

Licensees seeking guidance in applying the Fairness Doctrine to cigarette commercials run on their stations were confused. What would be "fair?" If equal time was not required, would the station meet its obligations by running one antismoking public service announcement (PSA) for every two cigarette commercials, or every five or ten? After deliberation, the FCC announced that a ratio of one PSA to every three commercials would be sufficient.

The Code Authority of the National Association of Broadcasters knew it would have to make drastic changes in its self-regulatory provisions when the 1965 Cigarette Labeling Act expired. Broadcasting industry leaders were anxious to promulgate guidelines that would preclude expanded government regulations. Cigarette commercials in an ambience of athletic activity were forbidden. Guidelines also banned the use of certain kinds of uniformed actors, such as police, firefighters, military personnel, commercial pilots, and so on. Comparisons between cigarettes of tar and nicotine content were subject to stringent documentation, and portrayal of youth, or appeals to youth, were strictly proscribed. Soon, however, the mounting pressures for a ban on cigarette advertising became irresistible, and in 1969 the Code Authority adopted a four-year program that would phase out cigarette advertising. Using a scale of declining percentages, the Code Authority provided for annual reductions in the number of broadcast minutes available for sale to cigarette advertisers; by September 1, 1973, all these commercials would be gone from the airwaves.

At about the same time, the FCC issued a Notice of Proposed Rule-Making aimed at prohibiting cigarette advertising on radio and television. It was a proposal only, and it invited responses from the industry. The legal authority of the FCC to effect such a ban was questioned by many, and the document itself seemed to suggest that the industry or the Congress should seize the initiative. "We again stress the question of voluntary action by the broadcast industry and our recognition that insofar as the Government is concerned, Congress must be the

[12]Applicability of the Fairness Doctrine to Cigarette Advertising, 9 FCC 2d 921 (1967).

[13]Banzhaf v. FCC, 405 F.2d 1082 (1968).

final arbiter of this matter and must signal what action is to be taken."[14]

The Congress did just that. The House passed a six-year extension of the Cigarette Labeling Act, but the Senate Commerce Committee held extensive hearings on the issue. It declined the tobacco industry's offer to voluntarily pull out of broadcast advertising by the autumn of 1970, provided Congress would grant antitrust immunity to the joint pull-out. The proposed legislation that emerged from that committee won a sweeping 70–7 victory in the Senate. It provided that cigarette advertising be banned from the airwaves effective January 1, 1971, and it strengthened the health warning to be printed on packages. The Senate–House conference committee had to deal with widely disparate bills, but the determination of antismoking advocates, notably Senators Frank E. Moss (D. Utah) and Norris Cotton (R. N.H.), prevailed. Very little of the Senate version was compromised and the final bill won congressional approval in March. President Nixon signed it into law in April 1970. As a concession, the effective date was pushed back one day, to January 2, 1971. (This permitted the broadcast of several million dollars worth of cigarette advertising on New Year's day, most of which was placed in football bowl game buys.)

Many broadcasters and members of the advertising industry were extremely irate, but to no avail. They protested that to ban the advertising of a legal product, especially in view of the government's massive tobacco farm subsidies, was the height of congressional hypocrisy. The broadcasting industry considered itself Congress's scapegoat, because lawmakers were under pressure to do something about the dangers of smoking. Since the print media were not prohibited from carrying cigarette advertising, broadcasters condemned the bill as discriminatory. The nation's newspapers, magazines, and outdoor billboard companies could now look forward to a windfall in new revenues, for three-fourths of the tobacco industry's advertising expenditures had been invested in the broadcast media.

Even though the scapegoat charge might have had some validity, much of the cigarette advertising had contained overt appeals to youth, associated the product with glamour and virility, and did not convey the hazards of a cigarette habit. It was not in the public interest to use the public airwaves to promote the use of a dangerous product.

An interesting postscript to this long chain of events arose when the FCC was again asked to consider the application of the Fairness Doctrine to cigarettes. Since radio and television stations were now forbidden by law from carrying cigarette commercials, what was the status of antismoking messages? The doctrine was predicated on the idea that both sides of controversial issues would be presented, but now the tobacco industry had no way to present its viewpoint on the broadcast media. The matter came to a head when a group named Action on Smoking and Health (ASH) organized by Banzhaf proposed that the FCC require licensees to devote a significant amount of time to presenting views and information on the health hazards of cigarette smoking, even though they had stopped carrying cigarette commercials. After some deliberation, the commission dismissed the request and stated that it would be the responsibility of the broadcaster to make a reasonable judgment whether he had carried a controversial issue and must present a contrasting viewpoint. The U.S. Court of Appeals for the Fourth Circuit, Richmond, Virginia, affirmed the commission's ruling by stating that licensees who broadcast antismoking announcements are no longer required by the Fairness Doctrine to grant time for presentation of opposing views after January 2, 1971.[15]

In 1973, an apparent loophole was sewn up through the efforts of Senator Moss and others when the law was extended to "little cigars." A number of tobacco manufacturers had produced television commercials for their products, which appeared to be cigarettes in all respects save one—they were wrapped in brown paper. Two major manufacturers had been persuaded to discontinue their television advertis-

[14]16 FCC 2d 284 (1969).

[15]Larus & Brother Company v. FCC, 447 F.2d 876 (4th Cir. 1971).

ing, but a holdout, Consolidated Cigar Corp., said it would proceed with its television campaign. It spurred the Senate to action, and the extension of the ban was passed by the Congress, signed into law, and made effective in October 1973.

Friends of the Earth

The broadcast advertising industry had been greatly unsettled by the commission's extension of the Fairness Doctrine to cigarette advertising. The continuous assurances that this decision was based on a unique set of circumstances were of little comfort. If cigarettes were subject to fairness, what other "controversial" commercials would be next? Nonbiodegradable detergents, beer and wine, over-the-counter drugs, gasoline, automobile and air travel messages? The answer came in February 1970, when an environmentalist group, Friends of the Earth, wrote a letter to WNBC-TV complaining that "spot advertisements for automobile and gasoline companies constantly bombard the New York area with pitches for large-engine and high-test gasolines which are generally described as efficient, clean, socially responsible, and automotively necessary."[16] The letter cited and described a number of commercials run on this network-owned-and-operated station, and it asserted that these products were especially heavy contributors to air pollution, a particularly oppressive and dangerous problem in New York City. Because of the threat to human health, the group declared that the FCC's cigarette decision should also apply to these gasoline and automobile products. It asked that the station "promptly make known the ways in which it intends to discharge its responsibility to inform the public of the other side of the critical controversy."

WNBC-TV took the position that the commission's tobacco decision was limited to cigarettes and did not impose, in the commission's words, any fairness doctrine obligations "with respect to other product advertising." The station stated that there is no controversial issue about whether transportation by automobile should continue, nor of the fuels that propel them, and that it had presented a number of programs on the subject of air pollution and thus had discharged its public interest obligations. Unsatisfied, the Friends of the Earth then lodged a formal complaint against WNBC-TV with the commission for failure to fulfill its Fairness Doctrine obligations.

In August 1970, the commission reported that "no action is warranted against WNBC."[17] The FCC noted that automobiles cause many deaths each year, that gasoline engines are a major source of air pollution, and that these factors raised a serious environmental problem. Although the same could be said for a host of other products, the FCC noted, they were all distinguishable from cigarettes. Smoking is a habit "which can fade away" without impact on other aspects of life. Another consideration was that official voices had urged the public to abandon the smoking habit but not their automobiles. Thus, the commission declined to extend the cigarette ruling to other advertising, for to do so would "undermine the present system which is based on product commercials."

When the case was heard the following year in the U.S. Court of Appeals, District of Columbia Circuit, the commission's ruling was overturned. In the opinion, handed down in August 1971, Judge Carl McGowan states: "Commercials which continue to insinuate that the human personality finds greater fulfillment in the large car with the quick getaway do, it seems to us, ventilate a point of view which not only has become controversial but involves an issue of public importance. When there is undisputed evidence, as there is here, that the hazards of health implicit in air pollution are enlarged and aggravated by such products, then the parallel with cigarette advertising is exact and the relevance of Banzhaf inescapable."[18]

[16]Friends of the Earth v. FCC, 449 F.2d 1164, 1165 (1971).

[17]Ibid., 1167

[18]Ibid., 1169.

The dam the commission and the broadcasters had sought to hold against further extension of the Fairness Doctrine was collapsing. Now, even though a commercial itself was not explicitly controversial, apparently the Fairness Doctrine could apply if the product could be convincingly linked to a controversial subject. Advertising agency copywriters and art directors became extremely cautious in creating and designing broadcast commercials. Advertisers were reluctant to put their necks on the block, and explicit product claims were very carefully checked. Consumers witnessed a wave of what might be called evocative advertising that suggested and did not claim; it was designed to avoid hard sell and simply leave a positive impression. The streak of paranoia running through the advertising industry as a result of increased consumer activism was actually working to the detriment of the consumer. Unfortunately, product purchasers were getting less information, because of the timidity and uncertainty within the advertising industry.

The muddled status of the Fairness Doctrine was becoming increasingly complicated. The issues—besides access to the broadcast media as the result of advertising messages—included general access for the discussion of public issues and the application of the doctrine to political broadcasts. The FCC announced it would hold hearings on the Fairness Doctrine, and interested and qualified parties would be given an opportunity to present their views. The purpose was to assist the commission in preparing a definitive policy statement. Spokespeople from the advertising industry prepared to participate when the hearings commenced in March 1972.

Counteradvertising

The concern of the broadcast advertising industry in the Friends of the Earth decision turned to alarm in January 1972, when the Federal Trade Commission announced that it supported the concept of *counteradvertising*—the right of access to the broadcast media for the purpose of expressing views and positions on controversial issues that are raised by commercial advertising. The proposal was submitted in response to the FCC's Notice of Inquiry concerning the Fairness Doctrine hearings. The FTC stated that it viewed counteradvertising as an appropriate means of overcoming some of the shortcomings of its regulatory tools and a suitable approach to remedying some of the present failings of advertising that were beyond its purvue. The proposal identified the categories of advertising in which the FTC felt counteradvertising would be suitable:

1. Advertising asserting claims of product performance or characteristics that explicitly raise controversial issues of current public importance.—Claims that products contribute to solving ecological problems, or that the advertiser is making special efforts to improve the environment generally.

2. Advertising stressing broad recurrent themes, affecting the purchase decision in a manner that implicitly raises controversial issues of current public importance.—Food ads which may be viewed as encouraging poor nutritional habits, or detergent ads which may be viewed as contributing to water pollution.

3. Advertising claims that rest upon or rely upon scientific premises which are currently subject to controversy within the scientific community.—Test-supported claims based on the opinions of some scientists but not others whose opposing views are based on different theories, different tests or studies, or doubts as to the validity of the tests used to support the opinions involved in the ad claims.

4. Advertising that is silent about negative aspects of the advertised product.—Ad claims that a particular drug product cures various ailments when competing products with equivalent efficacy are available at substantially lower prices.[19]

The FTC suggested that it was not essential that counterads be confined to 30- or 60-second commercials. "Licensees might make available on a regular basis five-minute blocks of prime time for counteradvertisements directed at broad general issues raised by all adver-

[19] *FTC News Summary,* January 1–15, 1972.

tising involving certain products, as a way of fulfilling this aspect of their public service responsibilities."

The response of the broadcasting and advertising industries to the FTC's counteradvertising proposal is almost indescribable. Business leaders, network presidents, advertising agency executives, and officials of a large number of trade associations condemned every conceivable aspect of the proposal. One of the most vocal was Lee Loevinger, a Washington, D.C., lawyer who had previously served as one of the seven members of the FCC. In a major speech before the International Radio and Television Society, he dissected and criticized each element of counteradvertising. His arguments included assertions that it would destroy the economic foundation of broadcasting, would not be informative and would result in a diatribe rather than dialogue, was based on the false premise that the consumer doesn't have diverse information sources, would unreasonably discriminate against broadcasters, was unfair to honest advertisers, would tend to increase the power of the government and of small militant groups, was the antithesis of free speech, would create a host of new problems, and would meet no real need and solve no important problem.[20]

Chairman Miles Kirkpatrick of the FTC stoutly defended the proposal and insisted that his agency was not attempting to pass the buck to the FCC. "I am deeply concerned by the notion that the majority of advertisers are able or willing to play the game only if the rules free them from disagreement. Why, in any event, should an advertiser have the right to monopolize the consumer's attention by trumpeting the virtues of his product when a consumer who learned of an aspect undesirable to him might not buy it if the attention monopoly were ended?"[21]

The counteradvertising proposal was a major discussion topic in broadcast advertising circles for many months. It then found a place on the back burner while the FCC considered all the suggestions that had come up during the course of the Fairness Doctrine hearings. The FTC had little more to say about it, especially after two key people left the commission—Chairman Kirkpatrick and the chief architect of the proposal, Robert Pitofsky, who was director of the Bureau of Consumer Protection. The impact of the FTC's proposal was mitigated somewhat by a major Supreme Court decision handed down in May 1973, regarding access to the broadcast media by two groups that wished to buy time for the presentation of views on controversial issues —the Business Executives' Move for Vietnam Peace and the Democratic National Committee.

Business Executives' Move for Vietnam Peace and the Democratic National Committee (BEM/DNC)

In early 1970, the Democratic National Committee wanted to purchase one half hour of prime time from CBS-TV to discuss a number of national issues and to ask the public for donations to the party. CBS stated it would only sell time to political parties during a campaign. The DNC then requested a declaratory ruling from the FCC saying that the Communications Act and the First Amendment precluded a licensee from having a general policy of refusing to sell time to "responsible entities" to present their views on public issues.

At about the same time, a group called the Business Executives' Move for Vietnam Peace (BEM) sought to buy spot announcements on WTOP-TV, a Washington, D.C., station, to present the group's view on the Vietnam conflict. When the station stated it ascribed to a policy of refusing to accept paid editorial advertisements, BEM appealed to the FCC.

In both cases, the FCC upheld the broadcasters and stated that they could refuse to accept paid editorial advertisements by individuals and organizations; there was no prohibition against such a policy. When both parties appealed their cause to the federal courts, the cases were consolidated before the U.S. Court of Appeals for the District of Colum-

[20]Speech before the International Radio and Television Society, New York City, January 4, 1973.

[21]*Broadcasting,* March 6, 1972, p. 28.

bia. In an opinion handed down in August 1971, Judge J. Skelly Wright ruled that broadcasters who sell time for commercial advertising cannot arbitrarily deny the purchase of time for editorial advertising:

> For too long advertising has been considered a virtual free fire zone, largely ungoverned by regulatory guidelines. As a result, a cloying blandness and commercialism—sometimes said to be characteristic of radio and television as a whole—have found an especially effective outlet. . . . We are convinced that broadcast advertising has great potential for enlivening and enriching debate on public issues, rather than drugging it with an overdose of nonideas and nonissues as is now the case. . . . We must then, be very, very slow to judge any sort of speech on public issues worthless. . . . In the end, it may unsettle some of us to see an anti-war message or a political party message in the accustomed place of a soap or beer commercial. But we must not equate what is habitual with what is right—or what is constitutional. A society already so saturated with commercialism can well afford another outlet for speech on public issues. All that we may lose is some of our apathy. That is a small price to pay.[22]

The reverberations from that decision rocked the broadcasting industry. It feared a flood of similar requests and declining program ratings and revenues. The ramifications of such access to the broadcast media were alarming to network and station executives as well as to those in the advertising industry. They kept their fingers crossed when the U.S. Supreme Court consented to review the case. On May 29, 1973, they gave a sigh of relief, for the high court reversed the decision of the appeals court. The opinion written by Chief Justice Burger stated:

> The Commission was justified in concluding that the public interest in providing access to the marketplace of "ideas and experiences" would scarcely be served by a system so heavily weighted in favor of the financially affluent, or those with access to wealth. . . . Since it is physically impossible to provide time for all viewpoints, however, the right to exercise editorial judgment was granted to the broadcaster. The broadcaster, therefore, is allowed significant journalistic discretion in deciding how best to fulfill its Fairness Doctrine obligations, although that discretion is bound by rules designed to assure that the public interest in fairness is furthered. . . . For better or worse, editing is what editors are for; and editing is selection and choice of material. That editors—newspaper or broadcast—can and do abuse this power is beyond doubt, but that is not reason to deny the discretion Congress provided. Calculated risks of abuse are taken in order to preserve higher values. The presence of these risks is nothing new; the authors of the Bill of Rights accepted the reality that these risks were evils for which there was no acceptable remedy other than a spirit of moderation and a sense of responsibility—and civility—on the part of those who exercise the guaranteed freedoms of expression.[23]

The Federal Communications Commission's Fairness Report

In 1974, the Federal Communications Commission released the long-awaited *Fairness Report*.[24] The document, the result of three years of investigation and study, was designed to serve as a reassessment and clarification of basic FCC policy. The advertising industry was particularly interested in Section III, "Application of the Fairness Doctrine to the Broadcast of Paid Announcements," which covered editorial advertising, advertisements for commercial products or services, and the Federal Trade Commission's proposal for counteradvertising.

In regard to editorial advertising, the FCC stated:

> Accordingly, we expect our licensees to do nothing more than to make a reasonable, common sense judgment as to whether the "advertisement" presents a meaningful statement which obviously addresses, and advocates a point of

[22]Business Executives' Move for Vietnam Peace v. FCC, 450 F.2d 642 (1971).

[23]Columbia Broadcasting System v. Democratic National Committee, 93 S.Ct. 2080, 2097 (1973).

[24]FCC, *Fairness Report*, FCC 74–702, July 12, 1974.

view on, a controversial issue of public importance. This determination cannot be made in a vacuum; in addition to his review of the text of the ad, the licensee must take into account his general knowledge of the issues and arguments in the ongoing public debate. Indeed, this relationship of the ad to the debate being carried on in the community is critical. If the ad bears only a tenuous relationship to that debate, or one drawn by unnecessary inference, the fairness doctrine would clearly not be applicable.

In regard to advertisements for commercial products and services, the FCC noted:

We do not believe that the underlying purposes of the fairness doctrine would be well served by permitting the cigarette case to stand as a fairness doctrine precedent. In the absence of some meaningful or substantive discussion, such as that found in the "editorial advertisements" referred to above, we do not believe that the usual product commercial can realistically be said to inform the public on any side of a controversial issue of public importance. It would be a great mistake to consider standard advertisements, such as those involved in the *Banzhaf* and *Friends of the Earth,* as though they made a meaningful contribution to public debate. It is a mistake, furthermore, which tends only to divert the attention of broadcasters from their public trustee responsibilities in aiding the development of an informed public opinion. Accordingly, in the future, we will apply the fairness doctrine only to those "commercials" which are devoted in an obvious and meaningful way to the discussion of public issues.

In regard to the Federal Trade Commission's counteradvertising proposal, the Federal Communications Commission established this policy:

We believe that the adoption of the FTC proposal—wholly apart from a predictable adverse economic effect on broadcasting—might seriously divert the attention and resources of broadcasters from the traditional purposes of the fairness doctrine. We are therefore not persuaded that the adoption of these proposals would further "the larger and more effective use of radio in the public interest . . ." 47 U.S.C. Section 303 (g), or contribute in any way to the promotion of genuine debate on public issues.

We do not believe that our policy will leave the public uninformed on important matters of interest to consumers. Certainly, we expect that consumer issues will rank high on the agenda of many, if not most, broadcasters since their importance to the public is self-evident. But our point is that the decision to cover these and other matters of similar public concern appropriately lies with individual licensees in the fulfillment of their public trustee responsibilities, and should not grow out of a tortured or distorted application of fairness doctrine principles to announcements in which public issues are not discussed.

Overcommercialism

TV Guide, a remarkable success story in the very competitive magazine market, directs its news features and editorials to the interests of television viewers. Excessive commercialization was the subject of an article that reported the monitoring of a network affiliate one weekday morning:

The network's *Jeopardy* game show came on at 11 A.M. and was interrupted as follows: at 11:03 for two 30-second spots, at 11:12 for four 30s, at 11:18 for a one-minute network promo, at 11:23 for a 30-second network promo and a 30 for CARE, at 11:26 for two 30s and at 11:28 for a close-out with nearly a minute more of network blurbs and two 30s and a 10-second spot. That brought everybody down to 11:30 and the *Who, What or Where* game, which stood by for the following breaks: at 11:31 for a 30 followed by a half-minute promo, at 11:38 for a 60-second promo, at 11:46 for a 30-second promo and a commercial 30, at 11:51 for two 30s, at 11:54 for a 10-second network promo and at 11:55 for a one-minute commercial, a 10-second and a station identification. Score for the two shows: more than 15 minutes of plugola, commercial and otherwise, interrupting the two game shows a total of 11 times.[25]

The results of this monitoring exercise can undoubtedly be duplicated by anyone with a stop watch, pencil and paper, and the forebear-

[25]Reprinted with permission from *Tv Guide* ® Magazine. Copyright © 1973 by Triangle Publications, Inc. Radnor, Pennsylvania.

ance of a saint. (The problems are not unique to television; monitoring major radio stations during drive-time hours will reveal similar problems.) Viewers sometimes think they are the only ones who complain, but advertisers have increasingly voiced their dissatisfaction as well. Time costs are such that advertisers do not want to see their messages buried in a cacophony of commercial noise. They do know, however, that their costs would rise even more if time allocated to commercials were cut back. The advent of piggybacking many years ago, and the subsequent adoption of the 30-second format as a standard by the television industry obviously contributed to commercial clutter. An excess of commercials is not totally responsible for this state of affairs, for clutter might be defined as all nonprogram material, including ads, public service announcements, billboards, closing credits, promos, and so forth. The NAB Code Authority has established maximums for nonprogram material for each broadcast hour. (See Chapter 17, Self-Regulation.) These time limits are not arbitrarily set, but established after the economic welfare of subscribers, audience tolerances, and the realities of the FCC's interest in stations serving their communities have all been considered.

On a number of occasions, the FCC has ventured into the area of commercial standards but has always backed off. It has declined to establish standard or even broad guidelines that would distinguish overcommercialization from acceptable commercialism. The First Amendment and the no-censorship provisions of Section 326 of the Communications Act strongly deter the FCC from doing so, as do a number of precedents that leave programing and commercial policies to the discretion of the licensee. If the commercial practices of licensees are such that the FCC questions "promise versus performance," stations could find themselves the object of an inquiry, a hearing, or even a short-term license renewal. But because almost all the stations declare to the FCC that time devoted to advertising will not exceed NAB Code standards, such action would be unlikely to occur. A number of radio stations have greatly limited time alloted to commercials. Advertising agencies have been pleased and, in some instances, have given these stations extra consideration (usually in the form of an arbitrary assignment of extra rating points to the station's audience levels).

Program-Length Commercials

An increase in program-length commercials prompted the FCC to announce a get-tough policy in early 1973. The target was "programs that interweave program content so closely with the commercial message that the entire program must be considered commercial."[26] The FCC is empowered to fine licensees that incorrectly log commercial matter as program material, and several stations have been cited and required to pay the forfeiture.

Stations are confused about what constitutes a program-length commercial. The FCC has attempted to clarify the matter and has cited examples: a half-hour program sponsored by a real estate developer in which the narration emphasizes the desirability of owning real estate generally and the desirability of buying real estate at the sponsor's development specifically, and a program sponsored by an association of lawn care and gardening supply dealers that contains both formal and informal plugs for products and prominently displays these products on camera. One major source of confusion is whether remote broadcasts from fairs and expositions, at the opening of a new store, or in conjunction with other such events constitute commercials.

Station managers of small independent television stations have been particularly critical of the FCC's policy on program-length commercials. Many of these stations already operate in the red, and they see these programs as a legitimate source of revenue. They argue that such programs are usually broadcast in previously unused or underused time blocks and that the programs do have entertainment and information value. Because of the difficulty in defining the differences between programs and program-length commercials, and then administering

[26]FCC, *Program Length Commercials*, 26 RR.2d 1023 (1973).

a valid policy, it seems likely that the issue will continue to surface and only be resolved on a case-by-case basis.

Conclusions

This chapter outlines and attempts to provide insights into a complex and evolving body of law and regulations affecting the broadcast advertising industry. Two major regulatory bodies are responsible for the federal government's interest in the industry. The Federal Trade Commission, created in 1914, is charged by Congress with consumer protection, which includes primary jurisdiction over all matters regulating unfair or deceptive advertising. The Federal Communications Commission, created in 1934, is responsible for the regulation of the public airwaves, including the licensing of radio and television stations. License renewal or denial of renewal based on station performance is of paramount importance to the broadcaster.

In recent years, the FTC's and the FCC's expanding interest in broadcast advertising, based on their respective responsibilities, has made advertisers and broadcasters realize that the old days of regulators preoccupied with other matters are gone forever. The growing consumer movement and the tremendous changes in the organization and activities of the FTC partially accounts for this state of affairs. In addition, the complexities of the Fairness Doctrine have moved the FCC into advertising, an area that it had previously sidestepped. Many broadcasters and advertisers begrudgingly grumble their willingness to play the regulatory "game" if only the regulators will stop changing the rules. What they must remember is that regulatory agencies, like advertising agencies and broadcasting stations, are human institutions. Policies change with the times and with the people placed in high office. The five seats on the FTC and the seven on the FCC sometimes have changed dramatically in a matter of a few months. Newcomers invariably want to make their mark with a special proposal identifying them with the pursuit of a particular public good. Some proposals die, or so it seems, but like Lazarus, they may rise again. The concepts of corrective advertising and counteradvertising, for example, may be resurrected at some time in the future.

It is eminently clear that the philosophy of *laissez faire* in the marketplace is dead and buried. Advertising is and will continue to be regulated. The responsibility of the advertising industry is to suggest needed legislation, discourage unnecessary regulation, maintain a program of educating the regulators in the day-to-day problems of the industry, and realize that it shares responsibility with the regulatory agencies to provide fair and honest service to the public.

Self-Regulation

Let's Head 'Em Off at the Pass!

17

"The readiest and surest way to get rid of censure is to correct ourselves." This observation by Demosthenes, an orator and statesman of ancient Greece, is valid today, whether the subject is personal relationships, politics, or commerce. Criticism, censure, and even censorship are aspects of correction that can be employed with sensitivity and restraint, or with the heavy hand of formal regulation.

Public interest obligations mandate the regulation of both broadcasting and advertising, and yet many professionals who work in the business find regulation by government an anathema. Their reasons are varied but usually founded in a belief that government regulation is often uneven, unfair, or unduly burdensome to the honest businessperson. The concept of a self-regulatory body, or bodies, administered by professionals who understand the industry, is far more attractive to them. In broadcasting and in advertising, codes of conduct and statements of ethical standards have been around for a long time. Although the principles (and the platitudes) in the early years of broadcast history were lofty, it soon became apparent that a code of self-regulation without enforcement or review mechanisms had little value on a day-to-day basis. Today, these mechanisms do exist. They have evolved over the years as a result of political pressures, criticism from many quarters, and the industry's own determination to fulfill its obligations to the public.

