

# Radio

## ADVERTISING

### FOR RETAILERS

BY  
C. H. SANDAGE

VISITING PROFESSOR OF BUSINESS RESEARCH  
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION  
HARVARD UNIVERSITY  
PROFESSOR OF MARKETING  
MIAMI UNIVERSITY

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*A report based on a national study of the actual use of radio advertising by retail stores and services and by regional manufacturers.*

*The study was financed by a research grant made by the Columbia Broadcasting System, Inc.*

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# Radio Advertising for Retailers

This comprehensive treatment of radio as an advertising medium for retail distributors of goods and services has two purposes: (1) to determine the extent to which retailers and other local firms have used the facilities of broadcast stations, the character of such use, the degree to which such use has been a success or a failure; and (2) to provide suggestions for increasing the effectiveness of local radio advertising.

This segment of radio advertising was chosen for special study by the Harvard Graduate School of Business Administration because so little work has been done on this phase of the broadcasting industry and because retailers must play a significant part in meeting the postwar problems incident to keeping the American business machine in full operation. Many business firms should benefit by the results of this study, since the number of local firms making some use of radio far exceeds the number of any other group of radio advertisers.

Professor Sandage has had wide experience in the advertising and radio fields. He directed the first study of radio broadcasting by the U. S. Bureau of the Census in 1935 and is the author of *Advertising Theory and Practice* as well as of many articles and government publications. Professor and Head of the Department of Marketing at Miami University, he came to the Harvard Graduate School of Business Administration as Visiting Professor of Business Research to conduct this study.

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# RADIO

# Advertising

# for RETAILERS

C. H. SANDAGE

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Professor Sandage analyzes in detail:

Extent of the use of Radio by local firms

The character of such use

How far Radio advertising succeeds

The factors that make for success

Programming

Methods to measure success

Actual sales results

Products and services especially adapted to

Radio advertising    E T C    E T C

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## FOREWORD

THE oldest of the arts and the newest of the professions — those are the terms in which President A. Lawrence Lowell often referred to business administration. For the development of business administration on a professional basis, extensive research is indispensable. That research must aim to provide an insight into and more thorough understanding of the methods of conducting business affairs which have grown up over a long period of years; it also must aim to ascertain where further progress can be made in effective administration; and in an ever-changing environment it must observe and interpret the impact of new developments on established institutions and practices. In other words, in order to be in a position to serve the public on a real professional basis, the business executive must have as thorough an understanding as possible of the conditions under which he operates.

Radio advertising, as one of the newer developments in the field of business administration, presents a timely and fertile field for constructive research. This is particularly true of local radio advertising; although considerable research has been conducted on the use of radio for national advertising, heretofore few studies have been made of the problems and experience of local advertisers in the use of radio. It was with especial interest, therefore, that the Harvard Business School accepted a grant from the Columbia Broadcasting System for a study of the use of radio advertising by retailers and other local advertisers.

To carry on this study, we fortunately were able to arrange to have Professor Charles H. Sandage of Miami University, Oxford, Ohio, join our staff. Professor Sandage was especially qualified for this task by his previous research in the radio industry, and, as this volume shows, he has carried out the project energetically, thoroughly, and constructively.

To counsel Professor Sandage in this undertaking an Advisory Committee was appointed. Professor Neil H. Borden

## *Foreword*

served as Chairman of that Committee and the other members were Professor Harry R. Tosdal, Professor Malcolm P. McNair, and Professor Stanley F. Teele. Thus, in this project, as in its other research, the School has drawn liberally on the experience of its Faculty.

We are most grateful to Mr. W. A. Dwiggins for the time and energy he spent in the conception and direction of the format and typography of this volume. We wish also to acknowledge the assistance of Dr. Erwin Raisz in the preparation of the charts.

In accordance with the long-established policy of the School, we have had a perfectly free hand in the conduct of this research, in the formulation of conclusions, and in the arrangements for publication.

At the present time, the requirements of the war render the problems of production and procurement paramount in most businesses. When industry again becomes dependent on civilian demand, however, a large volume of production and a high degree of employment can be maintained only if distribution and sales promotion are effective. Then the results of studies such as this one on local radio advertising will be especially useful. The financial sponsor of this study, the Columbia Broadcasting System, therefore has shown a broad perspective and real foresight in making possible this timely undertaking.

MELVIN T. COPELAND  
Director of Research

Soldiers Field  
Boston, Massachusetts  
September, 1944

## PREFACE

THIS volume seeks to give a comprehensive treatment of radio as an advertising medium for retail distributors of goods and services. It includes: (1) the results of firsthand research into the question of whether radio has served or can serve as an effective advertising medium for retailers and (2) suggestions aimed at helping retailers to improve their radio advertising activities. Some attention is also given to regional business firms and their use of radio. It is believed that this volume can serve as a helpful guide for retail and other local business firms in planning and executing any radio advertising venture.

The task of directing the project was entrusted to the author, and to give him counsel and assistance an advisory committee was appointed. I am deeply grateful to each member of this committee for the time devoted to reading the manuscript, the quality of counsel given, and excellent recommendations for revising various parts of the original manuscript. Professor Borden, as chairman of the committee, was particularly generous with his time, and the rich background of advertising which he, as author of *The Economic Effects of Advertising*, could include in his counsel was especially helpful. The other members of the committee, Professors Tosdal, McNair, and Teele, gave freely of their time also. While this volume was greatly improved as a result of the assistance rendered by the committee, any weaknesses must be attributed to me, since final decisions as to methods, conclusions, and opinions always rested solely with me.

Acknowledgment is also due Professor Melvin T. Copeland, who, as Director of Research of the Harvard Business School, was responsible for allocating funds for this research and giving it a direction which was designed to promote increased understanding of radio advertising and to provide material that would be helpful to both local and regional business firms. His encouragement and direction have been deeply appreciated.

## *Preface*

Thanks are due Miss Catherine C. Ellsworth, who served as research assistant and did library research, secured a considerable amount of material from field interviews, and did much to assist in the editing, coding, and tabulation of questionnaire data.

I was fortunate in having my manuscript read and criticized by a number of persons outside the Harvard Business School Faculty. Mr. Paul Hollister, Vice President of Columbia Broadcasting System, made suggestions based on a rich background of experience in both retailing and radio. Mr. William J. Norfleet, Chief, Accounting, Statistical, and Tariff Department, and Mr. Dallas W. Smythe, Chief, Economics Division, of the Federal Communications Commission, made helpful comments in light of materials collected and work done by the Commission.

I wish to mention the cooperation given by the National Association of Broadcasters in connection with the study, particularly that given by Mr. Lewis H. Avery, Director of Broadcast Advertising, and Mr. Paul F. Peter, Director of Research.

My secretary, Miss Florence K. Glynn, was particularly able and helpful. She administered endless details connected with the study and saw the manuscript through the stages of galley and page proofs. She prepared the index and rendered valuable assistance in editing case and questionnaire material as well as in editing the statistics and English of the manuscript.

I wish it were possible to mention, by name, all those businessmen who cooperated by furnishing information about their radio experience. Without such cooperation this study could not have been made. I am deeply grateful to them and hope that values they might receive from this study will be accepted as reward for their cooperation.

C. H. SANDAGE

June, 1943

# CONTENTS

## PART I

### INTRODUCTION AND SUMMARY

CHAPTER	PAGE
I INTRODUCTION . . . . .	3
Purpose of study. Scope of inquiry. Procedure followed. Personal interviews. Radio station questionnaire. Advertiser questionnaire.	
II SUMMARY AND CONCLUSIONS . . . . .	8
Extent and character of local radio advertising. Results from radio use. Factors involved in success. Guides to improved radio usage. Regional users of radio.	

## PART II

### RADIO AS A LOCAL ADVERTISING MEDIUM

III EXTENT AND CHARACTER OF RADIO USE BY LOCAL BUSINESS FIRMS . . . . .	25
Availability of radio to retailers. Number of local business firms using radio. Kinds of local business firms using radio. Expenditures for radio time. Number of stations used. Date radio was first used. Unit of time purchased. Types of programs used.	
IV RADIO AS A MEDIUM FOR SELLING SPECIFIC MERCHANDISE	57
Retailers' estimate of success. Experience in selling specific merchandise: furs; furniture; jewelry; drugs; suits and coats; shirts; food; services; other items and services. Reasons for nonuse of radio. Conclusions.	
V RADIO AS A BUILDER OF GOODWILL AND STORE TRAFFIC . .	75
Merits of institutional advertising for retailers. Patronage motives. Use of radio in promoting store. Personalizing	



## Contents

CHAPTER

PAGE

the store; publicizing the abilities of employees; promoting personal shopping department; using radio as substitute for outside salesmen. Emphasizing personal interest in customer. Overcoming minor handicaps. Using radio to increase store traffic. Summary.

### VI FACTORS MAKING FOR SUCCESS OR FAILURE . . . . . 90

Kind of business. Objective of advertising. Length of time radio used. Expenditures for radio. Organization in charge of radio advertising. Spots vs. programs. Size of community. Management factor. Coordinated promotional plan. Checking results. Checklist for radio users.

## PART III

### GUIDES FOR EFFECTIVE RADIO USE

### VII THE RADIO AUDIENCE . . . . . 127

Number of radio homes. Number of radio sets in use. Listening by different consumer groups: sex and age; income level; city and rural. Listening habits of radio families: desire for listening; fluctuations in listener attention. Listener survey methods: mechanical recorder method; listener recall method; diary method; coincidental method.