The broadcast advertising industry is affected most dramatically by three self-regulatory entities: the Broadcast Standards Departments of the various networks, first organized in the 1930s; the Code Authority of the National Association of Broadcasters, which has operated since the early 1950s; and the relatively new National Advertising Review Board, formed in the early 1970s.

Network Broadcast Standards Departments

"In 1973, for example, we processed 39,000 commercials in either script or storyboard form. Of these, 28 percent involved in-depth research of supporting data for the claims made in the commercials. About 42 percent required correspondence from a member of our staff that went beyond a simple letter approving the commercial as submitted. Of the 39,000 commercials submitted on paper, approximately 10,400 were actually produced and again submitted to us on film or tape."[1] In these statistical terms, the director of broadcast standards at one network described the basic parameters of his department's workload.

[1]Interview, Carl M. Watson, Director, Broadcast Standards, NBC, October 1974.

Most of the day-to-day business of implementing self-regulatory programs in broadcasting falls to the three networks. Primarily in New York, but also in Los Angeles, the broadcast standards departments review thousands of commercials and programs each year. Editors must make sure these materials meet not only the requirements of the NAB Code Authority (to which all three networks subscribe) but their own network standards as well. It's not an easy job. Department executives declare that their responsibilities are myriad. Public interest considerations are paramount; in order to meet them, editors must be tough but reasonable. Network programing and advertising affects millions of viewers and listeners. Audiences must be treated with respect and not misled. At the same time, however, the network must permit the advertiser to sell his product fairly and forcefully. Balancing these objectives is not easy as the pressures continue to mount from advertisers, agencies, affiliates, consumer groups, the FCC, and other government entities.

Clearance Procedures

The broadcast standards departments of the three networks function similarly. All operate independently of their respective programing and sales departments, and they report to top network management. The general procedures for processing commercials are also similar at each network.

Advertising agencies that annually produce many commercials designed for network use usually submit storyboards and scripts to all three networks at the same time. Many more commercials are submitted than are actually produced for several reasons: some do not clear the networks, the agency and advertiser select just the best ideas, or the creative strategy may be changed.

Editors in the broadcast standards departments tend to specialize and review commercials in one or two of many categories, such as personal products, over-the-counter medications, or automotive products. Commercials in storyboard or script form are carefully checked. If substantiation is needed for claims made in the commercial, the agency is asked to submit adequate documentation. Often the network asks for a copy of the affidavit filed by the producer of a commercial. This document, which attests to the honesty and accuracy of the actual film or tape, is particularly important in demonstration commercials. In many problem areas, the agencies don't wait to be asked and automatically submit substantiation along with the initial script and storyboard. Because the clearance procedures can sometimes be lengthy, agencies and advertisers must plan months in advance. On a few occasions, it has taken up to a year for commercials for a new product to be cleared by the networks. Occasionally, if an advertiser is very familiar with networks' requirements, film or tape of the commercial may be submitted in addition to the script.

If an editor determines that a particular commercial does not meet standards, the advertiser is asked to make specific changes. He may be required to modify the visual or aural portion of a commercial, or both. Naturally advertisers and agencies are less than pleased when such requests are made, because the changes may require that additional time and money be invested. Sometimes, in their opinion, the modifications dilute the ad's selling impact. Then the haggling and negotiating begin. One network vice president in charge of broadcast standards said, "If I were an advertiser, I think I'd go bananas trying to figure out why NBC rejects something, ABC accepts it, and CBS says to rewrite it."[2] Until a commercial meets network standards, however, it will not be aired on that network.

The networks cannot totally rely on the expertise of their staff members, and for certain kinds of commercials, outside experts are consulted. For example, nonprescription drug product claims are referred to physicians and pharmacists; mechanics and engineers are asked to render opinions on automotive advertising claims; the beauticians are consulted for claims made for hair care products.

[2]*Wall Street Journal*, March 27, 1974.

The networks maintain an informal liaison with each other, and a formal liaison with the Code Authority of the National Association of Broadcasters. All three networks subscribe to the Code, and each has a representative who sits on the Code Authority Board and who provides input when new interpretations and guidelines are developed. As a result, the networks claim that they generally are better acquainted with Code requirements than the agencies are. Small agencies who are not steady network customers pose real headaches for the networks, for they are often unaware of clearance procedures. If commercials are produced before they are cleared and then do not meet standards, both the advertiser and the agency are out time, money, and a lot of effort.

Problem Areas

Certain products and services present special problems to the broadcast standards departments, such as over-the-counter drugs, pet foods, automotive products, toys, beer, and wine. The editors must do their best to be both flexible and fair. They must respond to changes in audience sensibilities, in advertisers' creative and production techniques, and in relation to criticisms and suggestions offered by interested government officials and affiliated stations. What was acceptable ten years ago may not be acceptable today, and vice versa. Many personal products on TV today, for example, were never permitted in the broadcast media a decade ago. On the other hand, efficacy claims made for many nonprescription medications ten years ago would never clear the networks today.

The problems in achieving certain standards may originate with product claims, the presentation of demonstrations, side-by-side competitive product comparisons, the legitimacy of testimonials, "puffery," dangling comparatives, promises of guarantees, "image" advertising, or some other circumstance. In addition, appropriate scheduling can be problematic. What is acceptable for adults is sometimes not acceptable for children. At least one network requires that feminine hygiene product advertising be confined to time periods with high women's audience composition, and that toilet bowl cleaners cannot be advertised in programs with a high children's audience composition. Sometimes, the problems are so petty that the best way to cope with them is to develop a good sense of humor. Other times, they are monumental and lead to serious soul-searching in evaluating responsibilities, First Amendment rights, and fairness.

The Networks and the Fairness Doctrine

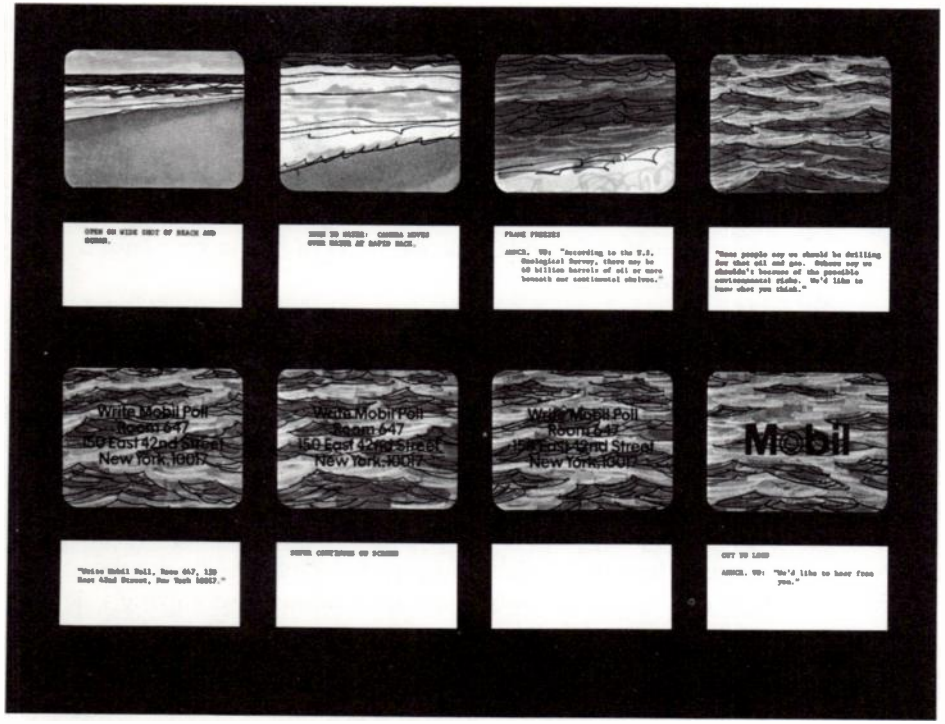
Should the networks be forced to sell time to partisan groups that want to take a particular stand on controversial issues of public importance? Do the "image" ads presented by major corporations constitute unwarranted advocacy? Should broadcast advertisers be confined to sales presentations for goods and services, and not for their ideas on social issues? Is editorial advertising in the public interest? These complex and interrelated questions have caused great circumspection, particularly at the networks and within the ranks of the nation's largest advertisers and agencies.

Many major advertisers abide by a policy that they will not deal with controversial issues in their advertising. Their agencies are instructed to develop advertising programs that will sell their products or services in a straightforward manner. Other advertisers, by the very nature of their business, are thrust into the arena of controversy. They want to be able to use the advertising media to communicate to the public their point of view. The Mobil Oil Corporation is such an advertiser.

Beginning in 1974, as the energy crisis developed, Mobil Oil Corporation, through its advertising agency, developed a number of television commercials designed to communicate the company's views on a variety of issues related to oil shortages. It had used newspapers extensively for this purpose for many years. When the commercial shown in the accompanying box (17.1) was submitted to the networks, it was rejected by CBS and ABC. NBC accepted the commercial as noncontroversial.

17.1

Why do two networks refuse to run this commercial?



CBS:

"We regret that the subject matter of this commercial...deals with a controversial issue of public importance and does not fall within our 'goods and services' limitation for commercial acceptance."

ABC:

"This will advise that we have reviewed the above-captioned commercial and are unable to grant an approval for use over our facilities."

NBC:

"Approved as submitted."

As you can see from the storyboard reproduced above, we want to ask the public how it feels about offshore drilling.

But the policies of two national television networks prevent us from asking this question.

This is dangerous, it seems to us. Any restraint on free discussion is dangerous. Any policy that restricts the flow of information or ideas is potentially harmful.

The networks say that the public's need for information is best served in news programs prepared by broadcast journalists.

Behind the networks' rejection of idea advertising may be the fear that demands for equal time will be made. We have a reasonable answer to that. We offer to pay for equal time, when the request is legitimate.

©1974 Mobil Oil Corporation

We think *more* discussion, not less, is needed of vital issues such as the issue of America's energy needs. We're willing to buy the time to say what we should be saying. We're willing to buy time so you can hear opposing views.

But two big networks aren't willing to make time available, in this case.

You know the principle at stake here. You've seen it in writing, more than once:

"Congress shall make no law... abridging the freedom of speech."

You've seen it in the First Amendment to the Constitution of the United States. So have we.

We'd like to know what you think about either of these issues. Write Room 647, 150 East 42nd Street, New York, N.Y. 10017.

Mobil

Following the twofold rejection, charges and countercharges flew between Mobil and ABC and CBS. In public statements, Mobil's board chairman expressed his dissatisfaction with the networks' efforts in reporting on all aspects of the energy crisis. He maintained that not enough network time, news personnel, and financial resources had been committed to covering this unfolding issue. Since Mobil wanted to convey its views, and since it found regular news and public affairs programing inadequate, the company sought to buy broadcast time to make such presentations. When two networks refused to sell the time, the oil executive stated:

> When as powerful and pervasive a medium as television will not sell time for controversial issues, it seems to me our country has reached a rather critical juncture. How can a democracy operate effectively without broad public access to clashing points of view?
>
> The real issue seems to be whether the commercial networks should have total control over what is broadcast to the American people. Since network broadcasting is among the most concentrated of U.S. profit-making industries, it would appear that our country may be facing a danger of monopoly censorship.[3]

Why was this commercial rejected? The president of CBS replied that his network abides by a long-standing policy prohibiting the sale of advertising time for the presentation of viewpoints on controversial issues of public importance, except in the case of certain political broadcasts.

> The reason that CBS adopted this policy many years ago was simply that broadcast advertising time is limited—unlike newspaper advertising space or the number of pamphlets that a partisan can distribute. To permit this time to be purchased for propaganda purposes, other than certain political advertising, would mean that those with the most money would get to talk the loudest. It would deluge the airwaves with viewpoints whose claim to broadcast time would be based purely on the ability of their proponents to purchase time for their espousal. It was in recognition of this principle that CBS in the past has turned down the editorial advertisements of many organizations other than Mobil: the Democratic National Committee, the AFL-CIO, numerous oil companies, and other major corporations.[4]

The Mobil commercial in question solicited public opinion in a "poll." Viewers were asked to mail their opinions to the oil company. Perhaps the networks speculated that if Mobil was primarily interested in obtaining a scientific and reliable sampling of public opinion, it could be better accomplished through the services of a professional research organization. In other words, did the commercial really ask the public to submit opinions, or did it implicitly communicate the company's view on offshore drilling?

Both CBS and ABC referred to the Business Executives' Move for Vietnam Peace and the Democratic National Committee case in their rejections; in that case, the Supreme Court had upheld the broadcasters' right to refuse to sell time for the presentation of views on controversial issues. (See Chapter 16, Government Regulation.) The oil company could question the networks' judgment in refusing to sell advertising time, but it could not question their right to do so. Network executives made it clear that they believed news and public affairs programing was the proper forum for presenting views on the energy crisis.

If, however, a broadcaster did sell time for advertising messages on allegedly controversial issues, would the FCC's Fairness Doctrine apply? Mobil thought it might in this case, and so the company offered to pay the networks double the time rates and allow them to appoint a consumer group of their choosing to present another viewpoint. This offer was declined by all the networks, which wanted to avoid any involvement in counteradvertising.

The networks believe that the Supreme Court decision affirms their

[3]Rawleigh Warner, Jr., Chairman, Mobil Oil Corporation, Speech at the 42nd Annual Convention of the Edison Electric Institute, New York City, June 3, 1974.

[4]Arthur R. Taylor, President, CBS, Inc., Statement to editors, July 10, 1974.

discretion to refuse to sell time for advertising they consider controversial, but they also recognize that if they did carry explicitly controversial advertising, the Fairness Doctrine might very well apply. In its 1974 Fairness Doctrine report, the FCC expressed no interest in seeking widespread applications of the doctrine to commercial advertising. The commission did state, however, that if commercials were "devoted in an obvious and meaningful way to the discussion of public issues," the doctrine would apply. By refusing to sell advertising time for controversial issues, networks and stations are therefore avoiding fairness problems.

The Code Authority of the National Association of Broadcasters

Standards for broadcasting conduct and performance date back to the first decade of radio's existence as a commercial service. The first Radio Code was adopted by broadcasters in 1929, and it contained two sections—"A Code of Ethics" and "Standards of Commercial Practice." (See Chapter 1, Radio Advertising to 1946.) The document was general in nature, high-minded in its proclamations, and either given lip service or quickly forgotten. Revised codes were written by the broadcasters in 1935, 1939, and again in 1945.[5] The codes were primarily statements of ethical standards and intended to serve as guides to individual broadcasters in meeting day-to-day responsibilities. When the FCC issued its famous "Blue Book" *(Public Service Responsibility of Broadcast Licensees)* in 1946, pressure mounted to organize a viable and enforceable mechanism for a self-regulatory code.

A code for television was first written in 1952, based primarily on the Radio Code and the Motion Picture Code. At the same time, a Code Authority Director was named and provided with a small staff. The Radio Code was revised again in 1960, and a year later, an administrative staff was assigned for both the radio and television codes. The impetus for this broadened formal organization—called the Code Authority of the NAB—was provided by a critical FCC, by outspoken members of the public and Congress who were outraged by the payola and quiz show scandals, and by the fears of broadcasters that extensive new government regulation would be on their necks. By 1961, the activities of both codes were combined in one office of the Code Authority Director, who, with a staff and budget from subscriber fees, faced an enormous task.

Today the Code Authority is headquartered in New York, with offices in Hollywood and at the NAB in Washington. It operates with a staff of approximately 35 full-time people on a budget of close to a million dollars a year.[6] The Code Authority is described as a "semiautonomous arm" of the National Association of Broadcasters and is governed by both a Radio and a TV Code Review Board. The TV Code Review Board consists of nine members, six appointed by the NAB president, plus three who serve as representatives from the TV networks. The Radio Code Review Board is composed of eleven members, no more than two of whom may be rotating representatives of subscribing national radio networks. Nonnetwork members of this body are also appointed by the NAB president. The function of both boards is to review and recommend policy, consider appeals stemming from decisions made by the Code Authority Director, press formal charges that may lead to a member's subscription to the Code being revoked, and provide consultation and advice to the Code Authority staff. Both these boards are empowered to recommend amendments to the respective codes, but they are not authorized to change the codes. Actual changes can only be made when a matter is presented to the parent boards of

[5]Bruce A. Linton, *Self-Regulation in Broadcasting* (Lawrence, Kansas: Bruce A. Linton. 1967), p. 13. This three-part college-level study guide contains an excellent and comprehensive analysis of the Code Authority.

[6]Interview with Code Authority officials, Hollywood Office, November 1973; Washington Office, June 1974; New York Office, October 1974.

the NAB: the Television Board of Directors, with 15 members and the Radio Board with 30 members.

Subscriber Support

The cost to radio stations subscribing to the Code Authority is 75 percent of the station's highest minute rate per month, as published in Standard Rate and Data Service, with a maximum of $27 per month. The charges for a TV station are based on the market size in which the station is located, on its status as a network or independent station, and as a VHF or UHF station. The maximum amount paid by any TV station annually is $5,000 and the minimum is $117.

Many radio and television stations do not subscribe to the codes. In view of the broadcasting industry's apprehensions over expanded government controls and proclamations supporting self-regulation, why don't all the stations support the codes? There are many reasons.

Approximately 40 percent of the nation's radio stations subscribe to the Radio Code. Many of the stations that do not subscribe are unwilling to live with the commercial time standards and with some of the product restrictions. For example, many Spanish stations along the Eastern Seaboard advertise hard liquor, rum specifically. Years ago, before the Radio Code was changed, Preparation H was a heavy radio advertiser. Some stations have simply been unwilling to go along with the bans on such product advertising; they wanted the revenue this advertising brought in. Since many stations barely break even, or lose money, their managers look for every possible place to cut expenses. Code subscription is sometimes one of them. Radio revenues are now largely local in origin, and management may feel it is capable of and responsible for reviewing local commercials. The national advertising issues handled by the Code Authority seem rather remote to the station operator located in a small market in the Midwest.

In 1975, the Television Board of Directors of the National Association of Broadcasters voted to require all NAB television station members to join the TV Code by April 1, 1976. Before then, a number of stations were members of the NAB but not of the Code Authority. Some unprofitable stations did not subscribe, for they were unwilling to abide by the commercial time standards or with a number of commercial and programing restrictions. As a concession to NAB member stations in small markets, mandatory Code subscription does not apply to stations located in the 100-plus markets (as determined by population). Some independent group owners like Metromedia and RKO have always opposed mandatory Code subscription. One major group owner, the Westinghouse Broadcasting Company, withdrew from the Code in 1969 when commercials for certain personal products were permitted on the air. Westinghouse wanted more, not fewer restrictions on broadcast materials as they related to taste. When Code subscription became mandatory for NAB television members, the Westinghouse group quit that organization as well. (The Code Authority was in the position of being damned if it did, and damned if it didn't.)

Officials of the Code Authority are always seeking to increase the number of subscribers, and they point out that many nonsubscribers do abide by the Code. They also point out that in spite of the fact that the subscription rate is approximately 60 percent of the nation's TV stations, these stations cover a high percentage of the nation's population—about 80 percent.

The work of the Code Authority centers on three responsibilities: programing standards, time standards for "nonprogram material," and review of commercials. The last two are of primary concern to the broadcast advertising industry.

Time Standards

Time standards in radio are very specific and have remained unchanged since 1965. The Radio Code states in Section II, E. 1: "The amount of time to be used for advertising should not exceed 18 minutes within any clock hour. The Code Authority, however, for good cause may approve advertising exceeding the above standard for special circumstances."

In television, commercials are grouped with billboards, certain promotional announcements, lengthy credits, and so on, and categorized as "nonprogram material." The restrictions are as follows: "In prime time on network affiliated stations, nonprogram material shall not exceed nine minutes 30 seconds in any 60-minute period." In all other times, except in children's programing, nonprogram material is restricted to not more than 16 minutes per hour. In weekend programing designed for children under the age of 12, nonprogram material is limited to nine minutes 30 seconds per hour (the same as prime time). In weekday programing designed for children and not scheduled in prime time, nonprogram material is limited to 12 minutes per hour.

For independent stations, different time standards apply. Basically, the Code stipulates that nonprogram material shall not exceed seven minutes in a 30-minute period in every half hour of prime time, which is defined as any contiguous three hours between 6:00 P.M. and Midnight. During other times, independent TV stations may broadcast eight minutes of nonprogram material in a 30-minute period.

The Code spells out further restrictions on program interruptions, multiple-product announcements, and special problem areas involving identification of prizes, presentation of billboards, and so on. (See the reprints of Advertising Standards from both the Radio Code and the Television Code at the end of this chapter.)

Review of Advertising Content

Over-the-counter drugs, personal products including everything from feminine hygiene sprays to hemorrhoid remedies, toy and cereal ads directed to children, the presentation of premium offers, testimonials, safety claims, and derogation of competitors' products—these are the major headaches that confront and confound the Code Authority. The varying viewpoints, the special interests, and the pressures are tremendous, but the Code must still determine how to handle each of these problems. There are two major concerns: maintaining standards of good taste and substantiating the truthfulness of advertising claims.

All broadcasters believe, or say they believe, in maintaining standards of good taste. Taste cannot be legislated by the government; it would be not only impractical but undesirable. Only a voluntary self-regulatory mechanism can venture into the quicksand of establishing such standards for both programing and advertising. Because the American population is not homogeneous, mores and codes of conduct vary greatly from one area to another and from one group or person to another. Establishing standards to serve such diverse audiences obviously is not an easy task. It is further complicated by the fact that standards are always human and subjective. What is one person's meat is another's poison; therefore, controversy always arises when either programs or commercials are rejected on the basis of "taste."

Over the years, subjects once taboo in programs were finally treated in documentaries, and then incorporated rather candidly into every kind of show—daytime serials, action-adventure programs, and late-night talk shows. At the same time, however, explicit violence was consciously curtailed in programing, although many people feel the efforts have been inadequate. In advertising, the Code now permits commercials for a number of products that years ago would have put network standards officials into catatonia. But even though fewer products are precluded from the airwaves of Code subscribing stations today, there are a great many more restrictions on what can be presented in both word and picture than in earlier times.

The second critical area of reviewing advertising content, substantiating claims, falls to the advertiser and the agency. They are now much more sensitive to the necessity of reviewing content since the FTC inaugurated an extensive substantiation program in the early 1970s. The days of the free-wheeling product superiority claims—"better," "bigger," "faster"—are mostly over, at least at the national level unless they can be substantiated. In certain product categories, both Code and network requirements are such that many advertisers automatically submit substantiation along with their commercials. Commercials containing mileage claims for automobiles or pain relief claims for analgesics are invariably questioned.

Clearance Procedures

Each year, on a trouble-shooting basis, the Code Authority clears about 2,000 TV commercials and approximately 300 radio commercials—a drop in the bucket compared with the total number produced each year. It's a common misconception that the Code Authority reviews every commercial appearing on subscribing stations. They would need an army of experts to accomplish that, and a budget to match.

Sometimes when commercials are submitted to the networks, they are also submitted to the Code for clearance. After reviewing the commercial in script or storyboard form, the Code Authority editor, by letter or phone call to the agency, can usually provide a preliminary judgment. If the commercial is in a particularly touchy product category, the agency may submit the commercial once again, this time in rough cut form. Changes can still be made at this stage without incurring a great deal of additional expense. The networks and the Code Authority screen the final commercial, and if it complies with set standards, an approval letter is sent to the agency.

The *Code News,* published monthly, keeps the industry apprised of commercial requirements and also about specific troublesome issues. One obvious problem deals with the appropriate scheduling of certain commercials in time periods that have a heavy children's audience composition. For example, commercials for motion picture features (movie trailers) that use excerpts from excessively violent films pose scheduling problems.

Occasionally, an advertiser and agency will be unable or unwilling to change a commercial to meet specifications, or they may not agree with the "verdict" of the Code staff. There is an appeal process wherein an advertiser may take his case to the Director of the Code Authority, and from there to the TV Code Review Board or the Radio Code Review Board. It is an increasing but sporadic occurrence, primarily because everyone involved has better things to do than get into a lengthy haggle over the specifics of a commercial. Most differences of opinion are negotiated early in the game, although many advertisers believe there isn't very much opportunity to negotiate. The Code can and does exercise its muscle, and it may simply refuse to clear a commercial. Since the networks and most of the major stations are Code subscribers, advertisers and their agencies complain that they can be left high and dry without a place to advertise.

The Code Authority gives advice, interprets standards, and serves as a troubleshooter for both advertisers and subscribers. The Radio Code and the Television Code published in small booklets, constitute the formal policies. But since these codes, are only of general assistance when commercials are screened, the Code Authority has issued and updated advertising guidelines and clarifications for products in particular problem areas over the years. Such guides are available for alcoholic beverages, acne products, arthritis and rheumatism remedies, nonprescription medications, testimonials, toys, weight-reducing products, and others. A large loose-leaf binder entitled *Broadcast Self-regulation, a Working Manual of the National Association of Broadcasters Code Authority* is provided to each subscriber, and it outlines specific interpretations for a host of programing and advertising standards. For instance, both the TV Code and the Radio Code state that "The advertising of beer and wines is acceptable only when presented in the best of good taste and discretion." These restrictions are amplified in *Advertising Guidelines for Alcoholic Beverages* that detail proscriptions dealing with on-camera drinking, statements of alcoholic content, references to "extra strength," and language and props associated with hard liquor. Any agency copywriter working on a beer account should certainly be very familiar with Code policies.

In another sensitive advertising area, that of nonprescription medication, the Code Authority has issued extensive guidelines that supplement the so-called "men-in-white" provisions. Years ago, actors in physicians' or dentists' white smocks delivered the spiels for a variety of over-the-counter medications until such presentations were banned by the Code. The "men-in-white" provisions deal with professional identifications, props, and settings. After reading all the prohibitions, the manufacturer of an analgesic or a sleeping aid might well wonder

what *could* be presented either aurally or visually. It is this sort of problem that thrusts the Code Authority into the role of arbitrator and negotiator.

All three TV networks are Code subscribers, but they also maintain their own standards. When a commercial clears one network and not another, the Code Authority is sometimes asked to arbitrate.

Central Clearance

Certain products, by their very nature, or by the nature of the marketplace, are controversial, and for some of these the Code Authority acts as "central clearance." Feminine hygiene products, toys, and commercials oriented to children which contain offers of premiums are three examples. With the Code as a clearing house, advertisers can have their commercials handled expeditiously by a staff accustomed to dealing with such commercials and knowledgeable about the do's and don'ts. The networks cooperate with the Code's central clearance function for certain products but still maintain their own requirements.

Very few products are designated for central clearance, and the list changes as needs dictate, because what is sensitive and controversial at one time may be acceptable a few years later. Presently, for instance, the Code serves as central clearance for product commercials containing cholesterol claims, but it anticipates relinquishing this responsibility when the ground rules are generally understood and accepted.

Medical and Science Advisory Panel

The Code Authority does not rely totally on its own judgment, but also on outside experts whose opinions are sought in particular problem areas. The Medical and Science Advisory Panel is an example. The panelists, who work voluntarily and anonymously, are asked to review advertising claims in their own area of special expertise when needed. Many of them are physicians and dentists who are consulted on such matters as arthritis, analgesics, dermatology, and so forth. The Code Authority attempts to consult experts whose positions on scientific and health issues represent a consensus of prevailing professional attitudes.

Some advertising agencies handling over-the-counter drug accounts complain that these panelists, in their opinion, are sometimes arbitrary and unreasonable. The agency argues that it is difficult to fight Code Authority decisions based on panelists' judgments, because their identities are kept confidential. The argument may be valid; on the other hand, doctors who volunteer their services don't want to get involved in time-consuming controversies with disgruntled advertisers.

Subscriber Compliance

Advertisers are not the only ones who must comply with the Code; subscribers obviously must abide by the rules also. The network programs and commercials carried by affiliates is generally no problem. It has all been cleared, and so has much of the spot advertising placed on a market-by-market basis. Most compliance problems arise with local advertisers. Many of them know little about the Code, and probably care less. They have merchandise to move and they want their commercials on the air—"right now." Too often a continuity person or a music or film librarian ends up auditioning commercials. With insufficient knowledge about the Code, and little personal expertise, there are bound to be violations. When a local retailer is a major advertiser, it's even easier for noncompliant commercials to slip by. Code violations are usually either inadvertent or simply expedient.

Only rarely has a station been stripped of its status as a Code subscriber. The Code enumerates a lengthy process for such an action, involving charges, a hearing, representation, cross-examination, findings and conclusions, and possible rehearings. The procedures are fair but time-consuming, and therefore expensive. A station that has knowingly violated the Code would be better off quitting than waiting to be kicked out. Because of the *voluntary* nature of the Code, expulsion from membership is the extent of punishment for noncompliance. The threat of the embarrassment alone gets most errant stations into line.

Changing the Codes

The Codes have been rewritten many times. Some changes frankly have been an expedient accommodation to the broadcasters' profit motives. Other changes reflect a desire to maintain good public relations. Tolerances change, and what was once considered too risky an assault on audience sensibilities may now be acceptable, provided it adheres to standards of good taste. Such changes often come about as the result of the push and shove of economic and political considerations, and in response to public interest and consumer pressures. Three major groups that take special interest in Code modifications have been advertisers and their agencies, the broadcasters themselves, and various governmental entities.

Advertising agencies, attempting to best serve their clients in a tremendously competitive marketplace, often try to wear down the Code Authority and/or the networks. Their clients want to be able to present certain messages in certain ways, unencumbered by a long list of restrictions. Major presentations are sometimes made to the Code Boards in an effort to get the rules changed. Some advertisers are not above playing the networks and the Code off against each other in order to win accommodations. Nonetheless, many advertisers and agencies are grateful and supportive of the Code for several reasons. They would rather deal with a self-regulatory body that understands the business than with politicians at either the state or federal level. They also know that even though the provisions of the Code are sometimes a nuisance, the rules hinder their competitors as well. Further, they realize that because the Code is preventive in nature, a commercial with unsubstantiated claims, or with a questionable demonstration, may never see the light of day. Without this self-regulatory mechanism, the FTC might, or might not, ever catch up with the culprits if the commercials were aired. When all competitors must play by the same rules, opportunities are equalized.

Subscribers themselves sometimes initiate Code changes. The Code Authority is a political animal. It is supported by the broadcasters who make their livelihood from the very advertisers regulated by the Code. As a result, when an issue arises wherein a self-regulatory mechanism comes up *squarely* against the profit motive, self-regulation is bound to be compromised. The Code Authority *must* operate at the pleasure of its members. Moral persuasion and fear of government action minimize the compromises, but when Code members collectively say "jump," the Code is changed. It is also changed when the FTC, the FCC, or a few important congressmen raise a sufficient fuss.

"We can't say it outright, Forbes, so here's where you come in. We want you to imply, with a look, shrug, nuance or whatever, that our competitor's product stinks."

Cartoon by Sidney Harris. Reprinted with permission from *TV Guide* ® magazine. Copyright © 1967 by Triangle Publications, Inc. Radnor, Pennsylvania.

Losing cigarette advertising was a real lesson in how the power plays in Washington operate, and broadcasters are apprehensive lest they lose over-the-counter drug advertising, as well as advertising oriented to children. New, tighter restrictions in certain product categories are clues as to where the pressures are. A Code modification is often nothing more than an attempt to head Washington off at the pass. In general, however, most government bureaucrats would prefer to "let the Code do it," and if, by public speeches and other techniques, sufficient pressures are brought to bear, the Code will be voluntarily changed. (A number of broadcasters decry this process. They say it's a poor way to change the regulations if the industry just rolls over and plays dead every time major powers in Washington raise a squawk.)

The government—through the FCC, the FTC, and the Commerce Committees of both houses of the Congress—has been very supportive of the Code Authority. In spite of this support, the Code is not recognized in any federal legislation, nor in FCC rules, nor by any definitive ruling of a federal appellate court. In some respects, the Code Authority's legal position is unique. The antitrust laws forbid banding together for restraint of trade. The restrictions of the Code *might* be considered by some a violation of antitrust provisions, but most legal experts recognize that some "restraint of trade" activities may not be considered illegal if they are reasonable. What is unreasonable? Does a ban on advertising hard liquor or contraceptives constitute "restraint of trade?" Much depends on the interpretation of the Code Authority's activities by the Antitrust Division of the Justice Department. To date, there have been few problems, and the generally sympathetic congressional committees that encourage self-regulatory efforts could move with untypical speed if they chose to rewrite the antitrust laws.

Membership of the Code Boards

Who are the tastemakers, the gate-keepers who establish Code policy for a national audience of more than 220 million? The TV Code Review Board with nine members, and the Radio Code Board with eleven members, are usually filled by prosperous Caucasian males who are station owners and/or managers from a cross-section of stations and markets across the country. Few women and no minority members, as of this writing, have ever been appointed to these boards. The NAB's response to this observation has been that the boards are *self*-regulatory and that they are designed to represent their members. The boards undoubtedly do. (How many women and minority members are station owners or managers?) The question is, do these boards, regardless of their makeup, represent the viewing and listening public? That's an impossible question to answer, because every individual affected by the Code has only his own experiences and perceptions from which to form a judgment.

The Code boards and staff are not insulated from criticisms and recommendations—they are bombarded with them. Free advice is plentiful, and representatives from advertisers, advertising agencies, and from nonbroadcasting groups have all appeared before them to make their views known. Subcommittees have been assigned to study special problems, such as political advertising, personal product advertising, time standards, and children's advertising.

Code policies are affected by the personalities and the judgments of board members, and by the pressures exerted on them by their own subscribers, the FCC, the FTC, assorted influential Congresspersons, advertisers and their agencies, consumer groups, and the NAB officers. The record of the Code Authority has not been unblemished, and with 20–20 hindsight, it is easy to identify the errors. A self-regulatory body is essentially defensive in its basic approach. In many cases, the actions of the Code Authority have been a case of too little, too late, and sometimes "crisis oriented." Short-term expediencies in policy may sooner or later catch up with the broadcasters and cost them dearly. Over the years, however, the history of the Code Authority has been impressive. The Code has constantly urged broadcasters to higher standards, has eliminated or at least mitigated some serious problems in both programing and advertising, and has served as a collective conscience for the broadcasting industry.

National Advertising Review Board

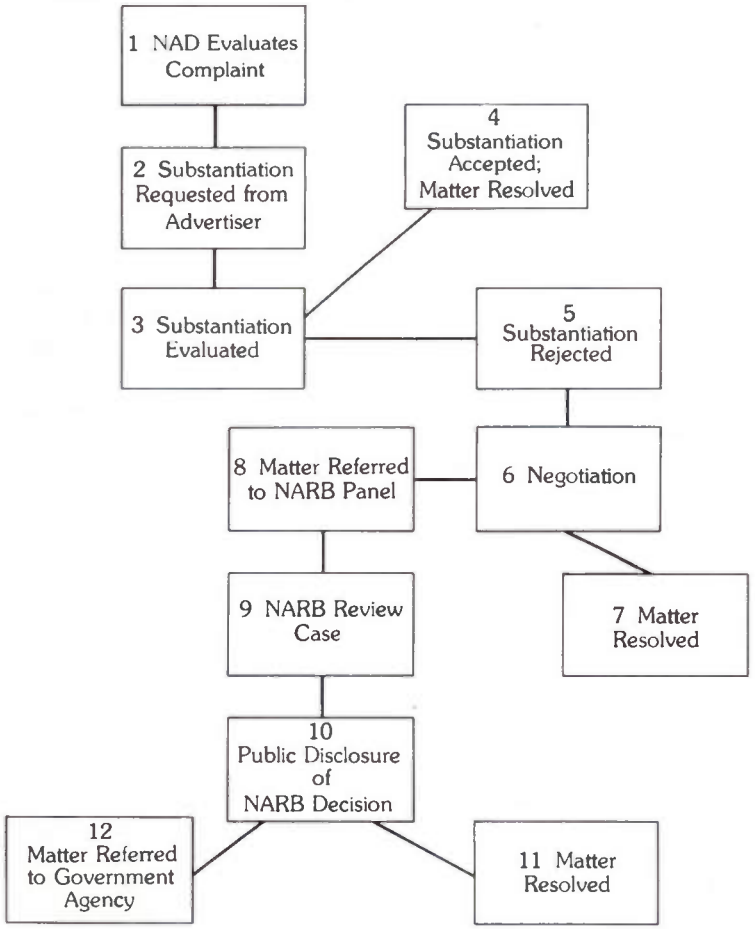
If all the people or groups that might have a hand in altering or censoring a radio or TV commercial before it was aired were put on a list, it would look something like this: client's advertising manager or other corporate officers; agency's copywriter, art director, account executives; production team; talent; NAB Code Authority; the networks' broadcast standards departments; and personnel at individual radio or TV stations. Still, after all these layers of scrutiny, a commercial may be alleged to be dishonest, misleading, unfair, or exploitive in relation to its viewers or listeners. If all the *preventive* measures are still inadequate, then perhaps what is needed is a self-regulatory mechanism that is *corrective* in nature. Such a "realization" was part of the philosophy behind the formation and implementation of the National Advertising Review Board (NARB).

In the early 1970s, the shortcomings and outright failures of many self-regulatory efforts were obvious to everyone in the broadcast advertising industry, and to many in government. Consumer groups were flexing new muscles and demanding reforms. A number of important Congresspersons were turning their attention to advertising and marketing practices, and the possibilities of extensive new legislation loomed before an apprehensive advertising industry. What was needed was an effective, viable, and visible mechanism for processing complaints about advertising from the public and other sectors. It was, once again, an attempt to head government regulators off at the pass. The long-term goal was to upgrade the quality of advertising and the conscience of the industry. The short-term goal, however, was to present a workable plan for processing complaints and resolving problems through a voluntary, self-regulatory process.

The new National Advertising Review Board was organized in 1971 as a result of the efforts of top industry leaders. It was implemented through the cooperation of four sponsoring organizations—the American Advertising Federation (AAF), the American Association of Advertising Agencies (AAAA), the Association of National Advertisers (ANA), and the Council of Better Business Bureaus (CBBB). Interested groups—including the media, a number of major consumer groups, and government officials—watched from the sidelines. Various organizational proposals for the NARB were developed and then modified before a draft was finally agreed on. During this time, advice and admonitions were plentiful from those who favored the plans, as well as from those who predicted failure.

In 1971, the final plan for a National Advertising Review Board was ready. Putting it into effect, through staffing and funding, followed soon afterwards. The new self-regulatory body was set up as follows: (a chairperson and the presidents of the four sponsoring organizations (AAF, AAAA, ANA, and CBBB) sit on the board of the National Advertising Review Council (NARC), which is the parent organization of the NARB. The NARC appoints a full-time chairperson and 50 members to serve two-year terms on the NARB. Of these members, 30 represent national advertisers, 10 represent advertising agencies, and 10 are "public" or nonindustry representatives. In addition, 10 agency alternates are also appointed. All the members appointed to the NARB are top executives, and many of the public members are academicians or lawyers who have previously served in government. (Media representatives are not included on the NARB. Evaluating and acting on complaints would put such representatives in an untenable position because of possible conflicts of interest.) The 50 NARB members volunteer their services and are available to serve on five-person panels, appointed by the chairperson, to consider complaints about specific national advertising. These panels have the same makeup as the total NARB membership—60 percent advertisers, 20 percent agencies, and 20 percent public members. Before a complaint reaches such a panel, however, it goes through a screening and negotiating process; usually, the problem can be resolved without the services of an NARB panel. This preliminary process falls to the National Advertising Division (NAD) of the CBBB. This new arm of the CBBB was established along with the NARB, and it is responsible for screening advertising alleged

17.2 How an Advertising Complaint Is Processed by the National Advertising Division and the National Advertising Review Board



to be false, misleading, or deceptive. The organization and procedures for the NAD/NARB can perhaps be more easily grasped by looking at the flow chart in box 17.2. The major steps in the process are as follows:

- A complaint may come to the NAD from an individual, a group, an advertiser's competitor, or from NAD monitoring activities. If the complaint seems justified, the NAD will ask the advertiser for substantiation of his advertising claims.
- The substantiation is reviewed, and if it is accepted, the matter is closed. If the supporting materials are inadequate, the NAD seeks to negotiate the matter with the advertiser.
- Negotiation efforts are directed toward resolving the problem constructively. If the advertiser is unable to establish the veracity of his claims, he is encouraged to alter them or withdraw the advertising. If there is disagreement and an impassé, the complaint is forwarded to the NARB.
- The chairperson of the NARB appoints a five-person panel from the total board and carefully avoids any conceivable conflict of interest in making appointments.
- The NARB panel reviews the material provided by both the NAD and the advertiser, and the advertiser has an opportunity to present his side of the story in a full evidentiary hearing. Although most cases are disposed of in one meeting, several meetings of the panel may be necessary for more complicated issues.
- The final decision of the NARB is promptly relayed to the advertiser, who is given an opportunity to submit his own statement to be released to the press along with the findings of the NARB panel. If the decision goes against the advertiser, he is encouraged to promptly modify or withdraw the advertising in question. If he refuses to cooperate, or does not agree with the findings of the panel, the NARB chairperson is directed to inform the appropriate government agency. (As of this writing, this action has not been necessary.)

Most national advertisers whose claims are found misleading or deceptive are willing to cooperate. They don't want bad publicity, and they are certainly not enthusiastic about the matter being referred

to the FTC or other government agency. If a case were referred to the FTC, it would probably be given high priority. It should be noted that from the beginning, the FTC has made it clear that although self-regulatory efforts are commendable, it could not and would not abrogate its legitimate role in the regulation of advertising.

The five NARB members who serve on a given panel act for the entire 50-person board. There is no appeal process after the panel issues its decision. The NARB panel itself is the "appellate court" for cases arising from the NAD. No additional appeal process exists because the NARB hopes to expedite complaints, evaluate the validity of allegations, and reach a fair and speedy determination without duplicating the kind of endless maneuvering that typifies proceedings in the federal agencies and courts. NAD and NARB decisions *do not* carry the weight of law. They are part of a voluntary and self-regulatory mechanism, and advertisers who are the objects of complaints are not compelled to cooperate in the investigation. Although an advertiser could simply ignore the entire business if he so chose, no businessperson in his right mind would do such a thing. The adverse publicity would be a public relations disaster.

In 1972, the NARB adopted an "Advertising Evaluation Policy Statement" that outlined the policies to be followed in handling matters brought before the board. It is reprinted in box 17.3.

What kind of cases have been handled by NARB panels? Most of them have involved major advertisers. Of all the cases, a substantial number have been related to TV commercials. (Other complaints have been based on print advertising or on the claims presented in national campaigns coordinated in several media.) In the NARB's first full year of operation, for example, panels reviewed complaints and reached decisions on cases involving advertising for Hershey Foods Corporation's Krackel candy bars, Luden's Inc.'s Fifth Avenue candy bar, Miles Laboratories' Chocks vitamins, Procter & Gamble Company's Bold detergent, Kal Kan Foods Inc.'s Kal Kan dog food, Bristol Myers Company's Ultra-Ban 5000 and Ban Roll-On anti-perspirants, Block Drug Company's Nytol, as well as others. In some cases, complaints regarding advertising claims were upheld by the NARB panels; in other cases, the complaints were dismissed.

A particularly interesting landmark case was decided by an NARB panel late in 1973. The print and television advertising for the Flexamatic electric shaver manufactured by Schick Inc., was referred to the NARB after the NAD investigated complaints from a number of Schick competitors. The commercials in question presented a shave-reshave demonstration in which the Flexamatic was compared with its competitors. The NARB panel report described the commercials as follows:

> The television ads showed a man shaving (together with close-ups of the two shavers being used) while the announcer says: "This man has just shaved with the Norelco VIP (or the Remington Mark III). Now he's trying a second shave with the Schick Flexamatic. Will it get any more beard? Look. The Flexamatic gets the stubble Norelco (or Remington) left behind. Reverse the order and Norelco (Remington) can't match this amount." (At this point the video shows debris being brushed or shaken from the Flexamatic, with the superimposed caption "independent tests.") The announcer continues: "Tests prove the Schick Flexamatic shaves closer than Norelco (or Remington). Or Remington's (Norelco's) leading seller. Closer because the head is super thin. Comfortable because it's soft. Get the Schick Flexamatic."[7]

Schick Inc., was not pleased when the NAD upheld competitors' complaints and concluded that Schick should no longer directly or indirectly assert that: "1) adequate and authoritative tests have been conducted by an impartial laboratory as to the comparative effectiveness of electric shavers; 2) such tests establish that the Schick 'Flexamatic' shaves closer than any or all competitive shavers; 3) that the Schick 'Flexamatic' is the 'King of Beards.'"[8] Schick pointed out that these commercials had cleared all three TV networks, and that the FTC, after investigating charges Schick's competitors filed with it, had de-

[7]Report of NARB Panel #16. Review of Appeal by NAD Regarding Comparative Advertising by Schick, Inc. n.d. p. 10.

[8]Ibid., p. 6, 7.

clared that the claims appeared to be "adequately substantiated." A few years back, the FTC had endorsed, in the interests of consumer information, comparative advertising in which competitors' products were identified by brand name. Now the hot potato was in the laps of an NARB panel. After two days of hearings and 300 pages of testimony, the panel released its lengthy report, including this conclusion:

a. That the shave-reshave test, properly administered, is a valid basis for measuring comparative shaving closeness.
b. That Schick ads were false in some details and misleading overall, essentially because they were not sufficiently clear as to the shavers with which the Flexamatic was compared and as to the nature and extent of the tests. They implied more than Schick's tests demonstrated, suggesting that the Flexamatic is superior to all other electric shavers and that the reshave test proves that the Flexamatic produces a closer shave 100 percent of the time for all men.[9]

A top executive at Schick responded in a letter to the NARB, outlining his company's position and concluding that "Notwithstanding Schick's objections to part of the panel's report, in the interests of industry self-regulation and continued cooperation with the NARB, Schick will in future comparative advertising of the Flexamatic be guided by the panel's recommendations. We trust that these guide-

[9]Ibid., p. 17.

17.3 National Advertising Review Board Advertising Evaluation Policy Statement Adopted January 20, 1972

The National Advertising Review Board is charged by business primarily to achieve and sustain high standards of truth and accuracy in national and regional advertising.

The principal means of carrying out this mandate of self-regulation shall be through the established procedures for panels convened to adjudicate cases of alleged abuse of truth and accuracy.

In the evaluation process advertising will be reviewed in terms of its technical and literal accuracy, and thorough consideration will be given to the question of whether it has the capacity to deceive, by commission or by material omission, the potential customer who would be exposed to the advertising in question.

The issues which come before NARB panels may take a variety of forms:

The adequacy of substantiation, including research data, to support an objective claim for a product or service.

A testimonial involving the competency of the testifier as a regular user reflecting average experience.

A claim with respect to bargain or price savings for a product or service.

The matter of fair and honest reference to a competitor or of a comparison of products.

Substantiation for guarantees and warranties and whether there is adequate disclosure of pertinent information about these.

Advertising directed to children where representations not misleading to the adult mind could have the capacity to confuse or mislead the immature and impressionable mind.

These are cited here for illustrative purposes only, and each case will be decided on its own merits.

lines will be applied uniformly to all comparative advertising by shaver manufacturers."[10]

What did this case prove? In the short run, it simply provided further proof of what everyone in the business knows: that comparative advertising and test disclosures, no matter how conscientiously prepared, are fraught with problems and unexpected complications. In the long run, this case presented the NARB with its biggest challenge to date. The commercials of a major advertiser, which had cleared the scrutiny of the networks and the FTC, could still be found wanting by a self-regulatory body new at the business. Equally important, the decision was accepted by the advertiser. It provided a shot in the arm for the fledgling NARB and bolstered the confidence of the industry by promising a viable and ethical self-regulatory effort.

[10]Letter from Thomas W. Nickols, Senior Vice President, Schick Inc. to William H. Ewen, Executive Director, National Advertising Review Board, New York, December 27, 1973.

Public Disclosure

It is important to everybody concerned that both the actions of the NAD and the NARB are made public. Every month, the NAD releases a report on all cases closed in the preceding month. All pertinent information is given, including the advertisers and products involved, the basis for questioning the advertising, the disposition made, and the

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The Review Board recognizes the existence of various codes and guidelines in advertising which may be currently in use by segments of industry, and which are based on their past experience in evaluating advertising acceptability. The Council of Better Business Bureaus has developed an extensive body of precedents in this area which is available to its National Advertising Division in carrying out its staff role of initial evaluation and review.

In cases submitted to panels of the Review Board, detailed standards utilized within industry, or government decisions may be viewed as precedents for an NAD decision in a given case. The panels will consider the applicability of such standards or decisions to these cases, but are not bound by them.

Further, the executive director shall make available to NARB panels decisions rendered by previous panels for the assistance and guidance that these previous decisions may provide.

In all cases, NARB panels will seek to arrive at a fair and speedy resolution of the issues.

Recognizing that from time to time NARB will be asked to consider content of advertising messages in controversy for reasons other than truth and accuracy, the chairman shall appoint five-member panels from the membership whose responsibility shall be to review broad areas of concern to the public and to business involving advertising, but not relating to specific cases involving truth and accuracy.

These panels shall consider such matters as are referred to them by the chairman, and shall report their conclusions to the board in writing. The chairman shall release reports based upon the judgments of these panels and which are approved for publication by majority vote of the board.

This distinction in evaluating advertising complaints recognizes the educational and persuasive role of NARB with respect to advertising practices in general, while at the same time acknowledging that enforcement recommendations are limited to matters of truth and accuracy.

basis for this disposition. The advertiser always has the right to include a brief statement of his position along with this release. The same is true of press releases that come from the NARB.

NARB Consultive Panels

One early criticism of the NARB was related to the lack of well-developed guidelines and standards against which complaints would be measured. (It's difficult for an advertiser to abide by the "rules," if he doesn't know what they are!) As a result, the 50 volunteer NARB members are called on to do more than sit in judgment on specific cases. Consultive panels have been organized to develop "white papers" on broader and more difficult matters dealing with taste and social responsibility. One panel was assigned to research advertising addressed to women or portraying women. Another was assigned to study advertising related to the energy-environmental area, and still another to the problems of comparative competitive advertising.

The first report of a consultive panel, *Product Advertising and Consumer Safety, A Report on Product Advertising as a Factor in Unsafe Consumer Practices and Behavior,* was released in 1974. This document contains findings and recommendations, and it enumerates advertising guidelines for a number of "high-risk" products for the benefit of advertisers. Such products include appliances, automotive products, firearms, a variety of household products, power tools, health care products, various types of recreational equipment, and yard and garden equipment. The report cites a number of actual examples of safety violations portrayed in advertising—for example, an "automobile commercial that shows the advertised car passing a long line of competitive models on a narrow two-lane mountain road while approaching a curve." Another example was "a commercial showing a woman placing a fly killer product on a kitchen table when the label clearly states the product is dangerous and must be hung out of the reach of children." The possible effects of advertising situations on children were also evaluated in this particular "white paper." Since youngsters are pretty suggestible and unpredictable, the panel raised questions about a "commercial showing an announcer hiding himself in the trunk of a car with the lid closed," and about "a chewing gum commercial showing a child in a park accepting gum from an outstretched hand, presumably of an adult." Probably most of all of these violations of safety and good sense were inadvertent. The advertisers certainly did not intend to encourage a disregard for safety. The NARB panel declared that "the number one problem is the 'inadvertent safety error,' the unsafe situation in which the product is presented rather than the claims made for the product itself."[11] The report concluded that advertisers can and should do more to "think safety" during the planning, creation, and review of their advertising, and that they have a responsibility to educate consumers on how to prudently use a product.

Conclusions

Ethical codes are not uncommon in American business. Although frequently developed by well-meaning industry leaders, such codes are often not worth the paper they're printed on in the day-to-day business of commerce. The broadcast advertising industry has codes too, but it stands apart in making sure that its standards are applied and followed. To serve both the interests of the public and the industry, broadcasters and advertisers have designed and implemented some viable self-regulatory mechanisms that are backed up with staffs and funds. Their efforts have created a complex self-regulatory system—and also a controversial one.

Philosophies vary on how to meet the industry's obligations to the public. The networks and the Code Authority of the National Associa-

[11]*Product Advertising and Consumer Safety, A Report on Product Advertising as a Factor in Unsafe Consumer Practices and Behavior,* Prepared by a Consultive Panel of the National Advertising Review Board, June 1974. p. 2.

tion of Broadcasters represent the two oldest and most successful self-regulatory bodies. Their philosophy, a preventive one, is designed to stop abuses before they can be perpetrated on the public. Their standards are generally well laid out and known to those who use the broadcast media on a regular basis. Although advertisers who must abide by network and Code Authority guidelines invariably complain, they know that everyone has to play by the same rules and that the requirements are essentially in the best interests of all concerned.

Other self-regulatory philosophies, like those of the National Advertising Review Board, are predicated on a belief that there must be a mechanism for correcting past wrongs in order to make things "right" now and in the future. In some respects, the corrective mechanisms pick up where preventive ones leave off, and as a result, the two philosophies of self-regulation complement one another admirably. The corrective philosophy functions most importantly in establishing precedents. An industry that is able to correct one of its members, and then widely publicizes that correction, wins favor with both the government regulators and with the public. The precedents established then serve to deter other advertisers who might either intentionally or inadvertently abuse their use of the nation's media.