### VIII THE RADIO PROGRAM . . . . . 152

Values offered by radio program. Selecting the type of program. News. Musical programs. Personality programs. Shopping programs. Dramatic serials. Giveaway shows. Selecting radio talent: live talent; transcription and exchange services. Selecting time for broadcast. Promotion of radio programs. Audience surveys.

### IX SPOT ANNOUNCEMENTS . . . . . 179

Dominance of spot announcements. Dominance and sales effectiveness. Reasons for dominance. Dangers from excessive use of spots. Legitimate place for spots. Use of station rates to ration spots.

### X THE COMMERCIAL MESSAGE . . . . . 192

Appeal to self-interest of customer. Make copy specific. Respect feelings of listeners. Limit number of ideas in commercials. Make every word count. Use of testimonials. Importance of announcer. Retailer must live up to claims.

## Contents

CHAPTER		PAGE
	Test selling power of commercials. Other approaches to improving results. Securing outside assistance in phrasing the commercial.	
XI	THE RADIO STATION . . . . .	208
	General station policy. Station coverage. Rate policy. Program policy. Sales policy. Station as a service agency. Station and market fertility.	
XII	ADVERTISING AGENCIES AND OTHER SERVICE ORGANIZATIONS	227
	Station attitude toward agencies. Use retailers make of agency; size of community; size of retail business. Retailer attitude toward agencies. Agency attitude toward retail accounts: agencies not interested in retail business, interested in buying spot announcements and giving general counsel, interested in building programs on syndicated basis. Opportunity for advertising agencies.	
 <b>PART IV</b>  		
<b>REGIONAL ADVERTISERS</b>		
XIII	THE REGIONAL ADVERTISER . . . . .	245
	Kinds of business. Expenditures for radio advertising. Number of stations used. Date radio was first used. Objective of radio advertising. Organization in charge of advertising. Unit of time purchased. Types of programs used. Degrees of success from radio use. Cooperative trade advertising.	
INDEX	. . . . .	275

## CHARTS

NO.	PAGE
1. Average Number of Local Accounts in Relation to Total Accounts of 216 Radio Stations, as Reported for March, 1943	28
2. Number of Local Accounts in Relation to Total Accounts of 216 Radio Stations as Reported for March, 1943, and Percentage of Total 1942 Station Revenue from Local Accounts	32
3. Percentage of 546 Retailers Whose Radio Budget Was Increased, Decreased, or Remained Constant during the Two-Year Period 1941-1942 . . . . .	36
4. Percentage of 162 Retailers in Multiple-Station Cities Using 1, 2, 3, and 4 or More Radio Stations in 1942 . . . . .	38
5. Percentage of Retailers Using Radio at the Beginning of 1942 Who Began Using It in Specified Years . . . . .	40
6. Percentage of Local Firms by Selected Types Using Radio at the Beginning of 1942 Which Began Using It in Specified Periods . . . . .	42-43
7. Percentage of Local Business Firms of Various Types Buying Different Units of Radio Time in 1942 . . . . .	46
8. Distribution of 1942 Radio Dollar by Unit of Time Purchased for Various Types of Local Advertisers . . . . .	49
9. Division of 1942 Radio Budget between Spot Announcements and Program Time by Average Retailer in Each of Six Business Size Groups, as Reported by 219 Retailers . . . . .	50
10. Division of 1942 Radio Budget between Spot Announcements and Program Time by 494 Retailers Classified by Number of Stations Used . . . . .	51
11. Relative Importance of Different Types of Programs Sponsored by 330 Retailers in 1942 . . . . .	53
12. Results from Radio Advertising, as Reported by 572 Retailers in 1943 . . . . .	61
13. Results from Radio Advertising, as Reported by 222 Service Establishments in 1943 . . . . .	62

## Charts

NO.	PAGE
14. Sales of a Men's Clothing Store before and after the Introduction of Radio Advertising, Compared with Industry Sales as Reported by the United States Department of Commerce	87
15. Relation between Success and Objective of Radio Advertising, as Reported by 750 Retail Firms in 1943 . . . . .	93
16. Relation between Success and Length of Time Radio had been Used, as Reported by 681 Business Firms in 1943 . . . . .	95
17. Average Expenditure in Dollars for Radio Advertising and Total Average Expenditures for all Advertising, Classified by Degrees of Success, as Reported by 572 Retailers for 1942	97
18. Relation between Success in Radio Advertising and Size of Business, as Reported by 535 Retail Firms in 1943 . . . . .	99
19. Relation between Success and Proportion of Total Advertising Budget Spent for Radio Advertising, as Reported by 572 Retailers in 1943 . . . . .	100
20. Comparison of Absolute and Relative Average Expenditures for Radio Advertising with High Success, as Reported by 535 Retailers in 1943, Classified by Size of Business . . . . .	102
21. Influence of Absolute and Relative Expenditures for Radio Time on Department Store Success from Radio Use, as Reported by 76 Department Stores for 1942 . . . . .	105
22. Organizations on which 562 Retailers Relied in Planning and Developing Radio Advertising in 1942 (Classified by Reported Success) . . . . .	108
23. Growth in Radio Sets in Use in the United States from 1922 to 1943 . . . . .	129
24. Home Radios in the United States by States: 1940 . . . . .	130
25. Relative Number of Radio Sets in Use for an Average Weekday in North Central and Middle Atlantic States during Winter and Summer Months . . . . .	133
26. Relative Number of Radio Sets in Use by Income Groups (data represent an average weekday during the four-week period from December 27, 1942, to January 23, 1943) . . . . .	137
27. Variations in Program Appeal to Different Income Groups . . . . .	139
28. Holding Power Variations in Different Types of Programs . . . . .	143
29. Detailed Analysis of the Holding Power of Eight Specific Programs . . . . .	146

## *Charts*

NO.	PAGE
30. Division of 1942 Radio Advertising Budget between Spot Announcements and Program Time by Degree of Success, as Reported by 508 Retailers . . . . .	182
31. Influence of Size of Community on Use of Advertising Agency, as Reported by 571 Retailers in 1943 . . . . .	232
32. Influence of Size of Business on Use of Advertising Agency, as Reported by 545 Retailers in 1943 . . . . .	234
33. Reasons for Not Using Advertising Agency, as Reported by 398 Retailers in 1943 . . . . .	236
34. Percentage of 184 Regional Firms Using 1, 2, 3, 4, 5, and 6 or more Radio Stations in 1942 . . . . .	250
35. Percentage of Regional Advertisers Using Radio at the Beginning of 1942 Which Began Using it in Specified Years . . . . .	252
36. Extent to Which 183 Regional Business Firms and 19 Breweries Depended on Different Organizations to Plan and Direct Their Advertising Efforts in 1942 . . . . .	256
37. Distribution of 1942 Radio Dollar by Unit of Time Purchased for Various Types of Regional Firms . . . . .	259
38. Percentage of 121 Regional Business Firms Using Various Types of Programs Sponsored in 1942 . . . . .	261
39. Results from Radio Advertising, as Reported by 177 Regional Firms in 1943 . . . . .	265

PART I  
INTRODUCTION AND SUMMARY

## CHAPTER I

### *Introduction*

#### *Purpose of Study*

IT HAS been the primary purpose of this study to determine the extent to which retailers and other local firms have used the facilities of broadcast stations, the character of such use, the degree to which such use has been a success or a failure, and the factors that make for success or failure. A corollary purpose has been that of providing suggestions for increasing the effectiveness of local radio advertising.

This segment of radio advertising was chosen for special study by the Harvard University Graduate School of Business Administration because so little work had been done on this phase of the broadcasting industry. Furthermore, such a study might well serve large numbers of business firms, since the number of local firms making some use of radio far exceeds the number of any other group of radio advertisers. It is estimated that in March, 1943, from 50,000 to 55,000 retail and other local business establishments advertised their goods or services over broadcast stations. Data collected by the Federal Communications Commission indicate that local advertisers spent approximately \$54,000,000 for radio time in 1942.

A further consideration influencing the choice of this field for study was the recognition that retailers must play a significant part in meeting the postwar problems incident to keeping the American business machine in full operation. The segregation of factors that influence retail advertising effectiveness should make possible a reduction of waste effort and generally improve the efficiency of retail distribution. Any increase in the efficiency of the distribution machinery of the nation should be particularly helpful in the postwar era.

In pursuing the broad purpose of this study inquiry was made

### *Radio Advertising for Retailers*

into elements of retail and other local radio advertising such as those included in the following list:

1. The extent to which radio has been used by local businessmen.
2. Types of local business houses that have found radio an effective medium.
3. Conditions under which certain types of firms might wisely avoid the use of radio.
4. Extent to which radio has been able to sell specific merchandise.
5. Merits of radio as a means of building goodwill for the store.
6. Amount of money that must be spent in radio to produce reasonable results.
7. Importance of time factor in results: How long must radio be used before real success should be expected?
8. Relative importance of program time and spot announcements in retailer's use of radio.
9. Value of services rendered by broadcast station personnel.
10. Influence of professional advertising agencies in the retail field.
11. Influence on success of such policies of management as:
  - a. Selection of specific objective for radio undertaking.
  - b. Coordination of radio with other promotional and merchandising operations.
  - c. Types of merchandise chosen for radio emphasis.
  - d. Checks made of radio programs in terms of desires of store customers.
  - e. Active cooperation with station personnel in planning and executing the radio venture.

#### *Scope*

Two broad groups of business firms were included for study. Major emphasis was placed on a study of the radio practices of firms whose business activities were confined largely to one community and which were local advertisers in every sense of the word. Retail stores and service establishments constituted the bulk of such firms. Regional and national chain store or-



## *Introduction*

ganizations were not considered as local advertisers and hence were not included in this group. A few local chain operators were included. Since the problems and practices of local radio advertisers presented the major challenge of this study, most of the material in this volume deals with that broad group of tradesmen.

The second broad group of business firms included in this study were those whose operations were, or could be, regional in character. Wholesalers, some producers of farm produce, and small manufacturers whose distribution was limited to not more than three states, constituted the bulk of those classified as regional advertisers. Some of these firms limited operations to one community, but since the nature of the business did not naturally limit operations to one metropolitan area they were considered as regional firms. Only minor emphasis was given to this second group; hence specific reference to their radio practices, experiences, and problems has been confined to Chapter XIII. Some of the conclusions reached and suggestions given in connection with the use of radio by local firms are applicable to regional operators, but in the interest of clarity most material, except that included in Part IV, has been presented with the local advertiser in mind.

To make the study more meaningful, most of the findings have been further restricted to consistent users of radio. Only those firms that used radio throughout the year 1942 were included in the statistical analysis of the field. It was thought that local business firms with some consistent experience in the use of radio were particularly well qualified to provide a sufficient quantity and variety of material to serve as a basis for analyzing the various factors that make for success or failure. Statistical material secured from consistent users has been supplemented with whatever data could be obtained from a number of infrequent users in order that some insight into the reasons for sporadic use might be obtained.

## *Procedure*

INFORMATION was sought from all kinds of local business firms that have used radio as well as from radio stations and other organizations that are set up to render service to radio ad-

### *Radio Advertising for Retailers*

vertisers. Major emphasis was, of course, placed on securing data from advertisers themselves. Two methods of collecting material were used: (1) personal interviews, and (2) mail questionnaires. Personal interviews were well distributed as to (1) kind of business, (2) size of business, and (3) size of city. The geographical distribution of personal interviews was adequate in all areas except the Pacific Coast and southwestern states. All told, personal conferences were held with 382 advertisers, radio stations, advertising agencies, and other closely allied business groups. Naturally, major attention was given to advertisers, and this accounts for the fact that 256 of the 382 personal conferences were with local business firms making use of radio. A great many business firms could supply only meager data, but that fact was, in itself, pertinent information.

#### *Radio Station Questionnaire*

FACTUAL material concerning the relative importance of retail and other local advertisers to broadcast stations was secured by means of a questionnaire mailed to stations. This schedule was mailed by the National Association of Broadcasters and returned to the Harvard Business School for analysis. Stations were asked to give figures on the number of total station accounts, number of local accounts, relative importance of local revenue, percentage of local revenue received from sale of different units of time, relative importance of the advertising agency in the local picture, and other pertinent information.

The response of broadcast stations was quite satisfactory. Out of 862 commercial stations in the United States, 216 submitted usable questionnaires. Reporting stations were reasonably well distributed in terms of geographical location, size of community, station power, and network affiliation. If any of these factors appeared to influence the character of station operation, data have been presented for specific station groups so that a properly weighted picture could be secured.

#### *Advertiser Questionnaire*

EVERY effort was made in this study to secure a maximum amount of information directly from local users of radio. A

## *Introduction*

two-page questionnaire designed to obtain detailed information concerning the extent and character of radio use by local business houses was mailed to some 9,000 firms. These firms were all current users of radio. A total of 1,724 returns were received. Of this total, 251 had not used radio for the full year 1942 and hence were not included in the analysis of consistent radio users. Another 462 were not sufficiently complete or were not applicable to the study and were discarded. Thus, 1,011 usable questionnaires were received from consistent buyers of radio time.

The sample of 1,011 questionnaires was subjected to statistical tests and found to be reasonably adequate. Returns were broken down into a number of classifications so that when group differences appeared to be significant, data could be presented by groups. Returns were sufficient to provide classifications into 14 kinds of retail business, 6 kinds of service outlets, 5 community size groups, 9 territorial groupings, and 6 size-of-business groups.

It is believed that much material of real significance has been secured in this study. Results are presented here and made available to business with the hope that some help will be rendered to both the buyer and the seller of local radio time. The chapters that follow are designed to present data as reported by advertisers and broadcast stations as well as impressions gained from personal interviews. Some of the conclusions reached are the result of strong evidence gathered from field observations. Other conclusions and suggestions contain much of the personal opinion of the author. Such opinions have been influenced materially by conversations with many users of radio and executives in the radio industry. Care has been exercised to distinguish between personal opinion and field evidence so that the reader will not be misled in the use of this treatise.

## CHAPTER II

### *Summary and Conclusions*

THIS chapter is designed as a headline to detailed "copy" contained in the 11 chapters that follow it. Headline readers will not get beyond this summary. Those vitally interested in radio as an actual or potential advertising medium for retailers, service establishments, wholesalers, small manufacturers, and other local and regional business firms will read further.

#### *Extent of Local Radio Advertising*

IN 1942 the money paid for time by local business firms was more than one-fourth of the total revenue from time sales of broadcasting stations and networks. The total net revenue received from such firms amounted to approximately \$54,000,000. Local business firms contributed more than 60% of the revenue received by the average broadcast station with power of 2,500 watts or less. Some stations were almost completely dependent on local business firms as a source of revenue.

It is estimated that in 1942 at least 50,000 local business firms purchased time from one or more broadcast stations. Approximately 40% of these firms were located in communities with a population under 25,000 and another 40% in cities with populations between 25,000 and 200,000. Types of radio users were varied, including such businesses as specialty clothing, furniture, department stores, jewelry, hardware, furriers, shoes, drugs, laundries, finance houses, opticians, funeral parlors, and theaters.

The average 1942 expenditure for radio time by retailers who used radio consistently throughout that year was approximately \$4,100. This represented about 11% of the total amounts such firms spent for all advertising. Department store users of radio spent, on the average, only 5.1% of their advertising dollars in

### *Summary and Conclusions*

radio. There was naturally a wide variation in the practice of individual department stores, but no department store studied spent more than one-third of its advertising budget in radio. Many of the other types of retail establishments spent half or more of their advertising dollars in radio, and a number used radio exclusively. Actual expenditures for radio by local business firms were substantial, but potential expenditures were enormous.

Many retailers have been long-term users of radio. Of those who used radio throughout 1942, one-half had used it for five years, and 20.5% had used this medium for 10 years. The percentage of long-term users becomes more significant when it is realized that the number of commercial radio stations increased 56% from 1934 to 1942 and hence many 1942 advertisers had no opportunity to use radio in 1933.

#### *Character of Local Radio Advertising*

LOCAL radio advertising has been predominantly spot announcement advertising. Retailers and other local firms either have avoided the work involved in building their own radio programs or have been influenced by station policies and personnel to depend largely on spot announcements. In 1942, local business firms spent about 58% of their radio time dollars for spot announcements. While department stores placed less relative emphasis on nonprogram time than was true of any other type of retail outlet, they allotted, on the average, 44.3% of their radio budget to spot announcements. The comparable figure for shoe stores was 80.4%. Possible reasons for the dominance of spot announcements are discussed in Chapter IX.

Retailers who sponsored radio programs in 1942 preferred news and music above all other program types. A number of retailers sponsored more than one type of program. News was sponsored by 44.2% and music by 43.6% of all retailers sponsoring programs. Variety programs were the next in volume of sponsorship, but this type was used by only 11.5% of all retail buyers of program time. Sports programs were generally low, but popular among men's wear and family clothing stores.

Many opportunities for developing programs with particular local appeal have been ignored by broadcast stations and re-

## *Radio Advertising for Retailers*

tailers. Much energy has been devoted to attempts at copying network programs and not a great deal to developing local personalities and building shows with a distinct local setting and flavor. Detailed suggestions for the development of programs for local sponsorship are given in Chapter VIII.

### *Results from Use of Radio*

RETAILERS and other local business firms have made only limited attempts to measure accurately sales, goodwill, or store traffic resulting from their use of radio. Most firms, however, have applied some rule-of-thumb measure or have made mental notes concerning advertising results. A number have kept records of sales following specific radio mention and have compared these with records for comparable periods in a previous week, month, or year. From personal interviews with approximately 250 retail executives located in 15 states and from correspondence with several hundred other firms in all parts of the United States, both tangible evidence of results and impressions concerning degrees of success were obtained.

Local firms were asked to state whether their radio efforts had resulted in high, moderate, slight, or no success. Of the 794 local firms which answered the success question, only six stated that radio had been unsuccessful. More than one-third (34.2%) indicated that radio had been highly successful.

EXPERIENCE IN SELLING SPECIFIC MERCHANDISE. Both successes and failures were discovered in examining the experiences of local business firms in their use of radio as a direct selling tool. Where salable merchandise was selected for radio promotion, reasonable coordination was developed with other promotion and merchandising efforts, and a minimum of 15% to 20% of the advertising budget was allocated to radio, successes were the rule. Some merchants used radio in an attempt to move goods that had little or no ability to satisfy customer needs or wants, and others tried to test the value of radio by refusing to display advertised merchandise or to inform clerks of the items mentioned in the radio broadcast. Such merchants commonly reported radio as only slightly successful.

On the other hand, many cases of outstanding results were in evidence. A large number of stores reported substantial in-

### *Summary and Conclusions*

creases in sales which were definitely traceable to radio advertising. Successes were common in the sale of men's clothing, women's low- and medium-price clothing, household goods, furs, furniture, specific drug items, prescription departments, laundry service, dry cleaning, jewelry, and some specialty food stores and eating establishments.

Success was slight in the case of neighborhood stores or in the case of stores with a very limited territorial or class market. Some grocery stores had tried radio but found that results did not justify a continuation of this form of advertising.