Improvements are always needed and advice is bountiful, yet solid solutions to genuine problems are still elusive. One continuing problem in the self-regulation of broadcast advertising is the need for standards to be adopted and adhered to at the local level. Lip service is worthless. Unfortunately, that is too often the response of local advertisers and local broadcasters who run to stay in place in a very hectic business.

Developing more complete guidelines specifying standards in both general and specific terms is a duty that should be continually pursued. The creators of advertising must be kept up-to-date on changing requirements, and this task is not an easy one in an industry that thrives on fresh, innovative approaches to communications.

As for the day-to-day mechanisms of self-regulation, those who are responsible for approving advertising should, and do, constantly seek more efficient procedures for processing the matters submitted to them. Time is money, especially in broadcast advertising.

Liaison with government entities at the federal, state, and local levels should certainly be improved. A continuing and open dialogue between the regulators and the regulated would do much to mitigate problems and prevent what has in the past developed into confrontation politics. In addition, it would be in the best interests of the broadcast advertising industry to develop a strong public relations program explaining the extent of its self-regulation to the nation's audiences. Most consumers are totally ignorant of self-regulatory efforts.

The self-regulatory mechanisms described in this chapter serve as a collective conscience for broadcasters and advertisers. They are imperfect devices because they are human institutions and implemented through human judgments. Self-regulatory groups in broadcast advertising, however, have remained remarkably flexible over the years in response to changing public tastes and tolerances, and in response to changing pressures within the industry and from the political arena. If they remain flexible, they will undoubtedly grow in strength and influence in the future.

17.4 Code Authority of the National Association of Broadcasters (18th edition)

Radio Advertising Standards

Advertising is the principal source of revenue of the free, competitive American system of radio broadcasting. It makes possible the presentation to all American people of the finest programs of entertainment, education, and information.

Since the great strength of American radio broadcasting derives from the public respect for and the public approval of its programs, it must be the purpose of each broadcaster to establish and maintain high standards of performance, not only in the selection and production of all programs, but also in the presentation of advertising.

This Code establishes basic standards for all radio broadcasting. The principles of acceptability and good taste within the Program Standards section govern the presentation of advertising where applicable. In addition, the Code establishes in this section special standards which apply to radio advertising.

A. General Advertising Standards

1. A commercial radio broadcaster makes his facilities available for the advertising of products and services and accepts commercial presentations for such advertising. However, he shall, in recognition of his responsibility to the public, refuse the facilities of his station to an advertiser where he has good reason to doubt the integrity of the advertiser, the truth of the advertising representations, or the compliance of the advertiser with the spirit and purpose of all applicable legal requirements.

2. In consideration of the customs and attitudes of the communities served, each radio broadcaster should refuse his facilities to the advertisement of products and services, or the use of advertising scripts, which the station has good reason to believe would be objectionable to a substantial and responsible segment of the community. These standards should be applied with judgment and flexibility, taking into consideration the characteristics of the medium, its home and family audience, and the form and content of the particular presentation.

B. Presentation of Advertising

1. The advancing techniques of the broadcast art have shown that the quality and proper integration of advertising copy are just as important as measurement in time. The measure of a station's service to its audience is determined by its overall performance.

2. The final measurement of any commercial broadcast service is quality. To this, every broadcaster shall dedicate his best effort.

3. Great care shall be exercised by the broadcaster to prevent the presentation of false, misleading or deceptive advertising. While it is entirely appropriate to present a product in a favorable light and atmosphere, the presentation must not, by copy or demonstration, involve a material deception as to the characteristics or performance of a product.

4. The broadcaster and the advertiser should exercise special caution with the content and presentation of commercials placed in or near programs designed for children. Exploitation of children should be avoided. Commercials directed to children should in no way mislead as to the product's performance and usefulness. Appeals involving matters of health which should be determined by physicians should be avoided.

5. Reference to the results of research, surveys or tests relating to the product to be advertised shall not be presented in a manner so as to create an impression of fact beyond that established by the study.

Note: From time to time the Code Authority issues advertising guidelines and clarifications expanding on provisions of the Code. Among areas covered are acne, alcoholic beverages, arthritis and rheumatism remedies, bronchitis, comparative advertising, children's premiums and offers, children's TV advertising, disparagement, hallucinogens, hypnosis, lotteries, men-in-white, nonprescription medications, personal products, testimonials, time standards, toys, vegetable oils and margarines, and weight reducing products/services. Copies may be obtained from any NAB Code Authority office.

Surveys, tests or other research results upon which claims are based must be conducted under recognized research techniques and standards.

C. Acceptability of Advertisers and Products

In general, because radio broadcasting is designed for the home and the entire family, the following principles shall govern the business classifications:

1. The advertising of hard liquor shall not be accepted.
2. The advertising of beer and wines is acceptable when presented in the best of good taste and discretion.
3. The advertising of fortune-telling, occultism, astrology, phrenology, palm-reading, numerology, mind-reading, character-reading, or subjects of a like nature, is not acceptable.
4. Because the advertising of all products and services of a personal nature raises special problems, such advertising, when accepted, should be treated with emphasis on ethics and the canons of good taste, and presented in a restrained and inoffensive manner.
5. The advertising of lotteries is unacceptable. The advertising of tip sheets and other publications seeking to advertise for the purpose of giving odds or promoting betting is unacceptable.

The advertising of organizations, private or governmental, which conduct legalized betting on sporting contests is acceptable, provided it is limited to institutional type advertising which does not exhort the public to bet.

6. An advertiser who markets more than one product shall not be permitted to use advertising copy devoted to an acceptable product for purposes of publicizing the brand name or other identification of a product which is not acceptable.
7. Care should be taken to avoid presentation of "bait-switch" advertising whereby goods or services which the advertiser has no intention of selling are offered merely to lure the customer into purchasing higher-priced substitutes.
8. Advertising should offer a product or service on its positive merits and refrain from discrediting, disparaging or unfairly attacking competitors, competing products, other industries, professions or institutions.

Any identification or comparison of a competitive product or service, by name, or other means, should be confined to specific facts rather than generalized statements or conclusions, unless such statements or conclusions are not derogatory in nature.

9. Advertising testimonials should be genuine, and reflect an honest appraisal of personal experience.
10. Advertising by institutions or enterprises offering instruction with exaggerated claims for opportunities awaiting those who enroll, is unacceptable.
11. The advertising of firearms/ammunition is acceptable provided it promotes the product only as sporting equipment and conforms to recognized standards of safety as well as all applicable laws and regulations. Advertisements of firearms/ammunition by mail order are unacceptable.

D. Advertising of Medical Products

Because advertising for over-the-counter products involving health considerations are of intimate and far-reaching importance to the consumer, the following principles should apply to such advertising:

1. When dramatized advertising material involves statements by doctors, dentists, nurses or other professional people, the material should be presented by members of such profession reciting actual experience, or it should be made apparent from the presentation itself that the portrayal is dramatized.
2. Because of the personal nature of the advertising of medical products, the indiscriminate use of such words as "Safe," "Without Risk," "Harmless," or other terms of similar meaning, either direct or implied, should not be expressed in the advertising of medical products.

3. Advertising material which offensively describes or dramatizes distress or morbid situations involving ailments is not acceptable.

E. Time Standards for Advertising Copy

1. The amount of time to be used for advertising should not exceed 18 minutes within any clock hour. The Code Authority, however, for good cause may approve advertising exceeding the above standard for special circumstances.

2. Any reference to another's products or services under any trade name, or language sufficiently descriptive to identify it, shall, except for normal guest identification, be considered as advertising copy.

3. For the purpose of determining advertising limitations, such program types as "classified," "swap shop," "shopping guides," and "farm auction" programs, etc., shall be regarded as containing one and one-half minutes of advertising for each five-minute segment.

F. Contests

1. Contests shall be conducted with fairness to all entrants, and shall comply with all pertinent laws and regulations.

2. All contest details, including rules, eligibility requirements, opening and termination dates, should be clearly and completely announced or easily accessible to the listening public; and the winners' names should be released as soon as possible after the close of the contest.

3. When advertising is accepted which requests contestants to submit items of product identification or other evidence of purchase of products, reasonable facsimiles thereof should be made acceptable. However, when the award is based upon skill and not upon chance, evidence of purchase may be required.

4. All copy pertaining to any contest (except that which is required by law) associated with the exploitation or sale of the sponsor's product or service, and all references to prizes or gifts offered in such connection should be considered a part of and included in the total time limitations heretofore provided. (See Time Standards for Advertising Copy.)

G. Premiums and Offers

1. The broadcaster should require that full details of proposed offers be submitted for investigation and approval before the first announcement of the offer is made to the public.

2. A final date for the termination of an offer should be announced as far in advance as possible.

3. If a consideration is required, the advertiser should agree to honor complaints indicating dissatisfaction with the premium by returning the consideration.

4. There should be no misleading descriptions or comparisons of any premiums or gifts which will distort or enlarge their value in the minds of the listeners.

Television Advertising Standards

IX. General Advertising Standards

1. This Code establishes basic standards for all television broadcasting. The principles of acceptability and good taste within the Program Standards section govern the presentation of advertising where applicable. In addition, the Code establishes in this section special standards which apply to television advertising.

2. A commercial television broadcaster makes his facilities available for the advertising of products and services and accepts commercial presentations for such advertising. However, a television broadcaster should, in recognition of his responsibility to the public, refuse the facilities of his station to an advertiser where he has good reason to doubt the integrity of the advertiser, the truth of the adver-

tising representations, or the compliance of the advertiser with the spirit and purpose of all applicable legal requirements.

3. Identification of sponsorship must be made in all sponsored programs in accordance with the requirements of the Communications Act of 1934, as amended, and the Rules and Regulations of the Federal Communications Commission.

4. Representations which disregard normal safety precautions shall be avoided.

Children shall not be represented, except under proper adult supervision, as being in contact with or demonstrating a product recognized as potentially dangerous to them.

5. In consideration of the customs and attitudes of the communities served, each television broadcaster should refuse his facilities to the advertisement of products and services, or the use of advertising scripts, which the station has good reason to believe would be objectionable to a substantial and responsible segment of the community. These standards should be applied with judgment and flexibility, taking into consideration the characteristics of the medium, its home and family audience, and the form and content of the particular presentation.

6. The advertising of hard liquor (distilled spirits) is not acceptable.

7. The advertising of beer and wines is acceptable only when presented in the best of good taste and discretion, and is acceptable only subject to Federal and local laws *(See Television Code Interpretation No. 4.)*

8. Advertising by institutions or enterprises which in their offers of instruction imply promises of employment or make exaggerated claims for the opportunities awaiting those who enroll for courses is generally unacceptable.

9. The advertising of firearms/ammunition is acceptable provided it promotes the product only as sporting equipment and conforms to recognized standards of safety as well as all applicable laws and regulations. Advertisements of firearms/ammunition by mail order are unacceptable. The advertising of fireworks is acceptable subject to all applicable laws.

10. The advertising of fortune-telling, occultism, astrology, phrenology, palm-reading, numerology, mind-reading, character-reading or subjects of a like nature is not permitted.

11. Because all products of a personal nature create special problems, acceptability of such products should be determined with especial emphasis on ethics and the canons of good taste. Such advertising of personal products as is accepted must be presented in a restrained and obviously inoffensive manner.

12. The advertising of tip sheets and other publications seeking to advertise for the purpose of giving odds or promoting betting is unacceptable.

The lawful advertising of government organizations which conduct legalized lotteries is acceptable provided such advertising does not unduly exhort the public to bet.

The advertising of private or governmental organizations which conduct legalized betting on sporting contests is acceptable provided such advertising is limited to institutional type announcements which do not exhort the public to bet.

13. An advertiser who markets more than one product should not be permitted to use advertising copy devoted to an acceptable product for purposes of publicizing the brand name or other identification of a product which is not acceptable.

14. "Bait-switch" advertising, whereby goods or services which the advertiser has no intention of selling are offered merely to lure the customer into purchasing higher-priced substitutes, is not acceptable.

15. Personal endorsements (testimonials) shall be genuine and reflect personal experience. They shall contain no statement that cannot be supported if presented in the advertiser's own words.

X. Presentation of Advertising

1. Advertising messages should be presented with courtesy and good taste; disturbing or annoying material should be avoided; every effort should be made to keep the advertising message in harmony with the content and general tone of the program in which it appears.

2. The role and capability of television to market sponsors' products are well recognized. In turn, this fact dictates that great care be exercised by the broadcaster to prevent the presentation of false, misleading or deceptive advertising. While it is entirely appropriate to present a product in a favorable light and atmosphere, the presentation must not, by copy or demonstration, involve a material deception as to the characteristics, performance or appearance of the product.

Broadcast advertisers are responsible for making available, at the request of the Code Authority, documentation adequate to support the validity and truthfulness of claims, demonstrations and testimonials contained in their commercial messages.

3. The broadcaster and the advertiser should exercise special caution with the content and presentation of television commercials placed in or near programs designed for children. Exploitation of children should be avoided. Commercials directed to children should in no way mislead as to the product's performance and usefulness.

Commercials, whether live, film or tape, within programs initially designed primarily for children under 12 years of age shall be clearly separated from program material by an appropriate device.

Trade name identification or other merchandising practices involving the gratuitous naming of products is discouraged in programs designed primarily for children.

Appeals involving matters of health which should be determined by physicians should not be directed primarily to children.

4. No children's program personality or cartoon character shall be utilized to deliver commercial messages within or adjacent to the programs in which such a personality or cartoon character regularly appears. This provision shall also apply to lead-ins to commercials when such lead-ins contain sell copy or imply endorsement of the product by program personalities or cartoon characters. (Effective September 1975).

5. Appeals to help fictitious characters in television programs by purchasing the advertiser's product or service or sending for a premium should not be permitted, and such fictitious characters should not be introduced into the advertising message for such purposes.

6. Commercials for services or over-the-counter products involving health considerations are of intimate and far-reaching importance to the consumer. The following principles should apply to such advertising:

a. Physicians, dentists or nurses or actors representing physicians, dentists or nurses, shall not be employed directly or by implication. These restrictions also apply to persons professionally engaged in medical services (e.g., physical therapists, pharmacists, dental assistants, nurses' aides).

b. Visual representations of laboratory settings may be employed, provided they bear a direct relationship to bona fide research which has been conducted for the product or service. *(See Television Code X, 11.)* In such cases, laboratory-technicians shall be identified as such and shall not be employed as spokesmen or in any other way speak on behalf of the product.

c. Institutional announcements not intended to sell a specific product or service to the consumer and public service announcements by non-profit organizations may be presented by accredited physicians, dentists or nurses, subject to approval by the broadcaster. An accredited professional is one who has met required qualifications and has been licensed in his resident state.

7. Advertising should offer a product or service on its positive merits and refrain from discrediting, disparaging or unfairly attacking

competitors, competing products, other industries, professions or institutions.

8. A sponsor's advertising messages should be confined within the framework of the sponsor's program structure. A television broadcaster should avoid the use of commercial announcements which are divorced from the program either by preceding the introduction of the program (as in the case of so-called "cow-catcher" announcements) or by following the apparent sign-off of the program (as in the case of so-called trailer or "hitch-hike" announcements). To this end, the program itself should be announced and clearly identified, both audio and video, before the sponsor's advertising material is first used, and should be signed off, both audio and video, after the sponsor's advertising material is last used.

9. Since advertising by television is a dynamic technique, a television broadcaster should keep under surveillance new advertising devices so that the spirit and purpose of these standards are fulfilled.

10. A charge for television time to churches and religious bodies is not recommended.

11. Reference to the results of bona fide research, surveys or tests relating to the product to be advertised shall not be presented in a manner so as to create an impression of fact beyond that established by the work that has been conducted.

XI. Advertising of Medical Products

1. The advertising of medical products presents considerations of intimate and far-reaching importance to the consumer because of the direct bearing on his health.

2. Because of the personal nature of the advertising of medical products, claims that a product will effect a cure and the indiscriminate use of such words as "safe," "without risk," "harmless," or terms of similar meaning should not be accepted in the advertising of medical products on television stations.

3. A television broadcaster should not accept advertising material which in his opinion offensively describes or dramatizes distress or morbid situations involving ailments, by spoken word, sound or visual effects.

XII. Contests

1. Contests shall be conducted with fairness to all entrants, and shall comply with all pertinent laws and regulations. Care should be taken to avoid the concurrent use of the three elements which together constitute a lottery—prize, chance and consideration.

2. All contest details, including rules, eligibility requirements, opening and termination dates should be clearly and completely announced and/or shown, or easily accessible to the viewing public, and the winners' names should be released and prizes awarded as soon as possible after the close of the contest.

3. When advertising is accepted which requests contestants to submit items of product identification or other evidence of purchase of products, reasonable facsimiles thereof should be made acceptable unless the award is based upon skill and not upon chance.

4. All copy pertaining to any contest (except that which is required by law) associated with the exploitation or sale of the sponsor's product or service, and all references to prices or gifts offered in such connection should be considered a part of and included in the total time allowances as herein provided. *(See Television Code, XIV.)*

XIII. Premiums and Offers

1. Full details of proposed offers should be required by the television broadcaster for investigation and approved before the first announcement of the offer is made to the public.

2. A final date for the termination of an offer should be announced as far in advance as possible.

3. Before accepting for telecast offers involving a monetary con-

sideration, a television broadcaster should satisfy himself as to the integrity of the advertiser and the advertiser's willingness to honor complaints indicating dissatisfaction with the premium by returning the monetary considerations.

4. There should be no misleading descriptions or visual representations of any premiums or gifts which would distort or enlarge their value in the minds of the viewers.

5. Assurances should be obtained from the advertiser that premiums offered are not harmful to person or property.

6. Premiums should not be approved which appeal to superstition on the basis of "luck-bearing" powers or otherwise.

XIV. Time Standards for Nonprogram Material*

In order that the time for nonprogram material and its placement shall best serve the viewer, the following standards are set forth in accordance with sound television practice:

1. Nonprogram Material Definition:

Nonprogram material, in both prime time and all other time, includes billboards, commercials, promotional announcements and all credits in excess of 30 seconds per program, except in feature films. In no event should credits exceed 40 seconds per program. The 40-second limitation on credits shall not apply, however, in any situation governed by a contract entered into before October 1, 1971. Public service announcements and promotional announcements for the same program are excluded from this definition.

2. Allowable Time for Nonprogram Material:

a. In prime time on network affiliated stations, nonprogram material shall not exceed nine minutes 30 seconds in any 60-minute period.

In the event that news programing is included within the three and one-half hour prime-time period, not more than one 30-minute segment of news programing may be governed by time standards applicable to all other time.

Prime time is a continuous period of not less than three and one-half consecutive hours per broadcast day as designated by the station between the hours of 6:00 PM and Midnight.

b. In all other time, nonprogram material shall not exceed 16 minutes in any 60-minute period.

c. Children's Programing Time—Defined as those hours other than prime time in which programs initially designed primarily for children under 12 years of age are scheduled.

Within this time period on Saturday and Sunday, nonprogram material shall not exceed 10 minutes in any 60-minute period after December 31, 1974 and nine minutes 30 seconds in any 60-minute period after December 31, 1975.

Within this time period on Monday through Friday, nonprogram material shall not exceed 14 minutes in any 60-minute period after December 31, 1974 and 12 minutes in any 60-minute period after December 31, 1975.

3. Program Interruptions:

a. Definition: A program interruption is any occurrence of nonprogram material within the main body of the program.

b. In prime time, the number of program interruptions shall not exceed two within any 30-minute program, or four within any 60-minute program.

Programs longer than 60-minutes shall be prorated at two interruptions per half-hour.

The number of interruptions in 60-minute variety shows shall not exceed five.

c. In all other time, the number of interruptions shall not exceed four within any 30-minute program period.

d. In children's weekend programing time, as above defined

*See Time Standards for Independent Stations

in 2c, the number of program interruptions shall not exceed two within any 30-minute program or four within any 60-minute program.

e. In both prime time and all other time, the following interruption standard shall apply within programs of 15 minutes or less in length:

5-minute program—1 interruption;
10-minute program—2 interruptions;
15-minute program—2 interruptions.

f. News, weather, sports and special events programs are exempt from the interruption standard because of the nature of such programs.

4. No more than four nonprogram material announcements shall be scheduled consecutively within programs, and no more than three nonprogram material announcements shall be scheduled consecutively during station breaks. The consecutive nonprogram material limitation shall not apply to a single sponsor who wishes to further reduce the number of interruptions in the program.

5. A multiple product announcement is one in which two or more products or services are presented within the framework of a single announcement. A multiple product announcement shall not be scheduled in a unit of time less than 60 seconds, except where integrated so as to appear to the viewer as a single message. A multiple product announcement shall be considered integrated and counted as a single announcement if:

a. the products or services are related and interwoven within the framework of the announcement (related products or services shall be defined as those having a common character, purpose and use); and

b. the voice(s), setting, background and continuity are used consistently throughout so as to appear to the viewer as a single message.

Multiple product announcements of 60 seconds in length or longer not meeting this definition of integration shall be counted as two or more announcements under this section of the Code. This provision shall not apply to retail or service establishments.

6. The use of billboards, in prime time and all other time, shall be confined to programs sponsored by a single or alternate week advertiser and shall be limited to the products advertised in the program.

7. Reasonable and limited identification of prizes and donors' names where the presentation of contest awards or prizes is a necessary part of program content shall not be included as nonprogram material as defined above.

8. Programs presenting women's service features, shopping guides, fashion shows, demonstrations and similar material provide a special service to the public in which certain material normally classified as nonprogram is an informative and necessary part of the program content. Because of this, the time standards may be waived by the Code Authority to a reasonable extent on a case-by-case basis.

9. Gratuitous references in a program to a nonsponsor's product or service should be avoided except for normal guest identification.

10. Stationary backdrops or properties in television presentations showing the sponsor's name or product, the name of his product, his trademark or slogan should be used only incidentally and should not obtrude on program interest or entertainment.

Time Standards for Independent Stations

1. Nonprogram elements shall be considered as all-inclusive, with the exception of required credits, legally required station identifications, and "bumpers." Promotion spots and public service announcements, as well as commercials, are to be considered nonprogram elements.

2. The allowed time for nonprogram elements, as defined above, shall not exceed seven minutes in a 30-minute period or multiples

thereof in prime time (prime time is defined as any three contiguous hours between 6:00 PM and midnight, local time), or eight minutes in a 30-minute period or multiples thereof during all other times.

3. Where a station does not carry a commercial in a station break between programs, the number of program interruptions shall not exceed four within any 30-minute program, or seven within any 60-minute program, or 10 within any 90-minute program, or 13 in any 120-minute program. Stations which do carry commercials in station breaks between programs shall limit the number of program interruptions to three within any 30-minute program, or six within any 60-minute program, or nine within any 90-minute program, or 12 in any 120-minute program. News, weather, sports, and special events are exempted because of format.

4. Not more than four nonprogram material announcements as defined above shall be scheduled consecutively. An exception may be made only in the case of a program 60 minutes or more in length, when no more than seven nonprogram elements may be scheduled consecutively by stations who wish to reduce the number of program interruptions.

5. The conditions of paragraphs three and four shall not apply to live sports programs where the program format dictates and limits the number of program interruptions.

Advertising to Children

Be the First Kid on Your Block!

18

Few issues in the television advertising industry have been more emotionally and politically charged than the controversy over advertising to children. It has simmered since the earliest days of TV and has boiled over in FCC, FTC, and congressional investigations on a number of occasions. Consumer groups have organized and rallied to advance their interests in this controversy, as have advertisers and broadcasters. Extremists on both sides have indulged in some tawdry mudslinging. Commercial interests have been labeled "irresponsible bullies" and "child molesters," and they in turn have called their adversaries "hare-brained radicals" and "self-serving publicity hunters." The rhetoric makes interesting press, but does little to cool tempers or resolve the issues. In the meantime, the nation's children, by and large unaware of this heated situation, spend millions of hours watching the tube. The controversy over advertising to children does not arise from the children themselves but is caused in large part by the perceptions, speculations, and prejudices of *adults*.

Viewing Habits

Children of all ages spend a tremendous amount of time watching television. Research indicates that most children spend more time with the tube than with the teacher. What all this viewing means is that in the course of a year, a child under the age of 12 may see 22,000 to 25,000 commercials. A "moderate" viewer in this age group watches almost four hours of commercials alone each week.[1] Since these figures are based on viewing *averages*, they do not describe the viewing patterns of all children, of course. Depending on their household, geographic location, socioeconomic status, and countless other factors, some youngsters will watch TV for a great deal more or less time than these averages indicate.

Weekend morning kiddie shows account for less than 15 percent of the time children under 12 watch TV.[2] Most children's viewing takes place with other family members, mainly in prime time. In recognition of the large numbers of children who watch early prime-time television, the NAB Code was amended in 1975. Because of serious criticisms of "sex and violence" in early evening programing, and with strong encouragement from the FCC, the Code now stipulates that "entertainment programing inappropriate for viewing by a general family audience should not be broadcast during the first hour of network entertainment programing in prime time and in the immediately pre-

[1]Robert Choate, "TV's Child Audience," *The Christian Science Monitor,* November 5, 1973.

[2]*Broadcasting,* November 15, 1971, p. 22.

ceding hour." This means that "family viewing" prevails on Code subscribing stations until 9:00 P.M. (8:00 P.M. Central time).

Commercials run during these early prime-time hours have escaped most of the criticism related to advertising to children. The target has been the so-called Saturday morning "ghetto" that programs exclusively to children and in turn offers a "demographically pure" audience to advertisers.

Characteristics of the Child Viewer

Children are not miniature adults. Their perceptions and interpretations of everyday occurrences can be markedly different from those of adults. Their world is very small, and every experience and object can assume monumental importance. Youngsters are constantly testing new ideas and searching for reliability. The familiar and repetitious nature of much children's programing and advertising may content them because it is predictable. They *know* what the outcome will be.

Children's mental capacities are constantly developing. The ability to reason, to think abstractly, to compare, to evaluate, and to reach rational judgments only comes with a long maturation process. During that process, children are very susceptible to appeals of short-term gratification.

The vulnerability of children has long been recognized in social customs and in the law. Compulsory education provides the child an avenue by which he can escape his ignorance and immaturity. As he is growing up, the law protects him in many ways. Child labor laws, special categories of criminal laws (a child, for instance, may not fully understand the ramifications of violating a trespass law), and exemptions from many legal obligations are just a few examples. Adult society is held responsible for protecting, safeguarding, and nurturing the growth of children. Both the FCC and the broadcasters, through their pronouncements over the years, have acknowledged the responsibility to serve young audiences.

Kiddie shows have been around since the early days of radio, and as with adult programs, they have attracted sponsors with products to sell to a particular audience. Sponsoring children's programs on radio was big business back in the 1930s and 1940s. *Little Orphan Annie, The Lone Ranger, Captain Midnight, Tom Mix, Jack Armstrong, Let's Pretend*—the list of successful children's programs in that era is almost endless. When the nation's small fry moved to the fascinating new picture box called television, the advertisers moved with them.

Commercial Content: Edibles and Toys

It's no secret to any adult who takes the time to eyeball the set on Saturday morning that most commercials directed toward children are for edibles and toys. In terms of product categories, only a relatively few kinds of advertisers want to reach children. That, of course, is to be expected. A child has little or no financial resources, and his interest in products is confined to what he can personally use or consume. A few years ago a major content analysis of commercials directed to children was conducted by sociologist Dr. Charles Winick and his colleagues.[3] This study excluded toy commercials largely because the Code Authority acts as central clearance for this product category, and because toy advertising is seasonal. The investigation revealed that of the remaining commercials studied (236 in all), almost 94 percent were for edibles. About 20 percent were for cereals, and the percentages decreased from there in this order: candy, drinks, foods for meals, restaurants, cookies, cakes, and ice cream/gelatin/puddings/shakes.

[3]Charles Winick, et al., *Children's Television Commercials, A Content Analysis* (New York: Praeger Publishers, 1973).

18.1 General Foods Corp—Super Sugar Crisp Photoboard

B&B

BENTON & BOWLES
909 THIRD AVENUE
NEW YORK, N.Y.
(212) 758-6200

Client: GENERAL FOODS CORP.
Product: SUPER SUGAR CRISP
Length: 30 SECONDS - GFSC4013
Title: "ARMORED TRUCK"

1. (MUSIC UNDER) SUGAR BEAR: My tummy wants somethin' yummy. (SFX) Better give it Super Sugar Crisp.

2. SUGAR FOX: I, Sugar Fox, will eat Super Sugar Crisp in here ...

3. ... and Sugar Bear can't have any. SUGAR BEAR: Yeah ...

4. a good breakfast, featuring Post Sugar Crisp cereal.

5. SUGAR FOX: Sugar Bear, I got Super Sugar Crisp, and you can't have any.

6. SUGAR BEAR: Bet it's yummy. SUGAR FOX: Yummy.

7. SUGAR BEAR: Yummy for my tummy?

8. SUGAR FOX: Yummy for your tummy.

9. Yummy? ... Tummy? ...

10. Sugar Bear! What're you doin' here?

11. SUGAR BEAR: Givin' my tummy somethin' yummy ...

12. yummy Super Sugar Crisp. (MUSIC OUT)

Sugar Bear triumphs again! His adversary is Sugar Fox, but the real winner is General Foods Corporation. Two clever animated characters are presented in continuing ministories about Super Sugar Crisp. The commercials are popular with children, and the repetitious nature of the messages builds high product identification.

Photoboard reproduced by permission of General Foods Corporation, owner of the trademarks POST, SUGAR BEAR and SUPER SUGAR CRISP. Benton & Bowles, New York, is the advertising agency.

"Junk food," declare the consumerists, who accuse the broadcast advertising industry of presenting a course in gluttony every Saturday morning. They charge that the edibles are about as nutritious as the packages they come in, and that children are being taught the worst kind of eating habits. Actually, the controversy is more legitimately centered on the products themselves, not on the advertising. Advertisements, however, are highly visible targets. When defending these commercials, broadcasters usually reply that they are hardly in a position to reject legitimate ads for legitimate products, and that product claims are screened. Many advertisers try to keep a low profile in the controversy. They have a product to sell, know it appeals to children, and know how to market it to an audience of youngsters.

It is doubtful that any market is more competitive than that for cereals and snack foods. Much buying in these product categories is done impulsively, so the TV advertising invariably emphasizes that the edible is sweet, crunchy, and certainly "fun" to eat. Many advertisers have altered their TV messages in accordance with Code Authority requirements to present products in a "balanced diet" setting. The Kellogg Co., for example, has produced TV commercials that show a fully balanced breakfast—including cereal, of course—and that close with the tag line, "Brought to you in the interests of good nutrition by Kellogg's"[4] (How children perceive this tag line is not known.)

Toy advertising, the other major commercial category, has been a continuing subject of controversy. Toy manufacturers, their agencies, and broadcasters cannot be proud of some of the early advertising techniques perpetrated on kids. The FTC acted in a few cases, and some toy manufacturers have signed consent orders with the commission regarding their TV commercials. For example, Mattel Inc., agreed to no longer use professional sports car drivers as TV spokesmen for a toy racing car.[5]

[4]"New TV Goals: Fewer Cavities, Better Breakfast," *Los Angeles Times*, April 8, 1974.
[5]79 FTC 667 (1971).

Years ago, the quick cuts, the exaggerated camera angles, doctored sound tracks, and a dozen other tricks up the sleeve of an adroit director could make a toy absolutely irresistible to a child. (Most readers can probably recall a time from their childhood when they were sure they just couldn't live without a certain toy.) The razzle-dazzle techniques of some toy advertising created such howls of outrage that the NAB Code Authority issued its first toy guidelines in 1961, and today it serves as central clearance for commercials for toys and for children's premiums and offers. Code interpretations of the guidelines are extensive and have been revised a number of times over the years.

Toy company executives maintain that no product advertised on television today is given more intense scrutiny than toys. Nonetheless, they are tarred with the same brush that is applied to the manufacturers of edibles in the children's advertising controversy. The restrictions on toy ads are extensive. The Code stipulates that the commercials cannot use animation, or comparatives, or any superlatives (see 18.2). Copy can't ask children to ask their parents to buy the toy. Overglamorization is prohibited; the dramatizations are stringently regulated. Other rules govern such things as the use of fantasy, testimonials, and safety and price representations. In general, the toy manufacturers seem relatively satisfied with and supportive of the strict codes. The regulations not only help to keep government regulators off their backs, but they also help to equalize a very competitive market. All advertisers have to play by the same rules.

Toy manufacturers do not consciously plot to mislead children in their advertising, but they are concerned about meeting the competitive challenge of the other manufacturers who market similar products. They gear up all year for the big fourth quarter, preparing their advertising months in advance of Christmas. Included in this advance planning is the requirement to submit toy commercials, at all stages of development, to the Code Authority. The Code staff estimates that it takes between one and two months for an average commercial to clear. If problems exist in either the visual or aural presentation of the toy, negotiations may take as long as a year.

Premiums

It's ridiculous, declare the consumerists, but it's true that many mothers buy a 79 cent box of cereal for the 5 cent premium their children demand. Premiums have been buried in boxes for decades. The manufacturers declare that a premium can hardly be considered harmful, and that it's for "fun"—a part of the product. Imagine a box of Cracker Jacks without the "surprise inside!" But consumerists maintain that this kind of premium is extrinsic to the product itself, and that advertising offering premiums is inherently deceitful. They feel that children, as consumers, should be taught to evaluate a product on its own merits.

Since the premium industry is a multimillion dollar business, it suffered a collective heart attack when FTC Chairman Lewis A. Engman declared in 1974 that, "I am prepared now and I intend to recommend to the commission enforcement guides banning the advertising of premiums to children on television."[6] When the commission subsequently issued proposed guidelines on premiums, the industry prepared to wage a long battle to see that they would not be formally adopted. Proposed prohibitions include both offers in which the premium is free with product purchase, and those in which a product or service can be obtained for a price contingent on product purchase. A wide variety of premiums and offers—including toys, games, prizes, contests, sweepstakes, and club memberships—would be covered. The advertisers of these products are determined to fight the FTC on these guidelines, because they believe that many offers are worthwhile, legitimate, and of genuine value. Not all premiums are "nothing for something," they declare, and therefore they say that the proposed guides are discriminatory, too far-reaching, and unfair.

[6]Address before the American Advertising Federation Convention and Public Affairs Conference, Washington, D.C., June 3, 1974.

The NAB has supported the advertisers in their battle with the FTC. It states that the commission must first *prove* premium advertising is wrong and harmful. If that can be done, then premium advertising should be deemed inappropriate in *all* media, not just TV.

Over-the-Counter Drugs and Vitamins

These product categories are now virtually nonexistent in weekend children's programing. In 1972, three major vitamin manufacturers voluntarily withdrew from children's advertising. The Winick study, mentioned earlier, reported that 4.7 percent of the commercials studied were for vitamins. Such commercials directed toward children were roundly criticized. Since vitamins were candy-covered and animated characters were used in the packaging and advertising, a child could easily interpret the product as equivalent to candy. The critics complained that popping candy is injurious to teeth; popping vitamins is downright dangerous.

In 1973, in response to mounting pressures, the Code Authority issued new Advertising Guidelines for Nonprescription Medications. Extensive new restrictions were imposed, including a requirement to emphasize the use of over-the-counter (OTC) drugs "for occasional use only." Part of the criticism that led to this action was based on allegations that heavy TV advertising of these medications was promoting a "drug culture"—a populace in danger of becoming dependent on a wide variety of stimulants, calmatives, sleeping aids, analgesics, and so forth. Both laymen and experts were concerned about the impact that extensive TV campaigns could have on the child who sees so many commercials for such products in prime time. Several proposals were extended to resolve the problems, including one to ban all OTC drug advertising before 9:00 P.M. The new Code guidelines specify that "nonprescription medications shall not be scheduled in or adjacent to

programs designed primarily for children." The guidelines further state, "The use of children shall not be permitted in presentations on behalf of nonprescription medications intended for adults. In advertisements for medications specifically formulated for children, the appearance of youth or children shall be present only in situations involving responsible adult supervision. Any such presentation shall avoid audio/visual approaches tending to capture the attention of children rather than adults."

18.2 Toy Commercial Requirements

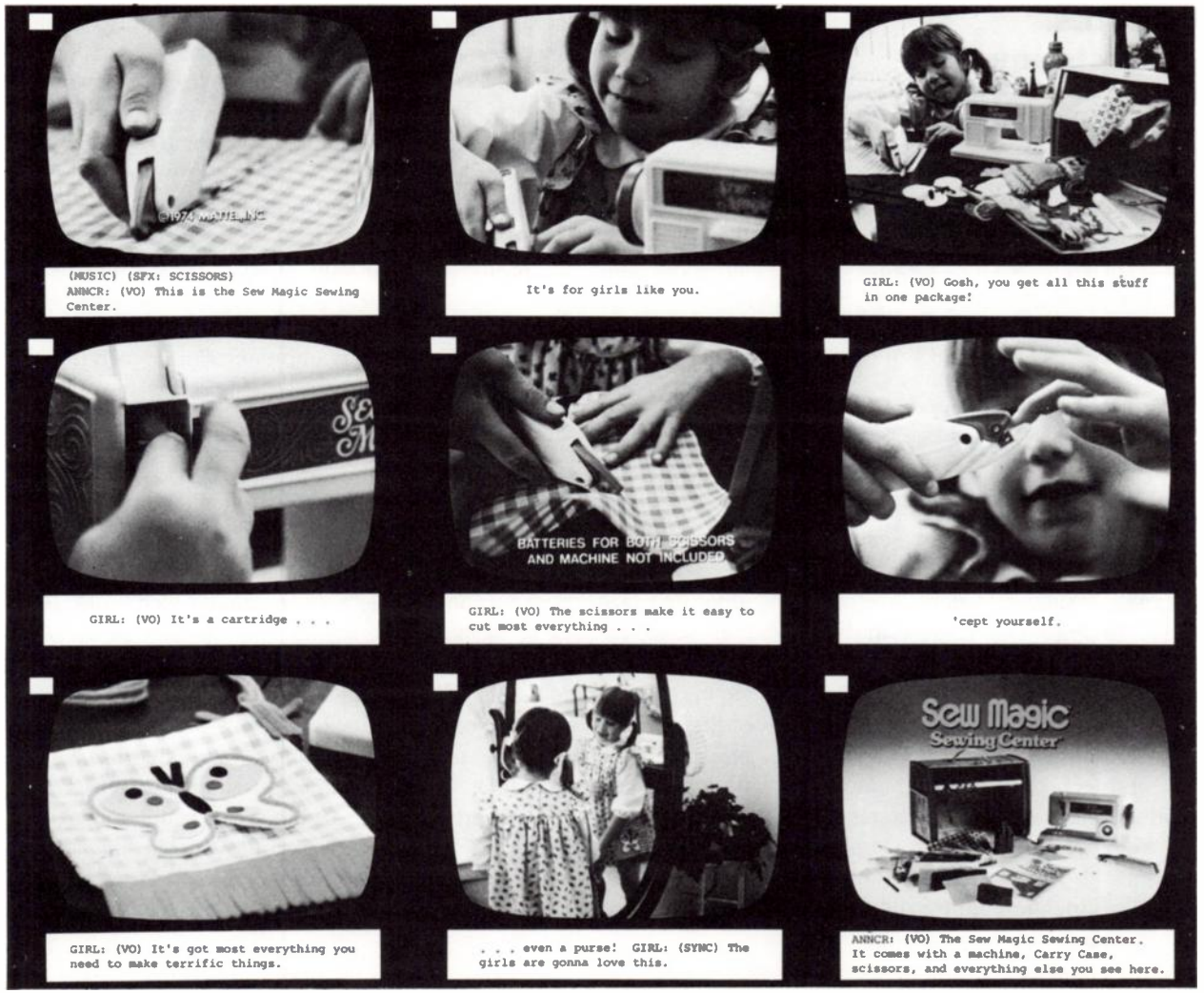
The Code Authority guidelines and interpretations for toy advertising fill several pages. In order to meet the stipulations, Mattel, Inc., and its advertising agency, Ogilvy & Mather Inc., developed this short reminder list for their creative staff. The "do's" and "don'ts" are sobering, but the photoboard of the Sew Magic Center commercial proves that the requirements can be met.

Must do

1. Represent Toy Accurately (Appearance, Movement, Sound)
2. Show Product in Safe Play Situation
3. Demonstrate Toy on Merits as Plaything
4. Disclose Exact Method of Toy Operation
5. Disclose Assembly Requirements
6. Disclose What Is Inside Package (5-Second Island)
7. Disclose Battery Requirements

Can't do

1. No Fantasy
2. No Animation
3. No Endorsements
4. No Puffery
5. No Overglamorization
6. No Frightening Situations
7. No Exaggeration
8. No Asking Parents to Buy
9. No Fast Cuts (Scene to Scene)
10. No Slow Motion
11. No Speeding Up
12. No Comparatives
13. No Superlatives
14. No Camera Distortion
15. No Dazzling Visual Effects
16. No Volume Augmentation
17. No Attention-Getting Devices
18. No Real-Life Counterparts
19. No Special Lighting
20. No Unusual Props
21. No Costumes on Children
22. No Irritating Techniques
23. No Special Lenses
24. No "Heroic" Shots
25. No Stock Footage (Last Two-Thirds)
26. No Trick Camera Angles
27. No Supers (Except Batteries)



Client: Matell, Inc.
Product: Sew Magic Center
Agency: Ogilvy & Mather Inc.
Title: Girls Talking
Commercial No.: MADW6733
Job No.: 4F00852

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Product Claims and Production Techniques

Consumer advocate Robert B. Choate, who heads the Council on Children, Media and Merchandising, has been a longtime critic of advertising to children. He is particularly critical of nonnutritional "junk food," but he also voiced other concerns in a *New York Times* article:

> Advertising to children much resembles a tug of war between 200-pound men and 60-pound youngsters. Whether called an unfair practice or thought subject to a fairness-doctrine interpretation, the fact remains that any communication that has a $1,000-per-commercial scriptwriter, actors, lighting technicians, sound-effects, specialists, electronic editors, psychological analysts, focus groups and motivational researchers with a $50,000 budget on one end and the 8-year-old mind (curious, spongelike, eager, gullible) with 50 cents on the other inherently represents an unfair contest.[7]

Advertisers and their agencies do not consider this statement a fair summary of their role in advertising to children, especially in a capitalistic society. They have a product to sell, and know that children are their market. They produce commercials designed to persuade children to either buy or ask for the product. Simple? No. Experts in child development have expressed concern about the finer points in commercial content. Product aside, they question the child's ability to separate fact from opinion, and to understand comparatives or superlatives. Advertisers have been admonished to be careful of product claims that may be erroneously decoded by children. A child may be very intrigued if he believes the product will make him stronger, or smarter, or will accelerate his growth. Peer acceptance is often implied in commercials, even though advertisers no longer use anything as overt as "Be the first kid on your block!" Repetition, an essential part of learning, is commonly employed. Commercials, because of the economics of the business, are always repeated. So, too, are elements within the commercial. Any review of commercials oriented to children will reveal a high incidence of repetition—in jingles, language, and presentation techniques. The *implicit* message is almost impossible to patrol, either by the FTC or by self-regulatory groups.

Animation is a standard production technique in many children's commercials, primarily because kids love it. Even young ones can follow the simple action; attention is focused, and the ads can be strikingly similar to adjacent programs. Although often initially expensive to produce, they avoid the expense of residuals for on-camera talent. Further, such commercials can be long-lived because their content is relatively undated. But since animation automatically suggests fantasy, it has been attacked as an unfair device for selling products to children. Formerly, animated characters who "starred" in programs also served as commercial spokespersons by delivering the spiel and exhorting kids to get the product. It is little wonder that children were sometimes unable to discern between the programs and the commercials. New Code Authority provisions implemented in 1975 require that commercials in programs designed primarily for children must be clearly separated from program material by an appropriate technique, other than solely a "fade to black."

As children grow older, they naturally become increasingly discerning in their viewing habits. The youngest children are not even aware of the persuasion motive of commercials, but older children are. Research studies have presented some sobering data to advertisers. One study concluded that as children's grade levels increase, their positive attitudes toward advertising decrease. In other words, the more experience one has with advertising, the more unfavorable the attitude. More than three-fourths of the children surveyed considered advertising in the broadcast media to be the least believable of all advertising.[8]

[7] "Fair Play for Young Viewers," *New York Times*, September 17, 1972.

[8] Don L. James, *Youth, Media, and Advertising* (Austin: Bureau of Business Research, Graduate School of Business, University of Texas, 1971) p. 87.

The Child as Lobbyist

The days of "tell mommy to buy" have been relegated to broadcast history. Commercial spokespersons, real or animated, no longer use this line, but the nation's small fry don't seem aware of it. Ask any mother whose small child accompanies her to the supermarket. Children can become very adroit nags in lobbying for a product purchase, and the parent who is worn down by the wheedling and whining eventually capitulates and buys what the child wants. How a child perceives his request for a product, and how parents perceive that request, are quite different.

Suzy may see a TV commercial in which a child is happily playing with the toy premium packaged in a box of cereal. Suzy's mother, who has been begged to buy the product, may refuse. She may be unwilling to buy that particular brand, or may consider it more expensive than what she ordinarily buys, or may feel that her child might be disappointed with the toy premium. Suzy doesn't understand this, nor does she understand that money must be exchanged in order to obtain the package of cereal. She may feel rejected or punished simply because she asked for the cereal with the toy inside. Suzy's mother, if she is very perceptive, may sense the situation and feel guilty.

Although this example pertains to a premium in a box of cereal, it could apply to any product. The psychological ramifications of this domestic dilemma are hardly the responsibility of just the cereal manufacturers, or even of TV advertisers as a whole. Long before broadcasting arrived on the scene, children were coaxing parents to buy this or that.

The nation's marketers know the little consumers to whom they advertise have little or no money; product purchase will naturally have to come through their parents. Thus, in a brief 30 to 60 seconds, the child viewer must be quickly indoctrinated and trained to be a salesperson. The brand name must be clearly registered, and in turn, the child becomes a petitioner, pleading the case of the advertiser. Repetition in commercials not only enhances credibility, but also reinforces the lesson. Parental "overbuying" to placate the nagging child has been estimated in the millions of dollars. As children grow, however, it becomes less likely that they will ask their parents to buy a product. The peak "nag years" come before the age of ten.

Consumerists, who support a complete ban on all advertising to children, probably think that it would resolve much or most of the problem. Perhaps it would, but in a materialistic society it seems unlikely to happen.

Program Hosts

In 1973, the American Federation of Television and Radio Artists filed a suit in the United States District Court, Southern District of New York, against the Code Authority of the National Association of Broadcasters for a new rule effective January 1, 1973. That rule stated: "Children's program hosts or primary cartoon characters shall not be utilized to deliver commercial messages within or adjacent to the programs which feature such hosts or cartoon characters. This provision shall also apply to lead-ins to commercials when such lead-ins contain sell copy or imply endorsement of the product by program host or primary cartoon character."[9] (As of this writing, the case was still pending.)

At local stations across the country, children's favorites like Mr. Patches, Brakeman Bill, Rusty Nails, and Salty Sam were faced with large-scale defection of sponsors. (Nonsubscribing stations with children's shows were not affected.) Local kiddie shows, many of which have been on the air for a long time, depend mainly on local advertisers. Clients have traditionally wanted the program hosts to deliver commercials—such as for local dairies and bakeries. In several markets,

[9]"Commercial Time in Weekend Children's Programs Is Cut," *Code News* 4, no. 11 (January 1972), p. 3.

such programs have been canceled since the ruling, for station management has usually been tight-fisted in budgeting for them. With advertising support threatened, a decision to cancel is not that difficult. It's certainly easier and cheaper (and therefore more profitable) to punch up cartoons on a film chain and drop in recorded commercials.

Many kiddie show hosts enjoy high visibility in their local communities—visiting schools and hospitals, and participating in a wide variety of promotional events. They consider themselves servants to the legitimate interests of their child viewers, and they declare that they have been used as a scapegoat to appease the critics of children's TV. Although the public service record of many of these TV personalities is impressive, critics still express doubts about the propriety of program hosts telling their viewers to brush their teeth and two minutes later selling them a sugar-coated snack. There is no doubt that children identify to a great degree with local program hosts. Many kids are faithful viewers who dote on every word. But with a live delivery, they cannot always perceive the distinction between program and commercial.

Time Standards

In 1974, when Chairman Lewis A. Engman and the FTC were raking the broadcast advertising industry over the coals on the subjects of premiums, program hosts, and the use of "hero figures" to sell products, FCC Chairman Richard A. Wiley was also expressing his concerns. Wiley condemned the preponderance of animated programs on Saturday and Sunday mornings, and also the Code Authority's limit of 12 minutes of nonprogram materials during these time periods. He asked the broadcasters, "If we accept the premise that children deserve special treatment, shouldn't the level of nonprogram material be something less than 12 minutes when we consider the NAB Code permits no more than nine and one-half minutes in evening prime time?"[10]

The answer came a few months later. Although the Code Authority had cut nonprogram time from 16 minutes to 12 minutes effective January 1, 1973, the Television Board of Directors of the NAB voted ("caved in," said some broadcasters) to reduce nonprogram material for Code subscribers even more in Saturday and Sunday children's programing—to 10 minutes per hour after December 31, 1974, and to nine-and-a-half minutes after December 31, 1975. In addition, children's non prime-time weekday programs were cut to 12 minutes of nonprogram material per hour after December 31, 1975.[11]

Government Action

Both the FCC and the FTC have an interest in the issues related to children's television and the jurisdiction to do something about them. Both agencies have been prodded by concerned Congresspersons; in turn, they have prodded the industry to instigate reforms. Both agencies have rule-making powers, but because advertising to children is a sensitive and complex subject, they have moved with caution. They have used the regulators' standbys—moral persuasion and threats of new regulations. These techniques are not altogether unsuccessful.

Federal Communications Commission and Action for Children's Television

In the 1960s, a neighborhood group of mothers in Newton, Massachusetts, concerned because a favorite local kiddie show was being can-

[10]Address before the National Academy of Television Arts and Sciences, Atlanta Chapter, Atlanta, Georgia, May 23, 1974.
[11]*Broadcasting*, July 1, 1974. p. 20.

celed, organized Action for Children's Television (ACT). The interests and size of the group have grown remarkably, and today ACT is an influential and highly visible national citizens' organization. It emphatically made its presence known to the FCC, which, in 1971, issued a *Notice of Inquiry and Notice of Proposed Rule Making* predicated on an ACT proposal. Three key recommendations were included: (1) that no sponsorship and no commercials be permitted in children's TV programs, (2) that program hosts and performers be banned from mentioning any product, service, stores, or brand names on these programs, and (3) that licensees be required to provide daily programing for children totaling not less than 14 hours each week. This programing would be oriented to different age groups, and none of it, of course, would carry commercials. The commission asked for comments from interested parties.

The response of the broadcast advertising industry to these recommendations was not unexpected. The broadcasters were alarmed at the prospect of losing all advertising revenues from their children's programing, especially in view of the proposal to increase both the quantity and quality of program service to children. The advertisers whose products are widely consumed by children decried the proposals as arbitrary, discriminatory, and unsupportable—either legally or logically. Both the broadcasters and advertisers were particularly concerned about the importance the FCC had attached to the ACT recommendations. Proposed rule-making by the commission was not to be lightly taken, and neither were the more than 100,000 signatures and letters from private individuals and citizens' groups filed in support of the ACT proposals.

Two years passed while the FCC mulled over the possible actions that could be taken in children's programing and advertising. A special Children's Television Unit was established at the commission, and it launched an extensive study into the entire issue of children's television. The report it submitted to the commissioners in 1973 contained a

18.3 Captain Kangaroo

A favorite network program host through the years has been Bob Keeshan, better known to the nation's small fry as *Captain Kangaroo*. His show has been a weekday morning series on the CBS Television Network since 1955. In this early photograph, the Captain poses with young admirers and a display of sponsors' products.

Photograph courtesy of General Mills, Inc.

sizzling indictment against both children's advertising and programing.[12]

In the two years before this report came out, a number of reforms had been initiated within the industry in an effort to correct some wrongs and display good-faith in attempting to resolve problems through self-regulation. Now it was the FCC's turn to act, and the industry waited expectantly to see what it would do. Two options were open to the commissioners—to adopt formal rules which would be binding on all stations or to adopt "recommendations" through a policy statement. Since so much time had passed while the FCC sat on the ACT proposals and considered rule-making, some FCC watchers guessed the commission would "chicken out" and go the policy statement route.

The *Children's Television Report and Policy Statement,*[13] released in 1974, dealt with the responsibilities of licensees in both programing and advertising to children. The commission commended and supported the industry's voluntary reduction of commercial time in children's programing. Licensees were urged to avoid "host selling" and other sales techniques that blur the distinctions between programing and advertising. Clear separations between program and advertising content were also called for by the commission. As for the proposed ban on commercials in children's programs, the policy statement declared that:

> The Commission believes that the question of abolishing advertising must be resolved by balancing the competing interests in light of the public interest. Banning the sponsorship of programs designed for children could have a very damaging effect on the amount and quality of such programing. Advertising is the basis for the commercial broadcasting system, and revenues from the sale of commercial time provide the financing for program production. Eliminating the economic base and incentive for children's programs would inevitably result in some curtailment of broadcasters' efforts in this area. Moreover, it seems unrealistic, on the one hand, to expect licensees to improve significantly their program service to children and, on the other hand, to withdraw a major source of funding for this task.[14]

[12]Jack Anderson, "Buried FCC Study Blasts Broadcasts," *Washington Post,* March 26, 1974.