**EXPERIENCE IN BUILDING GOODWILL FOR THE STORE AND IN INCREASING STORE TRAFFIC.** Retailers indicated some reluctance to use advertising, and particularly radio advertising, to promote the store name and encourage patronage on the basis of store service, reputation, quality and variety of merchandise or location. Those who did place emphasis on this type of advertising were less certain of the character of success than was true of those who used radio as a direct selling tool. The relative number which considered radio had produced little or no beneficial results was greater among merchants in the former than in the latter group. It is probable that this attitude was influenced by difficulties encountered in measuring results of institutional advertising as compared with advertising designed to sell specific merchandise.

Careful analysis of the experience of firms using institutional advertising successfully indicates that potentialities of such use of radio are substantial. Chapter V is devoted, in part, to a consideration of such potentialities, and offers suggestions for the use of radio as a builder of goodwill for the store.

#### *Factors Making for Success or Failure*

No SIMPLE, clear-cut formula for successfully using radio was developed from an analysis of the hundreds of cases of individual experiences collected. Careful classification of these hundreds of cases in terms of kinds of business, number of years radio had been used, absolute and relative expenditures for radio, type of personnel in charge of radio, unit of time purchased, size of business, size of community, and character of management, and relating each factor to relative success from

## *Radio Advertising for Retailers*

radio use, however, have produced some interesting results. Conclusions drawn from such an analysis should neither be accepted as applicable to all situations nor be accepted as completely infallible. They represent the judgment of the author after delving into enormous amounts of material from many sources, the most important source being retailers and other local business firms. Conclusions are presented in this summary in brief form and without benefit of supporting data. A careful reading of Chapter VI will provide the basis for the following conclusions concerning important factors in the successful use of radio by local business firms.

1. Radio is of primary value to firms whose customers are drawn from most sections of a city or from adjacent rural areas. Radio may be used to reach a "class" market, but such market should represent substantial numbers of people. Radio is not an effective medium for neighborhood shops such as grocery stores, drugstores, and independent filling stations.

2. Real success from radio should not be expected during the first six months of use. Most firms should not use radio as a major advertising medium unless they are prepared to employ it for at least six months. One-third (33.5%) of those firms using radio for less than six months reported little or no success and only 14.3% reported high success. Of those firms with from one to two years of radio experience, 14.7% reported little or no success, but 33.6% reported high success.

3. Neither the size of community nor the size of business tend to influence success from the use of radio. These factors will often determine the size of the total advertising appropriation and limit the absolute amount of money available for radio, but relative impact appears more significant than the number of dollars spent. Successful use of radio was reported as frequently by small business firms and firms in small communities as by large firms or merchants in large cities.

4. Both the absolute and the relative number of dollars spent for radio appear to influence success, but *relative* expenditure seems to be more significant than the *number* of dollars. Thus, a large firm with an annual advertising budget of \$200,000, with \$10,000 of the total spent in radio, can perhaps expect a lower relative degree of radio success than a firm that spends \$5,000



### *Summary and Conclusions*

in radio out of a total advertising budget of \$25,000. While expenditures in the former case represent twice as many dollars as those spent by the latter firm, such expenditures accounted for only 5% of the total advertising budget as compared with 20% spent by the smaller firm. Involved here is the difficult question of the amounts which retailers of varying size must spend in an advertising medium to get results which they consider successful or highly successful. Obviously, the large firm must spend more than the small firm to get the impact necessary to support its position in the market. Regarding this question little is known. The evidence from this study suggests, however, a tentative conclusion that firms with annual advertising expenditures of \$50,000 or more generally should expect to spend at least 15% of their total budget on radio if they wish high success, and that smaller firms should expect to spend as much as 20% of the total advertising budget on radio for high success.

5. Good results can be secured either from sponsorship of programs or from the use of spot announcements. Where radio is used as an important part of the promotional plan, better results will be secured if program time constitutes the foundation of the radio undertaking and spot announcements are used only to support and supplement program sponsorship. Success from programs naturally depends largely on the degree to which a substantial listening audience is developed from groups representing actual or potential customers of the sponsor.

6. The factor of management has been highly significant in influencing success. It is not possible to reduce all elements of management to statistical analysis, but definite patterns of action have been common among firms with high radio success. Executives of firms reporting success from radio have established a specific objective for their radio advertising. They have selected items for radio promotion that enjoyed current popularity and avoided the waste of dollars on promotion of merchandise that had lost its ability to meet customer needs or desires. Careful attention has been given to coordinating radio effort with the entire promotional and merchandising plan of the store. Most successful firms have made some official or employee responsible for working with both station and store

## *Radio Advertising for Retailers*

personnel in planning, executing, and merchandising the radio undertaking.

Some firms have found a checklist helpful as a means of avoiding the omission of pertinent elements in developing and executing a radio plan of action. Such a checklist is given in Chapter VI for those who care to use it.

Management in firms with successful radio experience has given considerable attention to the size and character of the general radio audience, use of program types to select a particular class of listeners, construction of effective radio commercials, policies of radio stations, quality of station services, and other sources of radio advertising service and counsel.

### *The Radio Audience*

THE size of the potential radio audience is enormous. United States Bureau of the Census figures for April, 1940, indicated that 82.8% of all families in the nation owned one or more radio receiving sets. Percentages varied from a low of 39.9% in Mississippi to a high of 96.2% in Massachusetts. The relative number of radio homes is greater in cities than in rural areas, but there are relatively more farm radio homes in the East and North than there are city radio homes in some sections of the South.

The actual number of radio sets in use at a given moment varies with the season of the year, the day of the week, the hour of day or night, and the character of the program being broadcast. In general, the relative number of sets in use varies from about 4% between 6:00 and 6:30 A.M. to more than 50% between 8:00 and 9:00 P.M. The average home will have the radio tuned on more than four hours per day during the week and about five hours on Sunday.

Important differences in listening habits exist among consumer groups. These differences are influenced by age, sex, occupation, income status, and cultural background. Women listen to a greater variety of programs and for longer hours than do men. Occupation has a significant bearing on early morning, daytime, and late evening listening. Cultural background influences the type of program sought.

## *Summary and Conclusions*

### *Audience Surveys*

A NUMBER of methods have been employed by professional research agencies to measure the size and general character of the radio listening audience at specific periods of time. Major attention has been given to measuring size of audience for national advertisers, particularly those employing network facilities. Some progress has been made recently to expand the area served by commercial agencies and to provide some qualitative breakdown of the radio audience. Several professional firms are equipped to make special surveys in any community where a broadcast station or local merchant desires such a study.

The emphasis which most audience survey firms have placed on number of listeners is unfortunate for many retailers and local service houses. Most local business firms appeal, not to the mass public, but to a particular segment of the public. Such firms are more concerned with the class of people listening than with numbers. Qualitative surveys are most beneficial for such merchants. Thus, one local firm found from a general audience survey that his radio program had a large number of listeners. A later analysis into the type of listeners disclosed that 90% were neither actual nor potential customers.

Where professional firms which are equipped to discover the type as well as the number of listeners to a given program are not available, local broadcast stations or merchants should undertake to conduct their own surveys. Suggestions for conducting such surveys are given in Chapters VII and VIII.

### *Program Opportunities for Local Firms*

It is likely that local firms have been unduly influenced by popular radio network programs in their attitudes toward programs for local sponsorship. They have lost sight of the fact that network advertisers desire to reach a mass market with products having more or less universal appeal. Such programs are often not the type that would bring major benefits to local merchants.

A given retail firm will generally appeal to one major segment of the people in its community. That segment may represent a particular income group, housewives, children, farm

### *Radio Advertising for Retailers*

folk, a distinct racial or nationality group, people with a particular cultural background, or those engaged in a specific occupation. Programs with general appeal are often less effective for the retailer than those designed to interest the class of people who are actual or potential customers of the store.

The local station and retailer are in a position to tailor programs to the desires of specific customer groups. Thus, some merchants have obtained outstanding results from all-Italian or all-Polish programs in cities with important Italian or Polish populations. Others have developed classical and semiclassical musical programs in areas where significant numbers of people are interested in "the arts" and where such groups constitute an important part of the store's customers.

Another opportunity for developing local programs lies in the fact that citizens of a given community have a pride and an interest in their community which can be fed by programs possessing a distinctly local flavor. Programs falling into this classification include dramatizations of the history of the city or of some of its illustrious former citizens, development of local radio station personalities who also become active in community life, broadcasting of local sports events, local amateur shows, and interviews with popular local citizens.

A number of retailers have thus found it profitable to use radio to appeal to specific minority groups whereas national advertisers have concentrated on reaching a mass market. Retailers might well consider the opportunities of making radio a selective advertising medium through a careful choice of programs.

#### *Dominance of Spot Announcements*

IN SPITE of the opportunities which program sponsorship offers in building store prestige, community standing, an established time for listening, a loyal general or selected audience, and a framework for varied discussions of store policies and qualities, a majority of local business firms have chosen to buy spot announcement time. Such time has dominated the local radio advertising structure to the extent of 58% of the total 1942 radio budgets of retailers and other local business firms. It is the opinion of the author that such overemphasis of spot

### *Summary and Conclusions*

announcements is neither good policy for most local advertisers nor conducive to the long-run welfare of broadcast stations.

Reasons for such unbalance between program and nonprogram time are not entirely clear. It appears probable, however, that the price policies of broadcast stations and advertiser reluctance to assume some of the responsibilities for building programs have been major causal factors. Advertisers have generally been unwilling to employ competent personnel to build and execute radio plans comparable with staffs engaged in developing other advertising media plans. Under such circumstances, the easy way out is the purchase of radio spot announcements.

Radio stations have encouraged the purchase of announcements by pricing them below program time. An advertiser can typically purchase four one-minute spot announcements for the price of fifteen minutes of program time. In general, the latter will provide not more than three minutes of actual commercial time. Thus, in terms of time available for commercial messages, announcements typically sell at a discount of about 25%. A reduction in the relative use of spot announcements might be accomplished by eliminating this price differential either through an increase in the price of spots or through a reduction in the price of program time.

### *The Commercial Message*

THE vast majority of retailers have made little or no effort to check the relative sales effectiveness of different radio commercials. This lack of check-up is unfortunate since changes in the appeal or phraseology of radio copy can often produce important increases in sales. Some suggestions for checking specific advertising appeals and other elements of radio copy are given in Chapter X.

In the absence of specific checks against sales, writers of commercial messages might give consideration to the following copy suggestions:

- Appeal to the self-interest of customers
- Make copy specific
- Respect feelings of listeners

### *Radio Advertising for Retailers*

- Limit number of ideas in commercial
- Make every word count
- Consider occasional use of testimonials
- Choose announcer with care
- Make sure retailer can and will live up to claims

#### *The Radio Station*

A STUDY of the policies of many radio stations disclosed great variations in the character of relationships with retail buyers of time. Some stations operated largely as peddlers of time. They sought to sell time to all types of retailers, regardless of whether radio could serve them well. Others were lax in providing adequate service in the preparation of commercial messages or the development of programs with a distinctly local flavor. Too many stations focused attention on the sale of spot announcements.

On the other hand, a significant number of stations operated as real local institutions and served as a true voice of the community. Some approached the sale of time to retailers in terms of radio's ability to perform a real advertising service and offered competent help to retailers in the development of a thorough-going plan of action.

In general, radio stations have not organized themselves sufficiently to render the type of advertising counsel and service needed by retailers. The first step in such a development should be the adoption of a philosophy of mutual helpfulness — a recognition that permanent success can come to a station only to the degree that buyers of time are successful. Such a philosophy is the exact opposite of that which characterizes mere peddlers of time. The latter group are injurious to the radio industry. This is particularly true in the local field since most local advertisers cannot command the services of professional advertising counselors who might provide some measure of protection against unwise purchase. Progressive and farseeing station management will equip itself to furnish service to retailers akin to that rendered by professional agencies.

## *Summary and Conclusions*

### *Advertising Agencies*

PROFESSIONAL advertising agencies have played a distinctly minor role in the field of retail radio advertising. Of the total number of retailers cooperating in this research investigation, only 16.5% made some use of advertising agencies in connection with their 1942 radio efforts. The advertising agency was used extensively only by retailers located in cities with populations exceeding 500,000. In the case of such retailers, 53.8% used the services of agencies to some extent in 1942.

Attitudes of agencies toward retail accounts tended to fall into three categories: (1) lack of interest in business from retailers, (2) interest limited to purchase of spot announcements and to giving general counsel, and (3) interest in building local programs on a syndicated basis. Those who expressed a lack of interest in retail business considered it the primary function of agencies to serve national advertisers. Some agencies in this category serviced retail accounts, but only as a means of entering the national field. Retail accounts were used as stepping stones to "the big money."

### *Radio Networks*

IF ADVERTISING agencies do not develop in the local field, the task of rendering professional advertising service to local business firms must be assumed by broadcast stations. Although the amount of service which a network can render member stations is a matter of policy that must be determined by network station contracts and relationships, it is the author's opinion that radio networks might well hasten this development and improve the character of service rendered by establishing a department devoted exclusively to helping station management help retail buyers of time.

Such a department might function as a combination mail-order and itinerant advertising agency specializing in the problems of the local advertisers. Expert advice could be given on listener surveys, coordination of all promotion activities, methods of checking results, programs for selecting particular consumer groups, preparation of commercials, coordination of spot announcements with program time, types of merchandise to

### *Radio Advertising for Retailers*

advertise, and other elements involved in making radio effective. Some of this counsel could be transmitted by mail but supplemented with periodic conventions or schools conducted at strategic points and attended by one or more representatives from each network affiliate in the region.

## THE REGIONAL ADVERTISER

The term regional has been applied to those firms whose business operations are not necessarily confined to one community but are not sufficiently broad in scope to permit national distribution. Such firms include wholesalers, manufacturers with restricted territorial distribution, and some producers of farm produce.

Radio has been used extensively by breweries, bakeries, bottlers of soft drinks, dairies, and small manufacturers of specialty products such as peanut butter, flavoring extracts, vitamins, ice cream, medicine, cosmetics, household cleansers, dog food, and insect sprays. Only slight use has been made of radio by such firms as wholesale grocers, wholesale distributors of beer and wine, bulk tank stations, creameries, livestock brokers, auction companies, country buyers of farm products, flour and feed mills, vegetable oil refineries, producers of hybrid seed corn, meat packers, nurseries, and hatcheries.

Regional firms that included radio as a part of their advertising plans for 1942 spent, on the average, well over one-fourth of their total advertising dollars in that medium. Breweries averaged 27.4%, dairies 41.1%, bakeries 32.2%, bottlers 29.0%, and other regional advertisers 44.5%. A somewhat smaller percentage of the radio budget of regional firms was spent for spot announcements than was true of retailers. The average regional advertiser reporting data for this study allocated 47.7% of the total 1942 radio budget to spots, while the comparable figure for breweries was only 19.0%.

Success reported from radio use was most favorable. Breweries reported best results, with 63.2% listing radio as highly successful. Bottlers were low, with 33.3% in the high success category. The comparable figure for all regional firms included



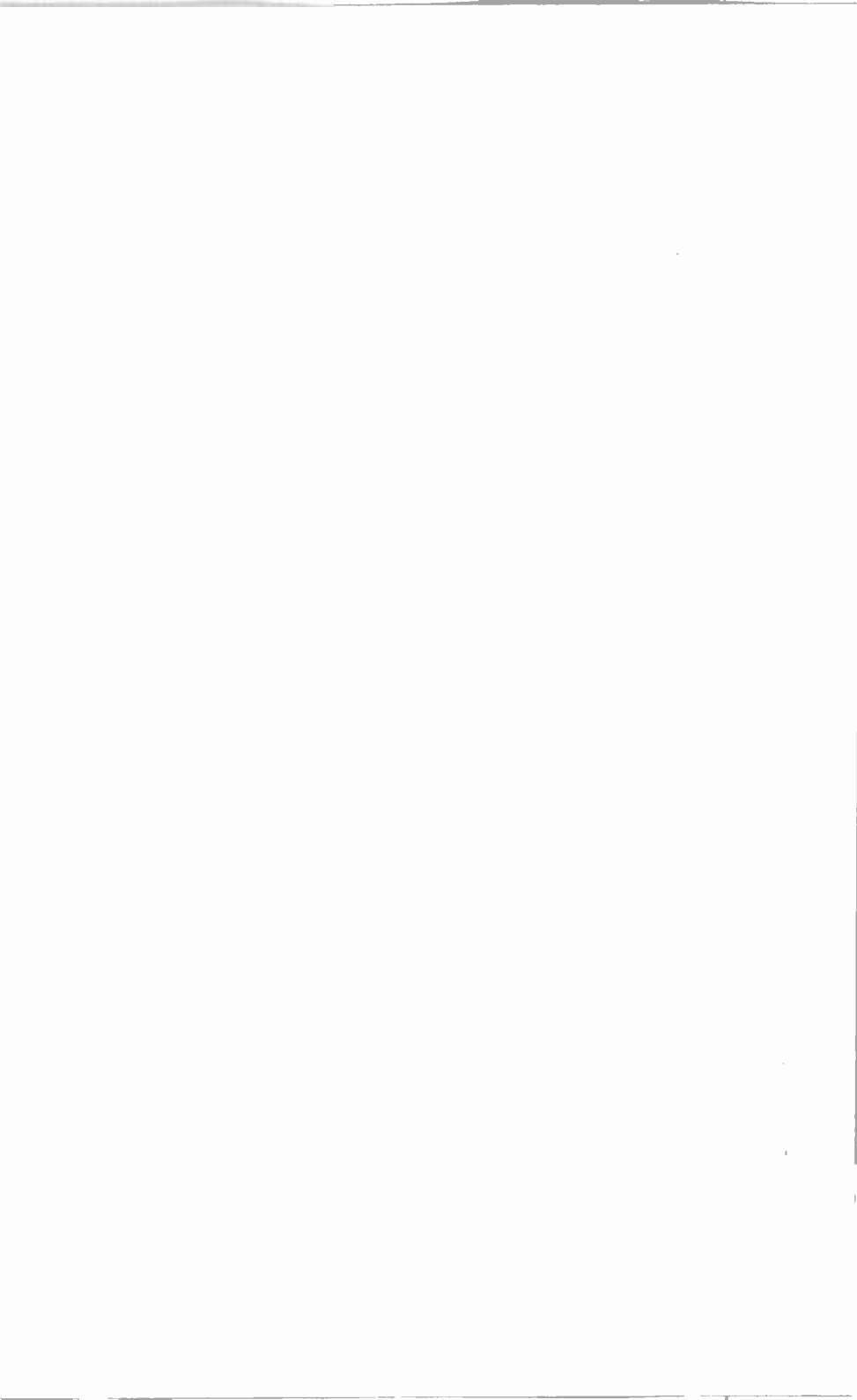
### *Summary and Conclusions*

in the sample studied was 41.2%. These figures were considerably greater than those for retailers, but not for those retailers who spent comparable percentages of their advertising dollars in radio.