[13]FCC, *Children's Television Report and Policy Statement,* FCC 74-1174, October 31, 1974.

Federal Trade Commission

At the Federal Trade Commission, the *content* of commercial messages is the primary concern in evaluating advertising to children. In 1973, Chairman Engman, then new to the job, made it very clear that this subject was of special interest to him. The commission staff went to work, and subsequently twelve proposed guidelines were announced to the industry as a basis "for discussions."

1. Any visual perspective, sequence, or film technique which distorts or exaggerates product performance, speed, size, time, or motion would be eliminated.

2. Advertising should be specific and clear in graphics and copy on price, accessories, props, or multiple premiums or package offers (two-for-one, etc.) so that children will not be confused and disappointed.

3. To avoid undue pressure, TV advertising should *not* urge children to purchase, or urge them to ask their parents to make purchases.

4. No program personalities or characters, including voices, should deliver, introduce, lead-in to commercials, or promote products. Commercials must be separated from programing to lessen children's confusion.

5. Advertising to children should not utilize social acceptability to sell products, nor should it mislead through promoting perceived self-concept benefits such as acquisition of strength, growth, proficiency, or intelligence.

6. OTC drugs, proprietary medicine, and vitamins (in any form) should not be advertised on children's programs 3:00–6:00 P.M., weekdays, and weekend mornings.

[14]Ibid., p. 15.

7. No dangling comparatives, uniqueness claims, or uniqueness techniques should be used where products are similar. No comparisons should be made with the product of a prior year.

8. All premium and contest promotions should be eliminated from children's TV.

9. In every commercial to children, the major ingredients of edible products should be disclosed. All potential nutritional or safety hazards should be disclosed for candy, soft drinks, snacks, sweetened cereals, and toys.

10. Advertising should not portray adults or children in unsafe acts.

11. Violence, fear, and stereotypes of minorities and women should be eliminated from children's TV commercials.

12. The advertiser should be able to substantiate all claims prior to the dissemination of the claim. These substantiation materials must be available on request.[15]

The broadcast advertising industry was dismayed and aggravated because so many of these guidelines had been part of self-regulatory requirements for many years. Further, advertisers were greatly concerned about newer aspects of the proposals. The commission had not said how an advertiser could inform children of major ingredients of edible products, or disclose all potential nutritional or safety hazards for candy, soft drinks, snacks, sweetened cereals, and toys in 30 or 60 seconds.

The FTC reminded advertisers that it is empowered to regulate in the area of "unfair and deceptive acts or practices in commerce." Many practices cited in these guidelines do not constitute *deceptive* ones. But because of children's limited experiences and ingenuous natures, many commission staff members feel they do constitute *unfair* practices. (Deception can frequently be evaluated fairly objectively, but unfairness often leads to the murky waters of subjectivity.)

The government's new activism in the children's advertising area

[15]*Washington Report*, American Advertising Federation, Washington, D.C., August 31, 1973.

"In other words, we mustn't even try to fool some of the kids some of the time."

Cartoon by Sidney Harris. Copyright 1972, *Broadcasting magazine*; reprinted by permission.

was sufficient to put industry leaders and various trade organizations into a huddle. They wanted to devise some sort of compromise that would initiate reforms on a voluntary basis and convince the FTC that formal action would be unnecessary. The program that emerged was negotiated with the FTC and encompassed a far-reaching plan for reviewing children's advertising. It's known as the NAD/NARB Children's Unit.

Self-Regulatory Actions

A study of children's programing and advertising controversies over the years makes it clear that most reforms have resulted from self-regulatory efforts, accompanied by plenty of prompting from the

government. In recent years, reforms have come primarily from the advertisers and agencies themselves, the networks, the NAB Code Authority, and the new NAD/NARB Children's Unit.

NAD/NARB Children's Unit

In 1974, under the umbrella organization of the National Advertising Division of the Council of Better Business Bureaus and the National Advertising Review Board, the new NAD/NARB Children's Unit was formed. Participating in the organizational planning were industry representatives, consumer groups, and the Federal Trade Commission. An extension of the existing NAD/NARB, this self-regulatory mechanism is designed to expand self-regulatory activities in children's advertising, significantly. It is jointly sponsored by the American Association of Advertising Agencies, the American Advertising Federation, the Association of National Advertisers, and the Council of Better Business Bureaus.

The NAD reviews children's advertising in much the same way it handles other national advertising, but with two additional considerations: "(1) that how a child may perceive or respond to a commercial is at least as important—and perhaps more important—than truth and accuracy of the commercial by adult standards; and (2) that advertiser justification for his advertising will frequently consist of judgments of how children perceive the message rather than the more factual substantiation that would be the case with other types of commercials."[16] In addition to these standards, the new unit has established a special monitoring program to cover national advertising directed to children. Major advertisers cooperate in submitting prints of commercials at the same time they are first broadcast. A panel of consultants, expert in child behavior, review specific children's commercials, and it is available to provide advice on broader issues related to children's advertising.

Financial support for the NAD comes from the nation's major advertisers who would rather support a self-regulatory system than operate under what they consider the "yoke" of government regulation. The NAD is in the difficult position of biting the hand that feeds it. Thus, rather than attempting to initiate sweeping changes in children's advertising, it tends to pursue reforms on a case-by-case basis. It is obviously desirable for the NAD/NARB Children's Unit to operate with a large measure of autonomy and to be able to function free of political and economic pressures.

Code Authority of the National Association of Broadcasters

While the NAD/NARB Children's Unit was being formed, the nation's broadcasters were carefully considering their stake in the children's advertising controversy. The pronouncements from the FCC and the FTC did not fall on deaf ears.

Since the early 1960s, the NAB Code Authority has been involved in developing guidelines for advertising to children. Most reforms over the years have emanated from the Code Authority and from the networks' broadcast standards departments. Periodic revisions resulted in increasingly tougher guidelines. The Code's function as central clearance for toys and children's premiums has continued, but other problems have also had to be faced—time standards, separation of programing and commercials, the advertising of edibles, and others.

In the mid-1970s, the children's advertising guidelines were modified a number of times in an effort to correct some of the problems and to convince regulators that further action on their part would not be necessary. (These guidelines and interpretations of the NAB Code Authority are reproduced in the accompanying box 18.4.) The reforms were labeled inadequate by a number of consumer groups, but the FCC voiced general approval, with one exception. It was concerned

[16] *Self-Regulation of Advertising Directed to Children,* National Advertising Division, Council of Better Business Bureaus, May 15, 1974, p. 1.

that the new Code provisions affected only the networks and approximately 60 percent of the TV stations. Two-fifths of the nation's stations are not Code subscribers. Would they just go on their way, perpetrating the same old abuses? Leaders in the Association of Independent Television Stations (which represents many but not all of the remaining stations) announced that they would adopt guidelines that were "very close" to those of the Code Authority. The FCC praised the action.

Conclusions

A great deal has been said and written about the controversies of advertising to children. Although there is no lack of opinion, factual information is rather limited. The absence of sufficient research on the way children perceive and respond to advertising does not validate a policy of delay or inaction, however. Just because past abuses have not been *proved* does not excuse the perpetration of continued abuse.

Youngsters are special and deserve special protections. They are entitled to certain considerations and services. Although the broadcasting industry has always said it has a responsibility to children, it largely has been indifferent to their real needs and desires. The *quantity* of local children's programing has been steadily declining. At the network level, however, the revenue reaped from children's advertising has steadily increased even though profits have leveled off.

The government has had a less distinguished record in relation to children's advertising than the industry has. But all along the line there has been a remarkable agility in rationalizing and buck-passing. Reforms have been initiated when, and only when, political pressures are applied. Most of these pressures have come from consumer groups and from government officials who are either sympathetic to the views of consumer groups or are politically pressured themselves. The FTC and FCC, as "arms of the Congress," are pressure points, too. The FCC serves as a watchdog of the public interest aspects of the nation's broadcast services. It has consistently avoided (or tried to avoid) intervening in specific programing and advertising content because of First Amendment guarantees and because of the "no censorship" provisions of Section 326 of the Communication Act. Thus, in the children's area, the FCC is most concerned with time standards and total programing services. The FTC, on the other hand, prosecutes misleading and unfair trade practices. It is legitimately concerned with the specific content of advertising. Both agencies have made it clear that if the broadcasters and advertisers will regulate themselves, official action may not be necessary. (The commissions always say, of course, they have no intention of abrogating their statutory responsibilities.)

Broadcasters and advertisers move when sufficiently prodded. If they are not prodded, they do not move. Nonetheless, they have eliminated many undesirable aspects of children's advertising. Consumer groups believe that the industry has a long way to go, however, and that only official government action will suffice.

Yes, kids spend a great deal of time with TV and are affected by advertising—but just how, and to what extent, is not clear. Child psychologists agree that what is really important is the child's relationships and experiences with his family, in school, and with his peers. The hullabaloo over the Pink Panther or the Flintstones, and the ads that accompany them, is considered overblown by many people. Broadcasters and advertisers are not absolved, however, from the responsibility of presenting honest and worthwhile commercial programing.

The central question for some observers is whether advertising should be directed to children at all. This question is really a moral one, and like other moral questions, it often ends up with a political answer. Although the controversy over children's TV centers on weekend programing, weekends constitute less than 15 percent of the viewing time of the average child. The main concern should be the *total* use of TV and the extent of growth and enrichment children derive from their television experiences. This huge responsibility cannot be laid at the feet of any one group. It belongs collectively with parents, broadcasters, advertisers, government, and the general public.

18.4 Children's TV Advertising

National Association of Broadcasters Code Authority Statement of Principles Second Edition January 1, 1975

Because of special considerations for children, the following principles shall apply to all advertising designed primarily for children:

1. Broadcasters believe that advertising of products or services normally used by children can serve to inform children not only of the attributes of the product/service but also of many aspects of the society and world in which they live.

2. Everyone involved in the creation, production and presentation of advertisements to children has a responsibility to assure that such material serves a positive function and avoids being exploitative of or inappropriate to a child's still developing cognitive abilities and sense of values.

3. Creative concepts, audio or video techniques and language addressed to children, shall be nonexploitative in manner, style and tone.

4. Documentation adequate to support the truthfulness and accuracy of all claims and representations contained in the audio or video of the advertisement must be made available to broadcasters and/or Code Authority.

5. The disclosure of information on the characteristics and functional aspects of a product/service is strongly encouraged. This includes, where applicable, relevant ingredient and nutritional information. In order to reduce the possibility of misimpressions being created, all such information shall be presented in a straight-forward manner devoid of language or production techniques which may exaggerate or distort the characteristics or functions of the product.

6. Given the importance of sound health and nutritional practices, advertisements for edibles shall be in accord with the commonly accepted principles of good eating and seek to establish the proper role of the advertised product within the framework of a balanced regimen. Any representation of the relationship between an edible and energy must be documented and accurately depicted.

7. Any representation of a child's concept of himself/herself or of his/her relationship to others must be constructively handled. When self-concept claims are employed, the role of the product/service in affecting such promised benefits as strength, growth, physical prowess and growing up must accurately reflect documented evidence.

8. Appeals shall not be used which directly or by implication contend that if children have a product, they are better than their peers or lacking it will not be accepted by their peers.

9. Advertisements shall portray attitudes and practices consistent with generally recognized social values and customs.

10. Material shall not be used which can reasonably be expected to frighten children or provoke anxiety, nor shall material be used which contains a portrayal of or appeal to violent, dangerous or otherwise antisocial behavior.

11. Advertisements and products advertised shall be consistent with generally recognized standards of safety.

12. Nonprescription medications and supplemental vitamins products, regardless of how taken or administered, shall not be advertised in or adjacent to programs initially designed primarily for children under 12 years of age. (This prohibition does not apply to products which have been vitamin-enriched or fortified in accordance with accepted nutritional principles.)

In addition to the preceding Principles, all advertising designed primarily for children is subject to review under the standards contained in the Television Code. The Principles also supplement established Television Code guidelines, interpretations and policies which relate to various aspects of children's advertising.

Interpretations of the Statement of Principles Effective April 1, 1974

In response to questions raised about the application of certain Children's Television Advertising Statement of Principles to specific copy situations, the Television Code Review Board has issued the following interpretations of particular Statement of Principles provisions.

The Board urges all advertisers and agencies with products/services that are advertised primarily to children to review their existing and proposed children's television commercials to help assure that they meet the letter and spirit of the Statement of Principles.

The Principles become effective no later than January 1, 1974. The Television Code Review Board periodically will review developments in this area of advertising and issue, when necessary, additional interpretations. Advertisers, agencies, Code subscribers or other interested, responsible parties seeking clarification of the application of any of the Principles to specific copy approaches should address their requests for same to the Code Authority Director, 485 Madison Avenue, Room 1910, New York, N.Y. 10022.

Herewith are the interpretations:

1. The provisions (and interpretations) of the Statement of Principles apply to advertising designed primarily for children which is telecast during or adjacent to either Saturday and Sunday morning children's programs or other programs directed primarily to children.

2. Television advertisements designed primarily for children shall not direct children to purchase or to ask a parent or other adult to buy the product for them. (Principle #3)

3. In order to help assure that advertising designed primarily for children is nonexploitative in manner, style, and tone, such advertising shall avoid using exhortative and imperative language. It shall also avoid irritating, obtrusive or strident audio techniques or video devices such as cuts of less than one second in length, a series of fast cuts, special effects of a psychedelic nature (e.g., flashing colors, flashing lights, flashing supered copy). (Principle #3)

4. Commercials for products such as snacks, candies, gums and soft drinks shall not suggest or recommend indiscriminate and/or immoderate use of the product. (Principle #6)

5. Each commercial for breakfast-type products shall include at least one audio reference to and one video depiction of the role of the product within the framework of a balanced regimen. (Principle #6)

6. Special, enriched foods designed to serve as a substitute for a meal may be advertised as such provided: their purpose and nutritional value are featured in the advertising and supported by adequate documentation. (Principle #6)

7. The use of real-life authority figures/celebrities as product presenters shall not include their personal testimonials or endorsements.

Political Advertising

The Best Candidate Money Can Buy

19

"Let's clean up the mess in Washington!" declared General Dwight D. Eisenhower in his 1952 television commercials. A well-known Hollywood star, Robert Montgomery, coached Ike in camera techniques. The former General of the Army became the first presidential candidate to use television in a significant way, and a major advertising agency, Batten, Barton, Durstine & Osborn, handled the campaign details.

Twenty years later the mess in Washington boiled over. Campaign tactics were only part of the Watergate scandals, but they demonstrated the complex problems surrounding political advertising—including the use of the broadcast media.

Americans have long relied on the broadcast media to bring political news into the home. One of radio's most famous early broadcasts was the Cox-Harding 1922 presidential election returns on KDKA, Pittsburgh. Although only a few heard the broadcast, its impact was enormous. By the 1930s Franklin D. Roosevelt had become a skilled radio user. He employed the medium in his 1936 campaign and later in the famous "fireside chats."

Through the following decades, candidates for public office at all levels increasingly relied on the electronic media to help win elections. By 1968, radio and TV messages were primary campaign strategies; candidates spent almost $60 million in those media to reach voters. With this increasing reliance, problems regarding the appropriate use of the media in political campaigns multiplied. In spite of escalating costs and public criticism of advertising techniques that "packaged" candidates for sale to the voters, candidates have been reluctant to decrease or eliminate their use of the broadcast media.

Advantages of the Broadcast Media to Candidates

Undoubtedly the greatest advantage the broadcast media offer the candidate is the opportunity to go directly to the people, and to do so on an immediate and personal basis. Years ago, the politician relied on staged rallies, party machinery, volunteer campaign workers, and a variety of printed campaign materials. These tools are still important today, but radio and television have proved to be vital in winning many races.

What benefits the commercial advertiser (see Chapter 6, Media Planning) also benefits the political advertiser. Radio is considered especially effective in reaching audiences largely missed by television, newspapers, and magazines. The demographic selectivity possible in radio (because of the proliferation of stations) has enabled time to be purchased on stations delivering a target audience. For example, the youth vote may be available in large numbers on rock stations,

or a blue collar audience may be reached on Country-Western stations. Since radio is one of the less expensive media, it is particularly favored by candidates with limited budgets. Radio also provides a "news forum" for the candidate. Many stations broadcast talk shows and invite listeners to phone in. Those who participate may be candidates themselves, or members of their volunteer organizations. In addition, a well-organized campaign committee will provide radio stations with taped "actualities"—short news items about a candidate that can be easily inserted into regular newscasts.

Television offers candidates tremendous opportunities, and many observers say the medium has revolutionized politics. The mass coverage of television means that voters can be acquainted with an "unknown" and that favorable impressions can be created. Further, TV serves as an extension of the candidate. Television is an intrusive medium that reaches people on a personal, intimate, and emotional level.

Direct access to voters through broadcasting is a primary asset to candidates. Prior to the advent of television in politics, voters too frequently did not have the information necessary to make independent decisions. Most voters held allegiance in some degree to one of the major parties, and they voted for their own partisan candidates. Television, however, enables a candidate to circumvent a party, if necessary, and speak directly and effectively to the person who marks the ballot. Television also provides a way to circumvent a hostile or uninterested press.

For the candidate who is articulate, poised, and confident in front of a camera, TV offers rare opportunities. The medium is ideal for the charismatic candidate with the toothy smile and the handsome profile. If the candidate is known from some other walk of life, so much the better. One experienced political consultant described his experience as follows: "A semi-retired, but still handsome, silver-haired movie actor and I sat up one night discussing the premise that if charisma was the most potent factor in winning elections, then why shouldn't a handsome, good-guy movie star with twinkling eyes be the epitomy of all that was happening? We decided the idea was worth pursuing. Starting with a campaign war chest of $1,000, and despite the derision of other politicians in California, a year later George Murphy became a U.S. Senator—much to everyone's surprise, especially mine."[1]

Criticisms of Political Advertising in the Broadcast Media

To recite all the criticisms directed at political advertising in the various media—including broadcasting—would take many pages. For the most part, however, the complaints can be traced primarily to two problems: the *use of the media* and the *cost of campaigns*.

Use of the Media

Smear tactics, demagoguery, half-truths, "weasel" words, and unfair implications are just some of the abuses with which political advertising has been charged. These abuses are not unique to the electronic media. They have all been perpetrated in all the media at one time or another.[2]

What are the particular concerns that arise from political advertising in the broadcast media? One of the greatest concerns is the "packag-

[1]Sanford L. Weiner, Weiner & Company, San Francisco, address to the American Association of Political Consultants, Washington, D.C., January 22, 1975.

[2]One of the dirtiest presidential campaigns was between Grover Cleveland and James G. Blaine in 1884. The scandal over Cleveland's illegitimate daughter was capitalized on by his opponent's organization; it started a chant that was soon heard all over the country: "Ma, Ma, Where's My Pa? Gone to the White House, Ha, Ha, Ha." Cleveland's organization came up with a reply: "Blaine, Blaine, James G. Blaine, the Continental Liar from the State of Maine."

ing" of candidates in 30- and 60-second commercials. Many people are appalled at the prospect of the country's political leadership being "sold like soap" to radio and television audiences. Campaign managers admit that it *is* possible to sell a candidate as something he or she is not, especially in lesser races that do not enjoy heavy news coverage. The short length of the commercials tends to accentuate features about a candidate that may not be relevant. Good looks and an articulate manner may supercede knowledge and experience. Imagery replaces information, and audiences are left with an impression—not solid information. Television does relatively little to illuminate the issues in short announcements. The strategy is to evoke an emotional reaction to the candidate. One campaign manager said, "The candidate needs to be liked more than understood. We have to capture the heart, not the head."

Many campaign managers, on the other hand, stoutly deny that image can replace substance in political campaigns. Especially in the post-Watergate era, voters are not trusting and will not buy glossy but shallow images of candidates. The president of a major advertising agency that has handled several U.S. Senate campaigns stated, "What we cannot do is create. We can't make the voters believe that a dummy is smart, a bent man straight, a follower a leader, a bad man good."[3] A principal in the November Group, a specially organized agency that handled Richard Nixon's 1972 reelection campaign, stated, "We never presented Nixon as an honest man; we presented him as a competent one."[4]

The Costs of the Media

In the 1920s Will Rogers once remarked, "Politics has got so expensive that it takes lots of money to even get beat with." One wonders what this gentle humorist would say about the costs of campaigning in the 1970s.

Political advertising expenditures in the broadcast media alone totaled $60 million in 1968; the amount was the same in 1972.[5] Total campaign costs—including staff salaries, volunteer organizations, office space and equipment, travel, printing, and a multitude of other expenses—run into the hundreds of millions. Any office seeker requires a sizeable war chest. If the candidate is not personally wealthy (or even if he is), where does the money come from? The answer is sobering: in past American campaigns more than 90 percent of the money given has been from less than 1 percent of the population.[6]

Campaign managers admit that for good or bad, every contributor has a motive. Contributions are an *investment.* "The money is obtained from where it's at, which is primarily large corporations and financial institutions. Their campaign 'contributions' are really not that at all; they are investments in licenses to govern the government, or, if you prefer, to translate economic power into political power. Being prudent, the investors take out insurance, by, for example, investing in both political parties at once."[7]

In addition to large contributions made by business, many other major special interest groups make sizeable investments. Political action arms of labor unions and a number of professional organizations are examples. Some money, however, is donated by "social contributors," who do not seek any special favors, but who love to feel that they are participating in the excitement of politics. They crave an invitation to a White House dinner, a slap on the back, and proof that they are the friend of an important official. Now, however, new legislation limits the amount that can be contributed by individuals to candidates for

[3]Frederic Papert, Papert, Koenig, Lois Companies, Inc., "Good Candidates Make Advertising Experts," *The Political Image Merchants: Strategies in the New Politics* (Washington, D.C.: Acropolis Books, 1971), p. 97.

[4]Phillip Joanou, Interview, Los Angeles, January 27, 1975.

[5]*Broadcasting,* May 14, 1973, p. 25.

[6]*Open and Accountable Government,* Common Cause Report, Washington, D.C., vol. 4, no. 9 (September 1974): 5.

[7]Morton Mintz and Jerry S. Cohen, *America Inc.: Who Owns and Operates the United States* (New York: The Dial Press 1971), p. 151.

federal office. Thus, large donations from the wealthy are declining—a trend undoubtedly accelerated by general disillusionment with election politics. That disillusionment has also affected small contributors.

Political Campaigns

Because a candidate cannot function without help, and lots of it, many candidates have turned to advertising agencies for assistance in conducting their campaigns. Some agencies, however, have a policy that precludes any political clients. Their managements feel that a political campaign, which by definition is a wild and woolly business, disrupts regular agency work too much. They reason that if clients felt they were given short shrift by staff busy on a political account, they would complain. Agencies may feel that such an account may alienate clients who are not of the same political persuasion. They are also reluctant to ask their own people to work on a campaign if they are not "real believers." Most political campaigns are terribly time-consuming and require constant changes in response to fluctuations in the political situation. For all of these reasons, candidates seeking professional advertising assistance have often been referred to agencies that specialize in political campaigns.

The development of professional political management firms began in the 1940s and has increased over the last thirty years. These political consultants or "campaign packagers" serve the function of an advertising agency (and more) in handling political accounts. They conduct research, develop the creative strategy, devise media plans, buy time and space, and assist with the organization, publicity, and a multitude of campaign details. Whether in a regular advertising agency or in the firm of a political consultant, these staff members face horrendous problems and fascinating challenges.

The most important aspect of the campaign is whether the candidate is an incumbent or a challenger. The advantages enjoyed by an incumbent are considerable. Since political parties rarely desert an incumbent, the office holder can make use of the established party structure. An incumbent rather than challenger status means that it is infinitely easier to raise money, especially if the candidate holds a key position in determining "pocketbook" legislation. Other advantages accrue to the incumbent. A paid staff and office space really constitute a campaign subsidy. Franking privileges permit an elected official to mail reports and the like to his constituency free of charge. A "report from the Capital" to all the fine folks back home can laud the virtues of the incumbent, even though the mailings are not supposed to be political propaganda or mailed within 28 days of an election.

Elected officials always find it easier than their opponents to obtain news coverage. In many cases, what the incumbent says and does *is* news. (*Bona fide news* coverage of political candidates is *not* subject to the equal time provisions of Section 315 of the Communications Act of 1934. Refer to the reprint of this section on page 337.)

The political advantages to the incumbent are built into the system and protected by the incumbents themselves. The proof lies in the overwhelming proportion of officials who win reelection. In the 1970 election, for example, *Broadcasting* magazine analyzed the FCC report, *Survey of Political Broadcasting,* and noted that 97 percent of the incumbents who ran for reelection in the U.S. House of Representatives won; 83 percent of the incumbent senators won; and 75 percent of the incumbent governors were returned to office.[8]

For political challengers, the most difficult problem is invariably raising money. Large donations usually come with strings attached. For an advertising agency or a political consultant handling the campaign of a challenger, the uncertainty of financing makes planning almost a day-to-day business. What can be accomplished depends entirely on how much money is available to do the job. In addition, challengers are rarely as well known as incumbents, and the problems of obtaining news coverage and moving the candidate around for greater public

[8]*Broadcasting,* July 5, 1971, p. 34.

exposure pose real headaches. The campaign exacts a heavy toll on funds and the candidate's stamina. Challengers are often unable to gather the money, organization, and staff early enough to meet the already formidable odds of beating an incumbent.

Developing a Marketing Strategy

In many ways, the preparations for a political campaign are similar to those that must be made for any other advertising campaign. The most important differences (and problems) arise because of time limitations, uncertain availability of funds, and low voter interest.

A limited number of weeks are available for campaigning before election day, and usually an enormous job must be squeezed into a short time span. For the candidate running behind, unfortunately, the election date cannot be postponed.

Money is always a problem for candidates—whether seeking high office or a spot on the town council. As a result, the campaign strategists must come up with a number of alternatives, in case campaign donations are less than expected, or in the happy event the candidate discovers some generous supporters.

Political campaigns traditionally attract low voter interest. A 30-year record of voter participation in congressional elections showed that in presidential election years the percent of eligible voters who cast ballots never reached 60 percent; in nonpresidential election years the turnout never reached 50 percent.[9] Only occasionally will a race or an issue generate widespread attention. Most of the names and most of the ballot issues are unexciting to voters, and this wall of apathy makes it especially difficult to develop a campaign.