PART II

RADIO AS A LOCAL ADVERTISING MEDIUM



## CHAPTER III

### *Extent and Character of Radio Use by Local Business Firms*

#### *Availability of Radio to Retailers*

IN 1943 there were 586 communities in the United States in which one or more commercial broadcast stations were making advertising facilities available to local merchants. These 586 communities included practically all places with 50,000 or more people and about 90% of those with a population between 25,000 and 50,000. Approximately 300 communities with fewer than 25,000 people had one or more stations in operation.

The number of retail stores and the volume of retail business in these 586 cities were great. The number of retail stores, as reported by the 1939 Census of Business, was approximately 775,000. Their 1939 volume of sales was approximately \$25,000,000,000. This sales volume constituted approximately 60% of total retail sales in the United States.

Since retailers must confine their use of radio to stations located in or very close to the city in which the store is situated, it is obvious that radio does not constitute an available advertising medium for all retailers. It is equally obvious, however, that radio is available to approximately one-half of the 1,700,000 retailers in the United States. The only physical limitation on the availability of radio to some three-quarters of a million retailers and another 200,000 service establishments is the absence of sufficient radio hours to serve all in the event that all wished to use radio.

#### *Number of Local Business Firms Using Radio*

ONLY a small percentage of the 900,000 to 1,000,000 local business firms located in radio station cities could possibly use radio, since both the number of stations and the amount of

### *Radio Advertising for Retailers*

broadcast time are limited. Even if broadcast time were available, only a limited number of local firms should use radio. Many retailers, such as the neighborhood grocer or druggist, find it economically impractical to employ any mass advertising medium. On the other hand, the number of retailers and other local firms that do make use of radio is impressive when compared with the number of national advertisers.

Careful estimates of the number of local radio advertisers in March, 1943, have been worked out and presented in Table I. These estimates are shown for each of five community size

TABLE I

*Number of Radio Stations and Local Radio Advertisers in the United States in 1943 (By Size of Community)*

SIZE OF COMMUNITY (1940 POPULATION)	NUMBER OF COMMERCIAL STATIONS JANUARY, 1943	ESTIMATED TOTAL NUM- BER OF LOCAL ACCOUNTS IN MARCH, 1943*	AVERAGE NUM- BER OF LOCAL ACCOUNTS PER STATION MARCH, 1943
Under 25,000	303	20,907	69.0
25,000 to 50,000	128	9,433	73.7
50,000 to 100,000	163	10,839	66.5
200,000 to 500,000	126	7,169	56.9
500,000 and over	142	6,958	49.0
United States Total	862	55,306	64.2†

\* Perhaps from 10% to 15% of the total number of accounts consist of wholesalers and producers with restricted distribution. Others are retailers and service establishments.

† Weighted average.

groups and were obtained by multiplying the number of commercial broadcast stations by the average number of local accounts reported by the 216 stations furnishing data for this study. The estimate of 55,306 local radio advertisers is for March, 1943, and represents the number of local business firms which bought radio time during that month.

It is interesting to note the distribution of local radio users by

### *Extent and Character of Radio Use by Local Business Firms*

size of community. More than one-third of all such radio advertisers were located in cities with a population under 25,000. Somewhat more than one-half of all local radio users operated in places of less than 50,000 people. In general, radio cities with a population under 50,000 are serviced from within by broadcast stations with relatively low power. Since such stations have market coverage more nearly approximating the orthodox market of retailers than is true of large, clear-channel stations, it is natural that a high percentage of the accounts of low-power stations would be local accounts, as the figures in Table 2 indicate. This fact is shown graphically in Chart 1, from which it is

TABLE 2

*Average Number of Local Accounts in Relation to Total Accounts of 216 Radio Stations as Reported for March, 1943*

SIZE OF STATION	NUMBER IN SAMPLE	AVERAGE NUMBER OF ACCOUNTS PER RADIO STATION		
		NONLOCAL	LOCAL	TOTAL
100-500 watts	88	24	75	99
1,000-2,500 watts	42	37	62	99
5,000-7,500 watts	67	74	61	135
10,000-50,000 watts	19	90	24	114

readily seen that both the actual and relative number of local accounts varied inversely with the power of the station. Thus, 100-watt to 500-watt stations had an average of about 75 local advertisers in March, 1943, while large 10,000-watt to 50,000-watt stations had an average of fewer than 24 local accounts.<sup>1</sup>

<sup>1</sup> A wattage classification of stations somewhat different from the local, regional, clear-channel classification of the Federal Communications Commission has been used here. The FCC classification considers 250 watts local, 500-5,000 watts regional, and over 5,000 watts clear channel. The only major differences in the groupings used here consist of including 500-watt stations as local and breaking regional stations into two groups. Various factors prompted this change. Since the majority of local radio advertisers buy time before 6 p.m., daytime power was used as the basis of power classification. Many stations with 500 watts daytime power are reduced to 250 watts after local sundown. Furthermore, there were only 13 commercial radio stations in the country in 1943 that operated with daytime power of 500 watts. Experience also indicated that 500-watt stations almost always limited their operations to one metropolitan area and were definitely local from an advertising standpoint.

Radio Advertising for Retailers

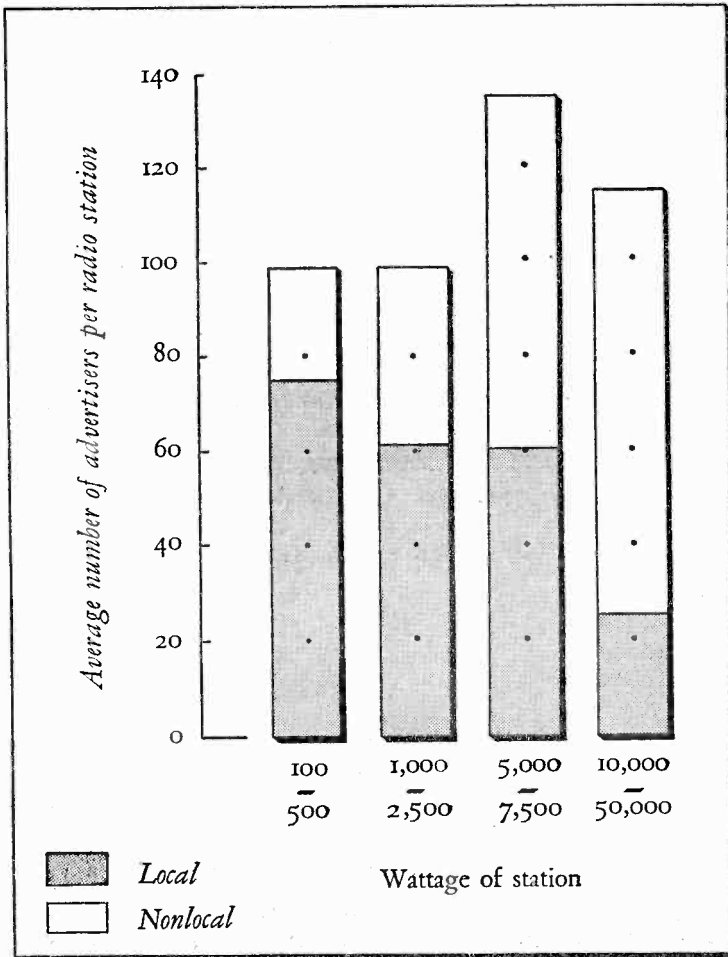


CHART I. Average Number of Local Accounts in Relation to Total Accounts of 216 Radio Stations, as Reported for March, 1943



### *Extent and Character of Radio Use by Local Business Firms*

The factor of network affiliation seems to have very little influence on the number of local accounts but is significant in providing a station with a greater total number of advertisers. The average affiliated station had about 62 local accounts in March, 1943, as compared with 68 for the average independent station. The former, however, had a total of about 119 advertisers as compared with 88 for the independent.

### *Kinds of Local Business Firms Using Radio*

THE variety of retailers using radio is very great. The following kinds of retail establishments were sufficiently numerous as consistent radio advertisers in 1942 to be considered important. They are listed approximately in order of relative significance in the number of local station accounts.

- Specialty clothing (women's wear and men's wear)
- Furniture
- Jewelry
- Department stores
- Family clothing
- Hardware, appliances, lumber and building supplies
- Drugstores
- Shoe stores
- Automotive and filling stations
- Furriers
- General merchandise
- Food
- Eating and drinking

Consistent users of radio among operators of service establishments were less numerous than among retailers, but are still highly significant. Important types of such radio users are listed below:

- Financial institutions (small loans, banks)
- Laundries and dry cleaners
- Opticians, dentists, chiropractors
- Utilities
- Insurance, real estate
- Theaters

### *Radio Advertising for Retailers*

It will be noted that, in the retail field, apparel stores are by far the most numerous radio users. In general they constitute between one-third and one-half of those retailers using radio. Certain types of retailers were heavier radio advertisers before 1942 than in that year, notably automobile dealers, filling station operators, and household appliance dealers. Curtailment of supplies and gasoline rationing were, of course, major factors in this change.

It should also be noted that, while food, eating, and drinking establishments were sufficiently numerous as 1942 buyers of radio time to be considered important, the number was exceedingly small when compared with the total number of such firms in the United States. In general, radio use by such firms was limited to supermarkets, large specialty food stores, or eating and drinking establishments catering to an entire community.

There were many kinds of local business firms not sufficiently numerous as consistent users of radio in 1942 to warrant a separate classification in this study. These have been grouped in an "all other" classification and include such kinds of business as piano tuners; funeral directors; taxi, trucking, and storage companies; florists; photographers and photographic supplies; fuel and ice dealers; salvage and scrap metal dealers; bookstores; tobacco stores; interior decorators; dance artists; smoke shops; wrecking companies; bowling alleys; and dog tracks.

### *Expenditures for Radio Time*<sup>2</sup>

REPORTS of the Federal Communications Commission indicate that radio stations received \$53,898,916 from local advertisers in 1942. Reports from radio stations emphasize the fact that local advertisers represent the major source of revenue of

<sup>2</sup> A significant portion of the 1942 revenue of many broadcast stations came from noncommercial time sold to community and church organizations. No measure of the total amount of such revenue was obtained, but some data were secured on the relative importance of revenue obtained from the sale of time to local churches.

Of the 216 broadcast stations submitting data in connection with this study, two-thirds (67.6%) reported sale of time to local churches in 1942. A much greater percentage of small stations sold time to churches than was true of large stations. More than four-fifths (81.8%) of all stations with 100 to 500 watts power sold time to local churches in 1942 as compared with only 26.3% of

### *Extent and Character of Radio Use by Local Business Firms*

most stations with power of less than 5,000 watts and also for most stations in communities with a population of less than 200,000. The average station in the 100-watt to 500-watt category received 74.7% of its total revenue from sale of time to local advertisers, while the average station with 1,000-watt to 2,500-watt power received 60.7% of its revenue from the same source. The comparable figure for 10,000-watt to 50,000-watt stations was 22.4%.

Contrary to what some might expect, the average local account produced approximately the same dollar revenue to the broadcast station in 1942 as was obtained from the average non-local account, as is shown in Table 3. This fact is graphically illustrated in Chart 2. The close parallel of ratios of number of

TABLE 3

*Percentage of Local Accounts in Relation to Total Accounts of 216 Radio Stations as Reported for March, 1943, and Percentage of Total Station Revenue from Local Accounts for 1942*

SIZE OF STATION	NUMBER IN SAMPLE	PERCENTAGE OF LOCAL ACCOUNTS	PERCENTAGE OF REVENUE FROM LOCAL ACCOUNTS
100-500 watts	88	75.6%	74.7%
1,000-2,500 watts	42	62.7	60.7
5,000-7,500 watts	67	45.0	41.5
10,000-50,000 watts	19	20.7	22.4

local to total accounts and volume of local to total revenue is striking. For no station power group do these ratios diverge more than four points. In the case of 10,000-watt to 50,000-watt stations the percentage of station revenue received from local advertisers in 1942 actually exceeded the percentage of total station accounts classified as local. This close parallel does not

those with power of 10,000 or more watts. The comparable figure for 5,000- to 7,500-watt stations was 68.2%, and for 1,000- to 2,500-watts stations 71.4%.

Revenue received from churches by those stations that sold such time represented an appreciable amount of total station revenue. In 1942 such revenue amounted to 3.4% of total station revenue from time sales to all buyers (national, regional, and local) and 5.4% of total revenue from all local buyers of time. In terms of revenue from program time sales only, sales to religious organizations accounted for 13.3% of the total.

*Radio Advertising for Retailers*

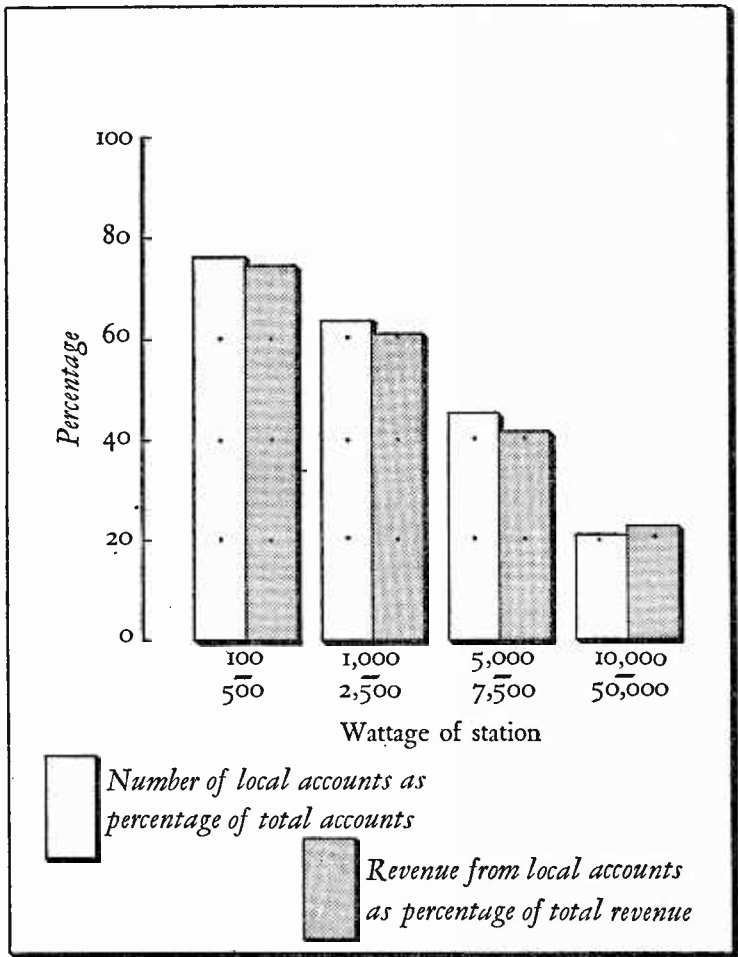


CHART 2. *Percentage of Local Accounts in Relation to Total Accounts of 216 Radio Stations as Reported for March, 1943, and Percentage of Total 1942 Station Revenue from Local Accounts*

### *Extent and Character of Radio Use by Local Business Firms*

mean that rates to national and local advertisers are the same or that each type of advertiser in general purchases a comparable amount of time. It does indicate that, on the average, a station receives approximately the same amount of net revenue from a local account as from a national account.

There is a wide variation among retailers in the amount spent for radio. Detailed information on this point was obtained from local business firms by means of a mail questionnaire. One

TABLE 4

*Average Dollar Expenditure and Percentage of Total Advertising Budget Spent in Radio in 1942 by Consistent Retail Users of Radio*

KIND OF BUSINESS	NUMBER IN SAMPLE	AVERAGE AMOUNT SPENT IN RADIO	PERCENTAGE OF TOTAL ADVER- TISING BUDGET
All retailers	581	\$4,134	11.3%*
Food, eating and drinking	24	1,609	21.8
General merchandise and other apparel	36	2,364	34.4
Department stores	76	9,573	5.1
Men's wear	55	4,438	41.3
Women's wear	25	2,622	12.7
Family clothing	24	5,472	20.9
Furriers	19	8,253	45.5
Shoe stores	28	2,218	39.8
Furniture and office supplies	82	5,737	18.1
Automotive and filling stations	27	2,228	43.3
Hardware, appliances, lumber	31	1,226	40.0
Drugstores	27	1,637	28.4
Jewelry stores	53	3,788	26.6
Other retail	74	1,044	16.5

\* This percentage is materially influenced by the high dollar figure for department stores.

question on that schedule asked for the dollar expenditure for radio time in 1942 and a statement as to what percentage of the total advertising budget was represented by the dollar radio figure. Results obtained from this question are given in Table 4 for 14 kinds of retail business. In analyzing these figures it

### *Radio Advertising for Retailers*

should be remembered that they apply only to *consistent* users of radio as represented by retailers with at least one full year of radio experience. They do not, therefore, indicate the average dollar expenditure of a typical 1942 retail account, since those who used radio on a seasonal basis or who tried radio for a short period of time and then quit are not included in the data presented in Table 4. If such retailers had been included, the average amount spent in radio would obviously have been reduced.

It is interesting to note the position of department stores in this picture. They spent a greater average number of dollars for radio than did any other kind of business, but, when such expenditure is related to the total amount spent for all advertising, the amount for radio becomes almost insignificant. Only about 5% of the 1942 advertising budget of those department stores that used radio consistently went into radio. The \$9,500 average dollar expenditure looks big when compared with the expenditures of drugstores, jewelry stores, and shoe retailers, but when analyzed in terms of relative dominance the figure shrinks appreciably.

It appears that retailers in general approach their use of radio in terms of dollars spent rather than in terms of relative dominance. This fact becomes vividly clear from figures presented in Table 5, in which retailers have been classified by size of

TABLE 5

*Average 1942 Dollar Expenditure and Percentage of Total Advertising Budget Spent in Radio by Retailers Classified by Volume of Retail Sales*

SIZE OF BUSINESS (SALES)	NUMBER IN SAMPLE	AVERAGE AMOUNT SPENT IN RADIO	PERCENTAGE OF TOTAL ADVERTISING BUDGET
\$5,000,000 and over	30	\$20,786	5.0%
\$1,000,000 to \$5,000,000	53	13,206	17.6
\$300,000 to \$1,000,000	98	4,653	25.3
\$100,000 to \$300,000	170	1,906	32.6
\$30,000 to \$100,000	158	807	45.0
Less than \$30,000	41	344	46.7

### *Extent and Character of Radio Use by Local Business Firms*

business as measured by sales volume. The inverse ratio between number of dollars spent in radio and the percentage of the total advertising budget going into radio was most marked. Thus, retail radio users with sales of less than \$30,000 spent an average of \$344 in radio, which represented 46.7% of their total dollar expenditure for all advertising. On the other end of the scale, retailers with sales volume of \$5,000,000 or more spent an average of \$20,786 in radio in 1942, but this was only 5% of their total advertising budget. The possible significance of this situation is discussed in some detail in Chapter VI.