Most political professionals use the same kind of preliminary marketing research steps that are used in commercial campaigns, except that the public is analyzed as voters, not as consumers. The campaign managers attempt to learn as much as possible about the *quantitative* aspects of the "market," and also the *qualitative* aspects. The former includes voter registrations, voting trends, voter turnouts, swing voters, population shifts, and all the other data that are available in public records. If there is enough money and staff, this information is analyzed right down to blocks within a precinct. The qualitative aspects include analysis of voter attitudes, concerns, and perceptions of candidates and issues. Some of this information is obtained in polling, which was first used extensively in the 1930s with the Gallup organization. Other professionals—especially those who are politically "savvy"—gather their own data.

Based on this marketing research information, campaign managers evaluate their candidates and the current political situation as objectively as possible. The candidate and his stand on various issues are analyzed in light of voters' attitudes. (Many times what the candidates have on their minds is not necessarily what the voters have on theirs.) Polls are useful in many instances, but sometimes they have been misleading. The sampling techniques may be appropriate, but the respondents may not give honest answers. A housewife interviewed by a pollster may reply that she is terribly concerned about foreign aid. What her real concern may be is the family's rising food bill and job security for her husband. Most campaign managers try to find areas in which a candidate's stand on issues and his or her particular strengths coincide with voters' *real* concerns.

Developing a Creative Strategy

Professional campaign managers agree that the most important apsects in a successful campaign are the abilities of the candidate; how the candidate handles the press, volunteers, and voters; and the credibility and image portrayed by the candidate in the media. Many candidates avoid building an entire campaign based on issues, because most political problems of any significance are very complex. Candidates rarely

[9] *Electing Congress, The Financial Dilemma* (New York: The Twentieth Century Fund, 1970), p. 11.

have the time or opportunity to explain fully their stand, and most people wouldn't be interested anyway. By avoiding taking a position on emotional issues, a candidate will not alienate any major segment of voters or give an opponent an opportunity to distort his views. Campaigns built on candidates' experience, personalities, or some other aspects of their lives are obviously "safer."

The radio and television commercials developed for candidates over the years have run the gamut. Some have been informative, some persuasive, others ridiculous; the few that have used "dirty tricks" make the sins of commercial advertising pale in comparison.

What kind of commercials should be developed? What should be said? What shouldn't be said? These are tough questions, and the wrong answers can lose an election. Whatever the format of the commercials, the prime requisite is credibility. The candidate must "come off" as believable. Audiences know the messages are bought, and an automatic response of cynicism may be neutralized to some extent by a commercial that presents a candidate in an honest way.

1. *Issue-oriented commercials* are ordinarily developed on the basis of what they demonstrate about the candidate. The issue may or may not be of critical interest to voters, but what is important is the *image* evoked by the candidate as he presents his views on zoning restrictions, school bonds, or whatever. One critical decision is whether to use the voice of the candidate or an announcer. If the candidate is articulate, then a direct presentation may be best; if he or she is not a compelling talker, then a voice-over announcer can probably explain the candidate's view more effectively. For example, a commercial might show a candidate touring a sewage treatment plant while viewers hear an announcer explain the candidate's stand on pollution problems.

2. *Minidocumentary commercials* are primarily expository in nature and not issue-oriented. A "newsreel" technique is often used, especially for unknowns, and the purpose is to acquaint the voter with the candidate. If properly constructed, it can convey a great deal of information about the candidate, his background, experience, and so forth. Today, however, many professionals consider this technique out-of-date.

3. *Confrontation commercials* have been extremely popular and can utilize a number of formats. The "shirt sleeve" approach involves filming or taping a candidate in conversation (or confrontation) with various kinds of voters who ask questions or challenge the candidate. The way in which a candidate handles this situation determines (a) whether this technique should be used at all, and (b) the total impression this "confrontation" will make on the audience. Some confrontation commercials have the candidate looking straight into a camera lens. In this situation, the home viewer is not witness to a confrontation, but is, in fact, confronted himself. If the candidate is personable, and also comfortable and convincing while addressing a camera (and thus the home viewer), the commercial can be very effective. They're also inexpensive! Campaign managers are often wary of this technique, however, because few candidates can pull it off. Viewers at home may prefer to be a "fly on the wall" in evaluating the candidate. Since a direct confrontation forces the viewer into a judgment, the voter may not respond favorably in an uncomfortable staged situation.

4. *Musical-production commercials* are definitely out of favor. Many people deeply resent the slick flim-flam of music and song. The messages create an image, but they make no statement about a candidate beyond the more florid generalities. (In Spiro Agnew's race for governor of Maryland, a musical-production commercial showed Agnew trotting up the steps of the Capitol, waving and smiling to a friend, walking jauntily down a hallway, and never saying a word. The TV viewer at home heard only a chorus singing, "Ted Agnew is our kind of man!")

5. *Endorsement commercials* have been used successfully, particularly for unknown candidates. Although a respected and well-known community leader can give an office seeker an important boost, endorsements can also backfire—for obvious reasons. Most voters are unable or unwilling to dissociate their impressions about a candidate from their impressions of an endorser. Endorsement commercials often seem contrived, and thus the endorser may lose as many votes as he gains for a candidate. Some strategists try to use top opinion leaders, but others believe "man-in-the-street" endorsements are more convincing.

The above are just a few of the many kinds of commercials commonly used in political broadcast campaigns. Almost any commercial

format can be used, as long as it is feasible in terms of deadlines and budgets. By and large, however, most political commercials can be categorized as *identification* commercials and *selling* commercials.

Identification commercials, obviously important for an unknown challenger, are used in the early phases of a race. Some strategists develop three campaign stages for unknown candidates. Identification commercials are used, for example, six to seven weeks before the election. The purpose is to acquaint the voters with the candidate and develop name recognition. After several weeks the commercials are changed to emphasize a candidate's stand on an issue with large voter interest or to draw a favorable comparison with the opponent. These commercials are less concerned with identification and more concerned with persuasion. The final weeks are devoted to selling commercials, those designed to hammer home the name, to urge support, and to ask specifically for votes.

Dirty Tricks

Some of the nastiest campaign techniques have arisen in political advertising, not commercial advertising. (Only politicians can get away with it!) Dirty tricks have been used in political races for many years. Direct mail is a favorite medium for this purpose. Last-minute mailings, sent anonymously a few days before the election, have been used to stir up prejudices, spread lies, and smear opponents. Phony letterheads, or those that disguise the real source, are used. In the broadcast media, of course, stations are required to know the source of political commercials and also the organization paying for the time. On the air, all political commercials must be announced as "Paid for by . . ."

The manager of a radio or television station is in a different position from that of a newspaper or magazine publisher. The Communications Act of 1934 requires stations to make available reasonable amounts of time for sale to political candidates for federal office. The publisher, by contrast, may refuse to sell space to political candidates.

What about the circumstance of the station manager who sells time to a candidate and then auditions the commercials and discovers that they are vicious, misleading, and smear the reputation of the opponent? The Communications Act forbids a licensee from censoring the remarks of political candidates. A famous case heard by the Supreme Court in 1959 resulted in a judgment that broadcast licensees are immune from libel damages resulting from broadcasts by candidates.[10] The station manager may only resort to moral persuasion in discouraging dirty trick commercials.

Unfortunately, dirty tricks often work, and they have been used many times in the broadcast media. Not only candidates in local races, but those seeking high office, have resorted to these vicious techniques. In 1964, when President Johnson ran for reelection against Senator Barry Goldwater, commercials supporting the President used scare tactics in meeting the Goldwater challenge. The senator's opposition to a nuclear testing ban was distorted in the famous TV commercial developed by the advertising agency Doyle, Dane, Bernbach. Viewers watched a little girl counting petals on a daisy. In the distance an atom bomb exploded. Next, another little girl licked an ice cream cone while a voice over announcer said, "Children shouldn't have strontium 90 . . . But there's a man who wants to be president and if he's elected they might start testing all over again."[11]

In a Utah Senate race between incumbent Frank Moss and challenger Laurence J. Burton, the TV commercials of the latter resulted in a famous controversy over dirty tricks. This was a case of both distortion and omission of facts. In one commercial, film clips of students rioting in Chicago and Washington were shown. The voice over an-

[10]Farmers Educational and Cooperative Union of America v. WDAY, Inc. 360 U.S. 525 (1959).

[11]Gene Wyckoff, *The Image Candidates* (New York: Macmillan, 1968), p. 7.

nouncer said, "These misfits who hurl obscenities and try to prevent free speech are tearing at the very fabric of our society. During the moratorium last fall in Washington when demonstrators were rioting, my opponent sent them a telegram endorsing the purpose and the spirit of the demonstration and said, 'Your cause is just.' "[12]

Moss had sent the telegram, but it was to student leaders in Utah leading a peaceful protest. His campaign staff was quick to point out that only a portion of that telegram was quoted in the Burton commercial. The rest of it read, "It is my belief and hope that the march and ceremonies will be thoughtful and nonviolent. Only in this way can the fullest impact be made. Your cause is just—present it with dignity and conviction. . . ."[13]

The Fair Campaign Practices Committee (FCPC) in Washington monitors national and local elections and serves as a clearing house for information to the public. The committee also arbitrates complaints about campaign tactics. Between 1966 and 1972, the FCPC reported that complaints about "misinterpretation, distortion or falsification of the facts" rose from 35 to 62 percent of all the complaints received.[14]

Campaign Reforms

All the dirty tricks, and the resulting public disgust with political campaigns, have resulted in a variety of reform proposals. Some are practical and politically feasible; others are idealistic nonsense. A few have been enacted into law.

[12]Samuel J. Archibald, ed., *The Pollution of Politics* (Washington, D.C.: Public Affairs Press, 1971), p. 38.

[13]Ibid.

[14]*Dirty Politics 1972, A Report for the Fair Campaign Practices Committee* (Washington, D.C.: n.d.), p. 3.

The major problem in legislating campaign reforms is that such reforms risk collision with First Amendment protections. In an open democracy that functions through open elections, serious curtailments on the actions and remarks of candidates are bound to end in a Constitutional challenge. As a result, most of the reforms that have been implemented pertain to campaign donations and campaign spending. Because the airwaves belong to the public, some legislation has affected broadcasting and not the other media. Other proposals for reforms are pending. It would be impossible to recite them all in this chapter, but what follows are some of the most important reforms, proposed and actually implemented, that affect the broadcast advertising industry.

The Five-Minute Minimum

Both broadcasting and advertising executives, as well as many politicians, have proposed that stations be required to sell time to candidates in increments of no less than five minutes. The purpose would be to do away with spot announcements that "package candidates like soap." A five-minute program would allow the candidate the opportunity to ventilate views on important issues and to communicate a political philosophy. Audiences would have infinitely more information on which to base their judgments than they ever glean from brief commercials. This reform would bring some dignity to political advertising and instill a greater sense of responsibility in those who develop the campaigns. Many believe it would be impossible, or very difficult, to sustain an effective smear of an opponent, or to skirt the issues in this longer program format.

"Hell, we can lie in five minutes just as well as we can in 30 seconds, maybe better," said one campaign manager. "The time devoted to political advertising has nothing to do with credibility. Is a 30 second commercial 'evil,' and a five-minute program 'honest?' "

Most opponents to this proposal base their objections on quite

another fact of voter behavior: audiences won't watch or listen. Audience data on political programs over the years show that the bottom drops out in rating levels when regular entertainment programs are "interrupted" for political programs. If audiences are sufficiently irritated with these interruptions, a backlash against a candidate may develop. The people who do stay in the audience are those who are already predisposed toward the candidate. The program may be reinforcing to them, but it does not achieve its real goal: to reach the swing voters who make the difference between winning and losing elections.

Most broadcasters prefer to sell announcement time, rather than program time. They are apprehensive about mass desertions of audiences, and a major "tune-out" can affect the rating level of the station for the remainder of the evening. In addition, regular programing must usually be edited so that a short political program can be accommodated.

One way to lick the tune-out problem is by presenting simultaneous programs on every station in a market. Voters are exposed to the message regardless of the station tuned. The only alternative is to desert the set. This media strategy, however, is prohibitively expensive for most candidates and very difficult to arrange.

Media strategists know that audience "reach" is better with spot announcements than with programs. Since candidates want to reach as many voters as possible, flights of announcements are far more efficient than a few longer programs. In the 1956 presidential election campaign, for example, 85 percent of the TV expenditures by the two candidates (Eisenhower and Stevenson) was invested in program buys. By 1968, the strategists had effectively preached media efficiency to the decision makers, and program buys had dropped to 52 percent of the total TV expenditures. The remainder went to spot announcements.[15]

[15]Delmer D. Dunn, *Financing Presidential Campaigns* (Washington, D.C.: The Brookings Institution, 1972), p. 35.

Spending Limits

Is American political life to become the province of only the wealthy—those whose personal fortunes enable them to "buy" an election through the sheer weight of their advertising campaigns? Will those who are not wealthy find that their only chance to win is through massive contributions from special interest groups? Are politics losing the most qualified men and women who turn to other, less "tainted" professions? These serious questions have prompted a number of proposals, some of which have been enacted into law, regarding spending limits and public financing of political campaigns.

Those who favor spending limits present a strong case. Such legislation would prevent tremendous expenditures by the wealthy who launch major advertising campaigns, particularly on TV, in order to be elected. Lesser known candidates without great wealth might have a better chance if affluent candidates were not permitted to spend more than a given amount. Special interest groups—big business, big labor, government contractors, and various lobbies—would also be prevented from contributing inordinate sums to the campaigns of their favorite candidates. Another advantage would be the equalization of opportunities between incumbents and challengers. An incumbent, who finds it relatively easy to raise money, could no longer overpower a challenger if both operated under the same spending limits.

Opponents to spending limits are quick to point out that candidates who have attempted to buy an election have often been unsuccessful. In 1970, for example, industrialist Norton Simon spent lavish sums in his campaign for the Republican senatorial nomination in California. In spite of massive spending, Simon lost to incumbent George Murphy. In the same year, Howard Metzenbaum used a TV blitz to win the Ohio Democratic Senatorial nomination from former astronaut John Glenn, but the millionaire lost the general election. In both the Ohio and California contests, the losses were attributed to voters' resentment of wealthy men trying to buy an election.

These races are exceptions, however, because money talks. With a saturation advertising program, people are bound to hear. They usually vote for a familiar name, and heavy political campaign spending can produce that recognition.

Other complaints about spending limits are that they are unenforceable and probably unconstitutional. If a candidate is wealthy and wants to run an extensive campaign, where in the Constitution is the authority for preventing that candidate from spending as much as he or she wants to?

Limits on Contributions and Public Financing

Reform proposals also deal with the maximum sums that can be donated by any individual or organization. The goal is obviously to lessen the influence of special interests and to free candidates from obligations to major contributors. Until the 1970s, the only significant law on the books regarding campaign contributions was the *Federal Corrupt Practices Act of 1925*. A limit was established on the sum a single contributor could give to a single campaign committee. As a result, candidates established a multitude of committees. The law forbade corporate contributions, and so corporate executives gave on a personal basis. Labor unions were not permitted to donate to campaigns, and so political action committees (an adjunct to the unions) were organized. These committees donated union funds to sympathetic candidates. The effectiveness of this 1925 law has been a political joke.

New legislation in the 1970s imposed limits on contributions and additionally opened the door to public financing of political campaigns. Public financing is considered by many to be an ideal solution to the deleterious effect of private contributions in political campaigns. Candidates would have available to them a specified amount of money, derived from the voluntary $1 checkoff on individual income tax returns. The result, claim the proponents, would be to eliminate politicians' obligations to big contributors. Candidates would be more responsive to the people, and the political base would be broadened. More highly qualified people would be attracted to political life knowing they would not have to risk their personal resources or sell their souls in order to seek election. Public financing would also help equalize the inequities between incumbents and challengers. If campaigns were primarily funded with public monies, and if there were spending limits too, incumbents would no longer be able to become as firmly entrenched and essentially unbeatable as they have been. They would have to remain responsive to the concerns of their constituencies.

As with spending limits, public financing has many critics; their concerns are legitimate. At the present time, public financing is established for presidential and vice presidential campaigns. What next? How far are the American people expected to underwrite the political ambitions of people who seek office? Will public financing be extended to the U.S. Congress, races for governor, state legislature, city councils, and county dog catcher? Why should public monies be used to support the incompetent and unqualified who run for office on an ego trip? Public financing, say its detractors, will weaken the two-party system that has brought political stability to this country. In addition, it will hurt the chances of a third party challenge, since the amount of public financing would probably be predicated on the number of votes a party won in the last election. More challengers would undoubtedly be elected (not necessarily a bad thing), but this would mean less continuity in government. Public financing, claim the critics, would institutionalize politics and pose a serious threat to a tradition of free, open campaigns.

Other Reforms

Many other reforms have been proposed. Some are feasible; others appear to be unworkable or possibly unconstitutional. The proposals that directly affect the broadcast media include the following:

1. Require the broadcast media, as licensees of the public's airwaves, to charge no more than their lowest unit rate for political advertising time. (This proposal became law in the *Federal Election Campaign Act of 1971* and pertains to candidates running for office at *any* level of government—federal, state, or local.)

2. Require broadcasters to sell political advertising time for 50 percent of their lowest rates. Broadcasters would then be allowed to deduct amounts equal to the dollar value of the discounted time from their total taxable income.

3. Require *all* media to charge only their lowest unit rate to political candidates.

4. Require broadcasters to make available specified amounts of free time to political candidates.

5. Require both commercial and noncommercial broadcasters, including networks, to make time available to candidates on a *simultaneous* basis.

6. Authorize the FCC to institute new regulations of cable television that would permit the maximum use of these facilities for political communication.

7. Suspend Section 315 of the Communications Act of 1934 in order to free stations of the equal-time provisions that pertain to political candidates. This action would permit stations to *donate* time to major party candidates and to be free of demands for like amounts of time from a multitude of splinter party candidates. The results would be far greater exposure for major party candidates and a lessening of the candidates' burden to raise huge sums to buy broadcast time. (Section 315 was suspended one time by Congress in order to permit the broadcast of the Kennedy-Nixon debates in the presidential race of 1960. Stations that carried these famous confrontations were not subject to equal time demands from splinter party candidates running for the presidency.)

8. Modify Section 315 to expand the meaning of broadcast *use* by a political candidate to include uses "on behalf of a legally qualified candidate." Unless the candidate—in voice, image, or both—is actually on the air, the present provisions of Section 315 do not apply. The equal-time provision, the requirement of stations to sell time at the lowest unit rate, and prohibitions against censoring political commercials or programs apply only if the candidate is "used" in a commercial. Many officials, including former FCC Chairman Dean Burch, have urged Congress to sew up this loophole.

Federal Legislation Enacted in the 1970s

In response to extensive criticisms about political campaign practices, and because of the dramatically rising costs of running for office, two major campaign reform laws have been enacted since 1970: the *Federal Election Campaign Act of 1971* and the *Federal Election Campaign Act Amendments of 1974*.

Federal Election Campaign Act of 1971

Limits on campaign spending, public disclosure of contributions, and a number of important requirements of broadcasters constituted the most important aspects of this law.

For candidates running for *federal* office (president, vice president, and both houses of Congress), the new law imposed a ceiling on expenditures equivalent to ten cents times the voting age population in the applicable geographic area. To illustrate, candidates for the House of Representatives could spend ten cents times the voting age population (VAP) in their congressional district. In relatively sparsely populated areas, if the total came to less than $50,000, a candidate could spend up to that amount. Candidates for the U.S. Senate could spend ten cents times the VAP in each state. Candidates for president and vice president could multiply the VAP in 50 states (plus the District of Columbia and Puerto Rico) by ten cents to establish a spending limit. The limits pertained to spending in each primary, and in each special election, or general election. (The 1974 law changed the formulas.)

Spending limits imposed by the 1971 law affected media expenditures only. They were not placed on activities devoted to other purposes, such as campaign materials, transportation, public opinion polls, and the costs of *producing* advertising materials.

An important aspect of the 1971 law in relation to broadcasting dealt

with the limits candidates for federal office could spend in the broadcast media. No more than 60 percent of the total permissible expenditure could be spent in radio, television, or cable television systems. The broadcasting industry was very critical of this limitation, charging unfair discrimination. If a candidate for federal office chose to do so, he could spend 100 percent of his limit in the print media. (This 60 percent limit was repealed in the 1974 law.)

The 1971 law also required that broadcasters charge *any* candidate running for *any* elective office the station's lowest unit rate "for the same class and amount of time for the same period." The lowest unit rate applies only to broadcast buys during a 45-day period preceding a primary election and a 60-day period preceding a general election. This provision was designed to decrease advertising costs to candidates. The rationale was that since the airwaves belong to the public, it would clearly be in the public interest to provide candidates with as much access as possible in reaching voters. The print media, however, were *not* included in this requirement. Such an imposition on newspapers, magazines, and other print media, owned by private business, would risk a head-on collision with First Amendment protections.

Disgruntled broadcasters also complained about a new provision that required them to secure a certificate from federal office candidates who bought time for political advertising. The certificate was to state that a candidate's purchase of time would not exceed the spending limitations imposed by the new law. Broadcasters charged that this additional paperwork was not their appropriate responsibility. In addition, they argued that the requirement for station operators to become involved in "policing" candidates put them in an untenable position; another mechanism should be developed to serve as watchdog on candidates' spending. (It was when the 1974 law superseded this provision.)

The 1971 law added an important provision to Section 312 of the Communications Act of 1934: the FCC was empowered to revoke any station license "for willful or repeated failure to allow reasonable access to or to permit purchase of reasonable amounts of time for the use of a broadcasting station by a legally qualified candidate for federal election office on behalf of his candidacy." Stations that "didn't want to get involved" no longer had the option of refusing to sell time to candidates for president, vice president, or the U.S. Congress.

Federal Election Campaign Act Amendments of 1974

In a post-Watergate effort to bring reform to the campaign process, Congress passed the *Federal Election Campaign Act Amendments of 1974*. The major features of the new law limit both expenditures by, and contributions to, candidates running for federal office. Certain restrictions and disclosure requirements deal with various types of contributions. Limited public financing is now available for candidates for president and vice president, and a Federal Election Commission has been established that is responsible for implementing laws regulating campaigns for federal office. Spending limits provide that presidential candidates may spend up to $10 million in the primaries, and $20 million in the general election.

Candidates for the Senate are limited to spending eight cents times the voting age population in their state or $100,000 (whichever figure is higher) in primary races, and twelve cents times the VAP or $150,000 (whichever is higher) in the general election. Candidates for the House may spend $70,000 in both primary and general elections. (These provisions supersede the 1971 law.)

Contributions from individuals are limited to no more than $1,000 per candidate in each primary, runoff, and general election. Total contributions by any one individual to all candidates may not exceed $25,000. Organizations, such as labor union political committees and industry lobbies, may contribute no more than $5,000 to any one candidate in each primary, runoff, and general election. There is no limit to the number of candidates to whom these groups may contribute. Contributions that exceed $100 require public disclosure of the name,

address, and place of occupation of the contributor. Cash contributions or expenditures in excess of $100 are prohibited.

The $1 checkoff on federal income tax returns allows voters the option of contributing this modest sum to a fund dedicated to public financing of campaigns for candidates for *president and vice president only*. In order to qualify, a candidate must raise $100,000, with $5,000 each from 20 states in contributions of $250 or less. The sum of $100,000 raised by the candidate will then be matched by the special fund. In addition, matching monies are available for every additional $250,000 raised by the candidate, up to $5 million. Candidates running in primaries may not spend more than $10 million to win a nomination for president or vice president. Those who win nomination can

19.1 Section 315* Communications Act of 1934

315. (a) If any licensee shall permit any person who is a legally qualified candidate for any public office to use a broadcasting station, he shall afford equal opportunities to all other such candidates for that office in the use of such broadcasting station: *Provided,* That such licensee shall have no power of censorship over the material broadcast under the provisions of this section. No obligation is imposed under this subsection upon any licensee to allow the use of its station by any such candidate. Appearance by a legally qualified candidate on any—

(1) bona fide newscast,

(2) bona fide news interview,

(3) bona fide news documentary (if the appearance of the candidate is incidental to the presentation of the subject or subjects covered by the news documentary), or

(4) on-the-spot coverage of bona fide news events (including but not limited to political conventions and activities incidental thereto),

shall not be deemed to be use of a broadcasting station within the meaning of this subsection. Nothing in the foregoing sentence shall be construed as relieving broadcasters, in connection with the presentation of newscasts, news interviews, news documentaries, and on-the-spot coverage of news events, from the obligations imposed upon them under this chapter to operate in the public interest and to afford reasonable opportunity for the discussion of conflicting views on issues of public importance.

(b) The charges made for the use of any broadcasting station by any person who is a legally qualified candidate for any public office in connection with his campaign for nomination for election, or reelection, to such office shall not exceed—

(1) during the forty-five days preceding the date of a primary or primary runoff election and during the sixty days preceding the date of a general or special election in which such person is a candidate, the lowest unit charge of the station for the same class and amount of time for the same period; and

(2) at any other time, the charges made for comparable use of such station by other users thereof.

(c) For purposes of this section—

(1) the term "broadcasting station" includes a community antenna television system; and

(2) the terms "licensee" and "station licensee" when used with respect to a community antenna television system mean the operator of such system.

(d) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.

*47 U.S.C. Section 315, as amended by the *Federal Election Campaign Act of 1971* and the *Federal Election Campaign Act Amendments of 1974.*

receive up to $20 million for the general election, providing sufficient sums are available from the $1 checkoff fund. In any event, a candidate may spend no more than $20 million in the general election. The new law also provides $2 million to underwrite costs of each major party convention.

As for the effect of the 1974 law on the broadcast advertising industry, a number of important changes supersede the 1971 law. Although candidates for federal office are limited in the sums they may spend in the communications media, the provision limiting expenditures in the broadcast media to 60 percent of the total was eliminated. Candidates may now spend all their media funds in whatever medium or media they choose.

Broadcast licensees are no longer required to obtain certificates from candidates that state media expenditures do not exceed legal limits. That function and many others have been taken over by the new Federal Election Commission that is responsible for implementing the law.

Section 312 of the Communications Act of 1934 is unchanged. Stations must make available reasonable amounts of time for sale to candidates for federal office. Likewise untouched is the requirement to sell time to *all* candidates at the "lowest unit rate."

The 1974 law has been both praised and condemned. Broadcasters were pleased with some of the reliefs obtained in the 1974 legislation and also with the elimination of what some considered discriminatory provisions in the 1971 law. Many of the loopholes on both spending limitations and contributions were sewn up by a Congress under pressure to instigate reforms. The constitutionality of the spending limits, however, invite a challenge, according to many legal experts. They say that to limit the sum a candidate for public office may spend in his own behalf is clearly unconstitutional. The courts will have to decide that one.

Public disclosure of cash contributions has been lauded, and so has public financing for presidential and vice presidential campaigns. Millions of taxpayers, however, have been unwilling to underwrite public financing for political candidates through the $1 income tax checkoff. These voters apparently prefer to support only candidates or parties of their choice—or none at all. Public financing for congressional races may be implemented in future legislation. The Senate has previously passed such a bill, but it died in the House. Many House members, who must run for reelection every two years, are not interested in seeing challengers funded with tax monies; they prefer the security of the present system that greatly favors incumbents.

The limitations in the 1974 law of $70,000, which may be spent by candidates running for the House of Representatives, has been criticized as being unrealistically low. Critics state that this restriction makes it almost impossible for a challenger, particularly an unknown, to unseat an incumbent Congressperson.

Conclusions

American politics are unique, and so is the role of the nation's media in providing a forum for the conduct of political campaigns. Because of its free, uncensored press, the United States is one of the few countries where candidates for public office may buy radio and television time to advertise themselves. The importance of the broadcast media in American politics has steadily increased over the years. Through radio and television, candidates have been able to reach voters in a compelling and personal way. The public, in turn, has been able to evaluate candidates more directly and formulate independent judgments.

All the important and worthwhile uses of the media by candidates trying to edify the electorate must be weighed against the inevitable abuses. Just as commercial advertisers have used the media in deceitful, unfair ways, so too have politicians. Smear tactics, manipulative commercials, and a variety of "dirty tricks" have been successful in

the short run, but in the long run, the price has been voter alienation and public suspicion of government.

Proposals for reforming the political campaign process are myriad. Some are reasonable and some are not. Problems inevitably arise when legislation is proposed or enacted that infringes on candidates' constitutional freedoms to communicate to voters in an open political forum. As a result, legislation cannot infringe on what candidates *say* but on their *sources* of campaign funds, and on *where* and *how* they spend these funds.

Because the broadcast media are licensed by the government to use the public airwaves, radio and TV stations have to contend with many more regulations on political advertising than the print media do. Several interesting reform proposals have been put forth relating to candidates' use of radio and television. They include limiting paid political messages to no less than five minutes; requiring broadcasters to charge less than their lowest rates, or to provide free time to candidates; and limiting the amount of money a candidate may spend.

Present federal law deals with licensees' obligations in five major areas: (1) providing equal time for political candidates, (2) specified exemptions of the equal time requirements, (3) charging the lowest unit rate for political advertising, (4) prohibiting censorship of any broadcast by legally qualified candidates, and (5) making reasonable amounts of time available for sale to candidates for federal office.

New laws will undoubtedly be enacted that will affect the broadcasting industry. In the meantime, as conscientious legislators seek further reforms to conciliate an alienated public, the nation's broadcasters must adapt to changing circumstances and meet legal requirements. The proper role of the broadcast media is to help provide an open political forum that fairly and honestly presents candidates and issues to American voters.

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Index

A & P Gypsies, 9
ABC. *See* American Broadcasting Company
Action for Children's Television (ACT), 316–318
Action on Smoking and Health, 270
AdTel, Ltd., 162–166
Advertiser syndication. *See* Barter syndication
Advertising agencies. *See* Individual agency names
Advertising Control for Television (AC–T), 157–159
Advertising Council, 55
Advertising Research Foundation, 83, 162, 172
Admiral Broadway Review, 26
AFL-CIO, 283
Agnew, Spiro, 330
Alcoholic beverage advertising, 248, 285, 287, 290, 301
Allen, Fred, 17
Allen, Gracie, 16
Allstate Insurance Company, 98
American Advertising Federation, 55, 291, 320
American Association of Advertising Agencies, 43, 55–57, 83, 101, 130, 291, 320
American Association of Political Consultants, 326
American Bar Association, 258
American Broadcasting Company, 10, 26, 37, 47, 48, 203, 204, 280–283
  ABC Contemporary Network, 37, 48, 211
  ABC Entertainment Network, 37, 48, 211
  ABC FM Network, 37, 48, 211
  ABC Information Network, 37, 48, 211
American Federation of Musicians, 132
American Federation of Television and Radio Artists, 56, 129–132, 315
American Home Products, 203
American Marconi Company, 5, 6
American Research Bureau. *See* Arbitron
American Society for the Prevention of Cruelty to Animals, 147
American Society of Composers, Authors, and Publishers (ASCAP), 16, 150
American Telephone and Telegraph, 6–9
American Tobacco Company, 13
Amos 'n' Andy, 13
Anacin, 265
Animal World, 222
Annual discount, 230
Arbitron, 35, 78, 172, 175, 178–185, 194, 216
Area of dominant influence, 182, 183, 185
Armstrong, Major Edwin, 32
Arthur Godfrey's Talent Scouts, 26
ASI Market Research, Inc., 153–157
Association of Independent Television Stations, 321
Association of National Advertisers, 29, 56, 57, 83, 130, 320
Audimeter, 15, 78, 185, 188, 189, 191, 192, 194
Audits and Surveys, Inc., 82
Audit Checking Bureau, 239
Automation, 37, 38, 53
Avco, 46

Backstage Wife, 18
Bait and switch, 244, 301
Bailey, Pearl, 124
Banzhaf, John, III, 268–271, 275
Barbasol, 21
Barrie, Wendy, 33
Barter, 221, 222
Bates, Ted, & Company, 247, 248
Batten, Barton, Durstine & Osborn, Inc., 22, 125, 138, 325
Bauer, Raymond A., 254
Bayer aspirin, 265
Beer and wines. *See* Alcoholic beverage advertising
Benny, Jack, 16, 17
Benton & Bowles, 309
Berelson, Bernard, 243
Bergen, Edgar, 16
Berle, Milton, 26
Best Foods Boys, 9
Best times available, 219, 230
Betty Crocker, 27, 35
Big Sister, 15
Bisquick, 27
Blackwell, H. M., 8
Blaine, James G., 326
Blair, John, & Company, 46
Blair Radio Network, 222, 223
Block Drug Company, 293
"Blue Book," 284
BMI, Inc., 150
Bristol-Myers Company, 203, 293
Broadcast Advertisers Reports, 92
Broadcast Rating Council, 172, 195
Broadcast Standards Departments. *See* Networks Broadcast Standards
Budgets, 69–74, 87, 96, 140, 142, 143
Bufferin, 28, 250, 265
Bulk discount, 219, 230
Burch, Dean, 335
Burger, Chief Justice Warren, 274
Burke Marketing Research, Inc., 159–161
Burns, George, 16

Burton, Laurence J., 331, 332
Business Executives' Move for Vietnam Peace, 273, 274, 283

Caesar, Sid, 26
Calumet Baking Powder, 18
Campbell Soup Company, 248
Captain Kangaroo, 317
Captain Midnight, 308
Carnation Company, 124
Carnation Instant Breakfast, 124
Carr, Vikki, 122
Carroll, Diahann, 122
Carter's Little Liver Pills, 264
Casting directors, 45, 121–123, 126, 127, 151
CBS. *See* Columbia Broadcasting System
Celebrities as talent, 35, 118, 122–125, 142, 323
Center for the Study of Responsive Law, 260
Champion Sparkers, 9
Checkerboard Good Morning Hour, 11
Chesterfield King cigarettes, 28
Children
  Advertising to children, 15, 36, 92, 159, 251, 252, 281, 286–288, 290, 294, 296, 298, 301, 302, 307–323
  Children's programs, 15, 302, 308, 314–318, 320–323
  Children as talent, 127, 137
Chiquita Banana, 22
Choate, Robert, 307, 314
Chrysler, 98
Cigarette advertising, 25, 28, 29, 36, 268–271
Cleveland, Grover, 326
Clio awards, 136, 251
"Clipping," 210
Cliquot Club Eskimos, 9
Coca-Cola Company, 98, 112
Code Authority. *See* National Association of Broadcasters–Code Authority
Cognitive dissonance, 110
Coke. *See* Coca-Cola Company
Colgate–Palmolive Company, 33, 247, 248
Color commercial insertion charges, 207
Columbia Broadcasting System, 10, 13, 18, 21, 26, 34, 36, 47–49, 130, 203, 204, 211, 273, 274, 280–283, 317
Columbia Phonograph Broadcasting System, 9
Columbia Workshop, 18
Commercial Credit Corporation, 99
Committee on Local Television Audience Measurement, 172
Communications Act of 1934, 16, 32, 33, 49, 267–269, 273, 279, 301, 321 328, 331, 335–338
Comparative advertising, 293–295
Congespirin, 260
Congress Cigar Company, 9
Conrad, Dr. Frank, 6
Consecutive week discounts, 219, 230
Consolidated Cigar Corp., 271
Contac, 260
Control Data Corporation, 178, 180
Cooperative advertising, 57, 71, 238, 239
Cooperative Analysis of Broadcasting, 171
Corrective advertising. *See* Federal Trade Commission
Correll, Charles, 13
Cost per thousand, 94, 95, 196, 205–209, 211, 212, 216, 217, 235, 236
Cotton, Senator Norris, 270
Council of Better Business Bureaus, 291, 295, 320
Council on Children, Media and Merchandising, 314
Counteradvertising, 272, 273, 275, 283
Cox, James M., 6, 325
Cream of Wheat, 20
Cremo cigars, 14, 20
Crocker Bank, 138, 139
Crosby, Bing, 16, 31
Crossley, Archibald M., 14, 171
Cunningham & Walsh, Inc., 64

Day-After Recall. *See* Burke Marketing Research, Inc.
Davies, Marion, 8
Dealer commercials, 131
De Forest, Dr. Lee, 6, 22
Democratic National Committee, 273, 274, 283
Demonstration commercials, 100–102, 113, 247–249
Designated Market Area, 182, 185, 190
Dial, 98
Dichter, Dr. Ernest, 77
Dollar volume discounts, 220
Don Lee Radio Network, 48
Dotto, 33
Doyle, Dane, Bernbach, Inc., 124, 331
Dristan, 260
Du Pont Cavalcade of America, 18

Eastman Radio Network, 223
Eastman, Robert E., & Co., Inc., 46
Editorial advertising, 281–284
Eisenhower, Dwight D., 325, 333
Elliott, Win, 27
Endorsements. *See* Testimonial advertising
Engman, Lewis A., 311, 316
Esso gasoline, 249
EUE–Screen Gems, 146
Eveready Hour, 10, 13
Excedrin, 265
Eye camera, 79

Fair Campaign Practices Committee, 332
Fairness Doctrine, 268–275, 277, 281–284, 314. *See also* Federal Communications Commission
Father Knows Best, 28
FBI, The, 29
Federal Communications Bar Journal, 251
Federal Communications Commission, 10, 16, 25, 26, 28, 34, 36, 38, 48, 49, 51–54, 56, 57, 110, 209, 210, 222, 257, 266–277, 284, 289, 290, 307, 308, 316–318, 320, 321, 335, 336
  Prime Time Access Rule, 222
  Sixth Report and Order, 28
  "Television freeze," 26, 38
Federal Corrupt Practices Act of 1925, 334
Federal Election Campaign Act Amendments of 1974, 335, 337, 338
Federal Election Campaign Act of 1971, 335, 337, 338
Federal Election Commission, 336
Federal Radio Commission, 10, 12, 13
Federal Trade Commission, 35, 36, 83, 100, 104, 107, 123, 201, 202, 239, 245, 247, 248, 252, 253, 257–268, 272–274, 277, 286, 289, 290, 293, 295, 307, 310, 311, 316, 318–321
Fels–Naptha Soap, 19, 20
Ferrer, Jose, 122
Fiedler, Arthur, 122
Fields, W. C., 17
"Final Sunday billing," 218
First Nighter, 18
Fixed position, 230
Flights, 93, 219, 237
Florida Department of Citrus, 125
Florida Grapefruit Juice, 125
Fonda, Jane, 122
Food and Drug Administration, 71, 266
Foote, Cone & Belding, 13, 108
Fotomat Corporation, 136
Ford Motor Company, 29, 203
Frankel, Harry, 21
Free & Peters, Inc., 14
Freed and Sleininger, Inc., 14
Frequency, 70, 73, 91, 93, 96, 197, 212

Frequency discount, 230
Frequency Modulation (FM), 25, 32, 37, 52, 86, 90, 179, 180
Friends of the Earth, 271, 272, 275
Furness, Betty, 34, 36, 134

Gallup & Robinson, Inc. 161, 162
Gallup polls, 329
Galvanic skin resistance, 79
General Electric, 6, 30
General Foods Corp., 124, 203, 309
General Mills, 17, 27
General Motors, 22, 203
General Motors Family Party, 10
Geritol, 263
Gillette, 8, 68, 125
Glenn, John, 333
Godfrey, Arthur, 20, 26, 133
Gold Medal Flour, 27
Goldwater, Senator Barry, 331
Goodyear Television Playhouse, 29
Gosden, Freeman, 13
Grand Central Station, 18
Great Atlantic & Pacific Tea Company, 9
Greyser, Stephen A., 254
Grids, 220, 230
Gross rating points, 217
Gunsmoke, 29

Halo shampoo, 20
Harding, Warren G., 6, 325
Happiness Boys, 9
Happiness Candy Company, 9
Hare, Ernie, 9
Harrington, Righter and Parsons, Inc., 46
Hartford Insurance Company, 146–149
Hawley, Adelaide, 27
Hazel Bishop, 26
Hee Haw, 222
Hefty Trash Bags, 125
Hershey Foods Corporation, 293
Hidden Persuaders, The, 252
High Finance, 33
Hill. George Washington, 13, 14
Holding fees, 128, 131
Holloway, M. J., and Company, 69
Hollywood Squares, 222
Hooper, C. E., Company, 15, 171
"Hooperatings," 15, 171
Hoover, Herbert, 7, 9
"Hoover" method, 9
Hope, Bob, 16, 17
Hostess snack cakes, 265
Hummert, Frank and Ann, 18
Huntley, Chet, 122
"Hypoing," 201

I Love Lucy, 28
IDC Services, Inc., 151
Imagery transfer, 94
Imagination, Inc., 114, 136
In-Home Testing Service, 156, 157
Instant J-Wax, 31
Instantaneous Response Profile, 154–157
Institute for Motivational Research, 77
International Radio and Television Society, 273
Interstate Commerce Commission, 266
Interwoven Pair, 9
Interwoven Socks, 9
Ipana Troubadours, 9
ITT Continental Baking Company, 265

Jack Armstrong, 15, 17, 308
Jackson Heights, 8
Jell-O, 124
Jeopardy, 275
Jersey Journal, 8
Joanou, Phil, 327
John's Other Wife, 18
Johnson, Lyndon B., 331
Johnson, S. C., & Son, Inc., 31, 108
Johnson's Baby Shampoo, 68
Joint Policy Committee on Broadcast Talent Union Relations, 130
Jones, Billy, 9
Just Plain Bill, 18

KDKA, Pittsburgh, 6, 325
KHB, Kansas City, 7
Kal Kan Foods Inc., 293
Katz Agency, Inc., 46
Katz Radio Network, 223
Keeshan, Bob, 317
Kellogg's, 310
Kennedy, John F., 335
Kiley, Richard, 122
King, Billie Jean, 124
Kintner, Earl W., 261
Kirkpatrick, Miles, 273
Kools cigarettes, 28
Kraft Foods Company, 71
Kraft Television Theatre, 29

Landon, Michael, 122
La Palina Cigars, 9
Lasker, Albert D., 13, 14
Lee King & Partners, Inc., 125
Let's Pretend, 308
Lever Bros., 15
Linkletter, Art, 133
Liquor Advertising. *See* Alcoholic beverage advertising
Little Orphan Annie, 15, 308
Loevinger, Lee, 273
Lone Ranger, The, 15, 92, 308
Lord and Thomas, 13
Lucky Strike cigarettes, 13, 14, 28
Lum and Abner, 15
Lustre Creme shampoo, 20
Lux Radio Theatre, 18

Ma Perkins, 18
Magnuson-Moss Warranty-Federal Trade Commission Improvement Act, 264
Make Room for Daddy, 28
March, Hal, 33
Marconi, Guglielmo, 6
Market Research Corporation of America, 82
Massachusetts Institute of Technology, 185
Mattel, Inc., 310, 312, 313
Maxwell House Hour, 10
McCaffrey and McCall, Inc., 146–149
McCarthy, Charlie, 16, 17
McCollum/Spielman/& Company, Inc., 157–159
Macfadden Publications, 13
McGee, Fibber, and Molly, 16
McGowan, Judge Carl, 271
McIntyre, O. E., Company, 174
Media buying services, 42, 46, 54, 216, 224
Metro-Mail Advertising Co., 178, 182, 185
Metromedia, 46, 49, 285
Metzenbaum, Howard, 333
Michigan Bell, 116
Miles Laboratories, 293
Milk Duds, 69
Miller, Johnny, 122
Mineralava, 8
Minute Maid Show, 31
Mr. Clean, 65
Mr. Peepers, 28
Mobil Chemical Company, 125
Mobil Oil Corporation, 281–283
Monitor, 29
Montgomery, Robert, 325
Moss, Senator Frank E., 270, 331, 332
Motion Picture Code, 284
Mum cream deodorant, 28
Murphy, George, 326, 333
Mutual Black Network, 37, 48, 211
Mutual Broadcasting System, 15, 18, 37, 48, 49, 211, 212

Nader, Ralph, 258, 260
Namath, Joe, 122

Nash automobiles, 65
National Advertising Division, 291–293, 295
National Advertising Division/National Advertising Review Board Children's Unit, 319, 320
National Advertising Review Board, 55, 279, 290–297, 320
National Advertising Review Council, 291
National Association of Broadcasters, 12, 13, 16, 22, 50, 52, 53, 56, 57, 219, 268, 269
National Association of Broadcasters Code Authority, 35, 56, 92, 101, 104, 107, 110, 117, 127, 172, 245, 252, 254, 276, 279, 280, 281, 284–291, 296, 297, 306–308, 310–312, 314–316, 320–323
National Association of Broadcasters *Code of Ethics, 1929*, 12, 13, 284
National Broadcasting Company, 9, 10, 13, 14, 18, 22, 26, 29, 34, 37, 47–49, 203, 204, 211, 280–282
National Family Opinion, Inc., 82
National Radio Congresses, 7
NBC. *See* National Broadcasting Company
NBC National News & Information Service, 37, 48, 211
NBC Symphony, 22
Network Broadcast Standards, 127, 279, 288, 296–297
New Dating Game, 222
New York Philharmonic, 22
Nielsen, A. C., Company, 15, 27, 34, 35, 81, 88, 172, 185–193
Nielsen Station Index, 180, 182, 185–187, 216
Nielsen Television Index, 185, 190–194, 203, 207, 208
Nixon, Richard, M., 258, 270, 327, 335
Nomograph, 183
Nonprescription drugs. *See* Over-the-counter drugs
Norelco, 293
November Group, 327

Ocean Spray Cranberries, Inc., 265, 266
Ogilvy & Mather Inc., 312, 313
Old Golds cigarettes, 28
Olivier, Lord, 105, 124
Orbits, 230
Our Gal Sunday, 18
Over-the-counter drugs, 28, 72, 110, 135, 247, 249, 260, 285–288, 290, 299, 302, 303, 311, 318, 322
Oxydol, 18
Ozzie and Harriet, 28

Packard, Vance, 252
Paley, William S., 10
Palmolive Hour, 10
Paramount Theatres, 26
Payola, 32
Pepsi-Cola, 21, 22, 252
Pepsodent, 13, 28
Peters, Griffin, Woodward, 14, 46
Petry Radio Sales, Inc., 46
Petry Television, 46
Philco Television Playhouse, 29
Piggybacking, 276, 305
Pitofsky, Robert, 273
Polaroid Corporation, 105, 124, 145
Political advertising, 36, 290, 325–339
Premiums, 15, 288, 300, 303, 311, 315, 318–320
Preparation H, 285
Preview House, 153, 154
Private Secretary, 28
Procter & Gamble, 41, 203, 293
Product protection, 210, 230
Production houses, 73, 119, 121, 134, 135, 138, 140–142, 144–146
Profile bread, 265, 266
Program hosts, 302, 315, 316, 318
Program-length commercials, 276, 277
ProGramme Shoppe, 53
Psychographics, 66, 67, 74, 83, 86, 106, 117
Public Service Responsibility of Broadcast Licensees, 284
Pulse, The, 78, 172–178, 194, 216
Purina Chow Checkerboard Boys, 11
Pupilmetrics, 79
Purina Mills, 11

Quiz show scandals, 32, 284

RKO, 53, 285
Radio Act of 1912, 6
Radio Act of 1927, 10, 13, 16
Radio Advertising Bureau, 57, 83, 90, 233, 236
Radio All Dimensional Audience Research, 194
Radio Broadcast, 8
Radio Corporation of America, 6, 9, 25, 34, 47
Radio Expenditures Reports, Inc., 92
"Radio music boxes," 5, 6
Raid, 108, 144
Rapid Shave, 247, 248
Rate cards, 219–221, 224–229, 237
Rate protection, 230
Reach, 70, 73, 93–96, 189, 199, 204, 206, 212
Recordimeter, 191, 192
Red Kettle Soups, 65
Red Ryder, 15
Regimen, 263
Remington, 293
Residuals, 89, 101, 123, 128, 130–132, 134, 142, 150
Retail advertising, 233–239
Revson, Charles, 32
Revlon, 32, 33
Rickels, Don, 125
Ries Furniture Company, 8
Rigby, Cathy, 125
Right Guard, 68, 125
Robinson-Patman Act, 239
Romance of Helen Trent, 18
Roos/Atkins, 112
Roosevelt, Eleanor, 122
Roosevelt, Franklin D., 325
Roslow, Dr. Sydney, 174
Rotations, 220, 230
Royal Pudding, 20

St. John, Jill, 122
Sarnoff, David, 5–7, 10
Schick, Inc., 72, 73, 293–295
Schirra, Wally, 122
Schwimmer & Scott Advertising Agency, 14
Screen Actors Guild, 56, 129–132, 251
Screen Extras Guild, 129
Sears, 102, 103
Selling Areas-Marketing, Inc., 82
Sergeant Preston, 15
Sew Magic Center, 312, 313
Short rate, 230
Simon, Norton, 333
Simpson, O. J., 122
$64 Question, 32
$64,000 Challenge, 33
$64,000 Question, 32, 33
Skelton, Red, 31
Smith, Kate, 15
Spitz, Mark, 122
Spot radio networks, 37, 212, 222
Standard Definitions of Broadcast Research Terms, 172, 196–201
Station representatives, 14, 46, 47, 51, 54, 57, 171, 172, 212, 216–224, 238, 239
Steiner, Gary A., 243
Sterling Drug, 203

Stevenson, Adlai, 333
Storer Broadcasting Company, 53
Storyboards, 119, 137, 138, 140–143, 145–149, 153, 158, 280, 286, 287
Storz stations, 30
Storz, Todd, 30
Stouffer's Lasagna, 161, 162
Studio One, 34, 36
Sullivan, Ed, 26
Sunkist, 67
Super Sugar Crisp, 309
SX-70, 124
Synergism principle, 94

Taft Broadcasting Company, 53
Taft-Hartley Act, 127
Talent agents, 16, 45, 121, 122, 126–128, 132, 134, 151
Talent unions, 122, 127, 132. *See also* American Federation of Television and Radio Artists and Screen Actors Guild
Talent & Residuals, 151
Tanner, William B., Company, 221
Ted Mack and His Original Amateur Hour, 26
Television Bureau of Advertising, 57, 58, 83, 233, 236
Testimonial advertising, 35, 88, 101, 104, 105, 116, 117, 119, 252, 259, 281, 286, 287, 294, 299, 302, 310, 323, 330
Texaco Star Theatre, 26
Thompson, J. Walter, Company, 43
Thurber, James, 18
Time for Betty Crocker, 27
Timebuying, 172, 183, 194, 205–212, 236
Time standards, 90, 92, 96, 206, 210, 220, 275, 276, 285, 300, 304–306, 308, 316, 321
Titanic, 5
Tinker, Dodge & Delano, Inc., 125
Toast of the Town, 26
Tobacco Institute, 269
Today, 29
Tom Mix, 15, 308
Tonight, 29
Total audience plans, 219, 220, 231
Toy advertising, 207, 235, 287, 288, 308, 310, 318–320
Tradeouts, 221
Traffic, 150, 218
Treasure Hunt, 33
True Story, 13
Truth or Consequences, 222
TV Guide, 275
Twenty-One, 33

U. S. Media International, 46
U. S. Rubber, 22
U. S. Steel Hour, 29
Ultra high frequency, 49, 190, 285
United Independent Broadcasters, 9
United States Congress, 8, 10, 16, 22, 31–34, 49, 55, 56, 171, 195, 257, 258, 264, 267–271, 274, 277, 282, 289–291, 307, 316, 321, 334–336, 338
United States Court of Appeals, 259, 260, 263, 269–271, 274
United States Department of Commerce, 7
United States House of Representatives, 16, 290, 328, 335, 336, 338
United States House of Representatives, Special Subcommittee on Legislative Oversight, 32
United States Justice Department, 264, 290
United States Senate, 16, 267, 270, 271, 290, 327, 328, 336, 338
United States Supreme Court, 10, 248, 255, 256, 264, 273, 274, 283
United States Surgeon General, 36, 268

Van Doren, Charles, 33
Very high frequency, 49, 210, 285
Videotape, 26, 34, 106, 126, 129, 132, 137, 141–143, 145, 157, 158, 163, 218
Volume discount, 219, 230

WAAT, Newark, 8
WCBS-TV, New York City, 268, 269
WEAF, New York City, 7–10
WGAZ, South Bend, 8
WJZ, New York City, 10
WLS, Chicago, 11
WNBC-TV, New York City, 271
WSBT, South Bend, 8
WTOP-TV, Washington, D.C., 273
Watson, Carl M., 279
Warren, Chief Justice Earl, 248
Wasey, Erwin, Inc., 114, 124
Watergate scandals, 325, 327, 336
Weaver, Sylvester L., Jr., 29
Weekly discounts, 219, 231
Weiner, Sanford L., 326
Westinghouse, 6, 34, 36, 46, 49, 53, 123, 285
Westinghouse Studio One, 29
Wheaties, 17
Wheeler-Lea Act of 1938, 257, 258, 264
Widdifield, Cecil, 14
Wild Kingdom, 222
Wild spots, 130, 131
Wild-spotting, 212
Wiley, Richard A., 316
Winick, Charles, 308, 311
Winston cigarettes, 28
Winters, Jonathan, 125
Wonder bread, 265
Wright, Judge J. Skelly, 259, 274
Wrigley Review, 10

Yankee Network, 48
Young & Rubicam, 29, 124
Young Widder Brown, 18
Your Hit Parade, 29
Your Show of Shows, 26

Zander's Animation Parlour, 108
Zenith, 98