EXPENDITURES BY INDIVIDUAL RETAILERS HAVE INCREASED. Retailers were asked to state whether their expenditures for radio during the past two years had increased, remained constant, or decreased. Of the 581 retailers included in the sample studied, 546 answered this question. Those who did not answer it were, for the most part, retailers who had used radio for less than two years. Almost one-half (46.2%) of those that answered the question had increased their radio expenditures, 42.3% had kept radio expenditures constant, and only 11.5% had decreased their expenditures. The extent of these changes as reported by different retail groups is presented in Table 6 and Chart 3.

In only five kinds of business did more than 10% of the retailers reporting indicate a reduction in radio expenditures. These groups and the relative number reporting decreases were (1) automotive and filling stations, 23.1%; (2) hardware, appliances, lumber, and building supplies, 19.4%; (3) furriers, 17.7%; (4) furniture, 16.2%; and (5) jewelers, 13.5%.

#### *Number of Stations Used*

THE majority of retailers who used radio consistently in 1942 depended on one station. Of course, many retailers had no other choice since they were located in communities with only one station. Slightly more than 40% of all retailers reporting data for 1942 were located in such communities.

Retailers located in multiple-station cities tended to utilize the facilities of fewer stations than were available to them. Thus, 44.5% of retail radio users in two-station cities used only one station in 1942, and of those in three-station communities, 43.5% used one station, 30.4% used two stations, and only

*Radio Advertising for Retailers*

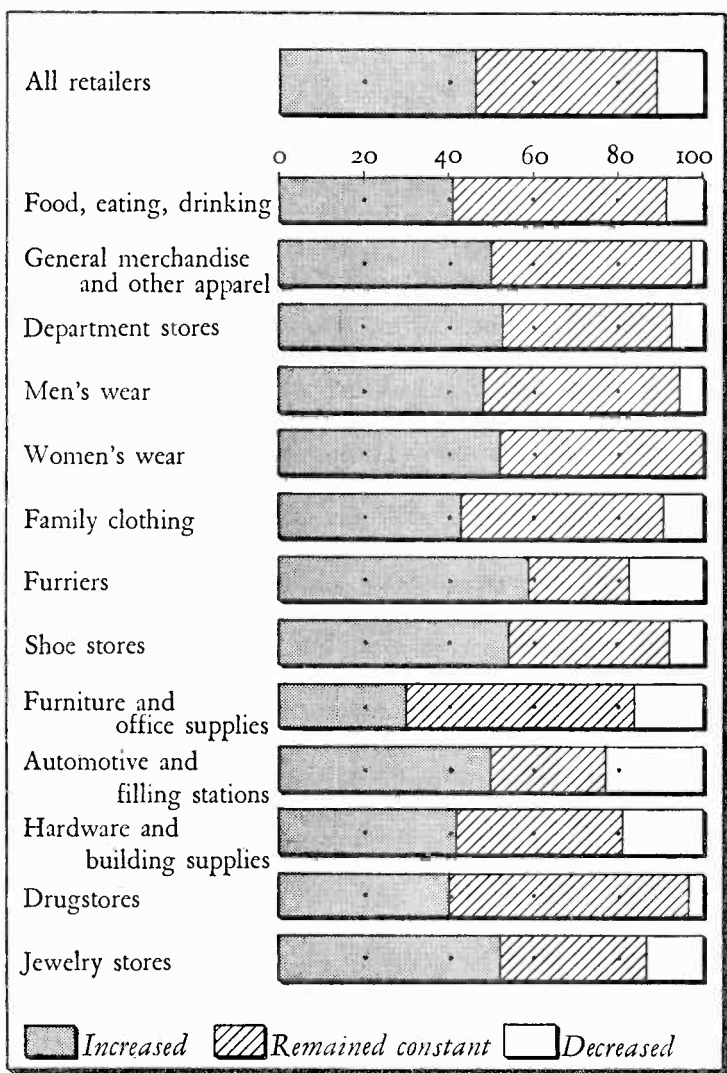


CHART 3. Percentage of 546 Retailers Whose Radio Budget Was Increased, Decreased, or Remained Constant during the Two-Year Period 1941-1942



*Extent and Character of Radio Use by Local Business Firms*

26.1% used all three stations. Maximum use of radio facilities was even less marked in cities with four or more stations, as is graphically illustrated in Chart 4. In this latter group, 37.7% used only one station and only 19.7% used four or more outlets.

TABLE 6

*Percentage of Retailers Whose Radio Budget Was Increased, Decreased, or Remained Constant During the Two-Year Period, 1941-1942*

KIND OF BUSINESS	NUMBER IN SAMPLE	INCREASED	REMAINED CONSTANT	DECREASED
All retailers	546	46.2%	42.3%	11.5%
Food, eating, and drinking	22	40.9	50.0	9.1
General merchandise and other apparel	34	50.0	47.1	2.9
Department stores	68	52.9	39.7	7.4
Men's wear	50	48.0	46.0	6.0
Women's wear	23	52.2	47.8	...
Family clothing	21	42.9	47.6	9.5
Furriers	17	58.8	23.5	17.7
Shoe stores	24	54.2	37.5	8.3
Furniture and office supplies	80	30.0	53.8	16.2
Automotive and filling stations	26	50.0	26.9	23.1
Hardware and building supplies	31	41.9	38.7	19.4
Drugstores	25	40.0	56.0	4.0
Jewelry stores	52	51.9	34.6	13.5
Other retailers	73	48.0	35.6	16.4

Department stores used more than one station more frequently than did other kinds of retailers. Figures for department stores show that 25.0% of radio users located in two-station cities depended on one station, and 75.0% employed two stations. Only 38.4% of those in three-station cities used all three stations, while those in cities with four or more stations distributed their time buying as follows: one station 25.0%, two stations 32.1%, three stations 10.8%, and four or more stations 32.1%. It thus appears that department stores made some attempt to spread their radio dollars over a number of stations, although the total dollar contribution to each station

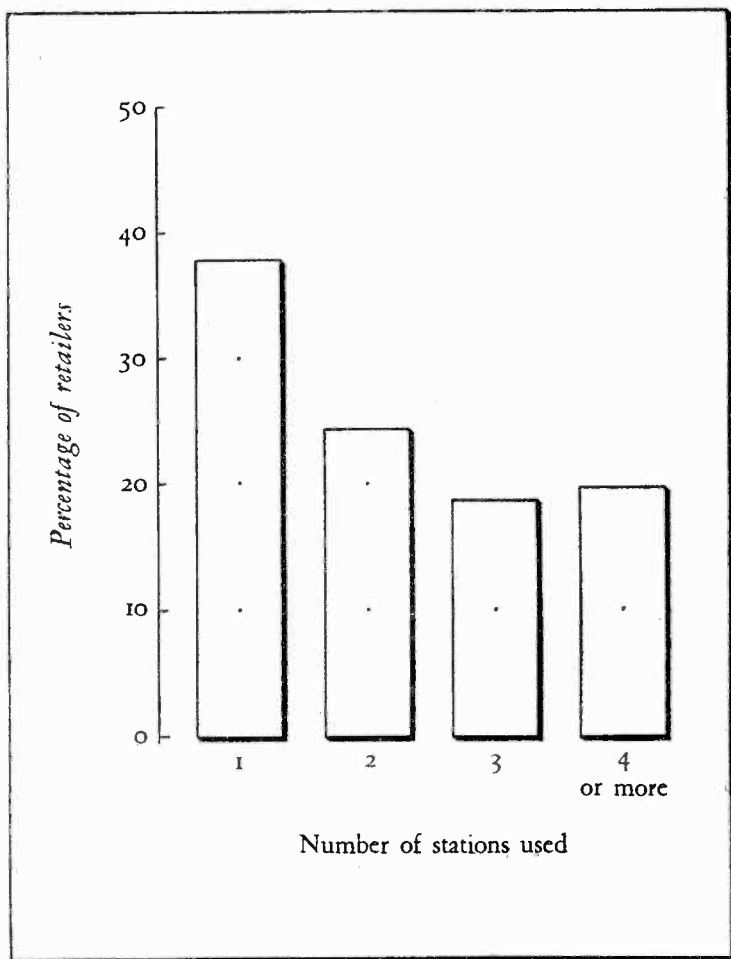


CHART 4. Percentage of 162 Retailers in Multiple-Station Cities Using 1, 2, 3, and 4 or More Radio Stations in 1942

### *Extent and Character of Radio Use by Local Business Firms*

was not very great. When the outstanding importance of department stores as local advertisers is considered, it appears clear that they have not attained radio prominence in the community at all comparable with their newspaper position. Further consideration of this situation is given in Chapter VI.

Service establishments in general followed the pattern of retailers in their use of more than one radio station in those cities which had multiple-station facilities.

### *Date Radio Was First Used*

IN THE questionnaire sent to retailers, respondents were asked to state the year that they first used radio as an advertising medium. Answers to this question revealed that many of the retailers using radio at the beginning of 1942 had employed this medium for many years, as is shown in Table 7. The graphic

TABLE 7

*Percentage of 556 Retailers Using Radio at the Beginning of 1942 Who Began Using It in Specified Years*

YEAR	PERCENTAGE OF TOTAL	PERCENTAGE OF TOTAL
	STARTING RADIO USE	USING RADIO IN
	IN EACH YEAR	EACH YEAR
1930 and before	...	14.5%
1931	2.0%	16.5
1932	4.0	20.5
1933	5.3	25.8
1934	3.2	29.0
1935	6.8	35.8
1936	7.0	42.8
1937	7.2	50.0
1938	9.2	59.2
1939	10.5	69.7
1940	13.6	83.3
1941	16.7	100.0

picture of years of radio use is shown in Chart 5. It is readily seen that retailers have been long and consistent radio users. As many as 14.5% of those replying had used radio since 1930 or

## Radio Advertising for Retailers

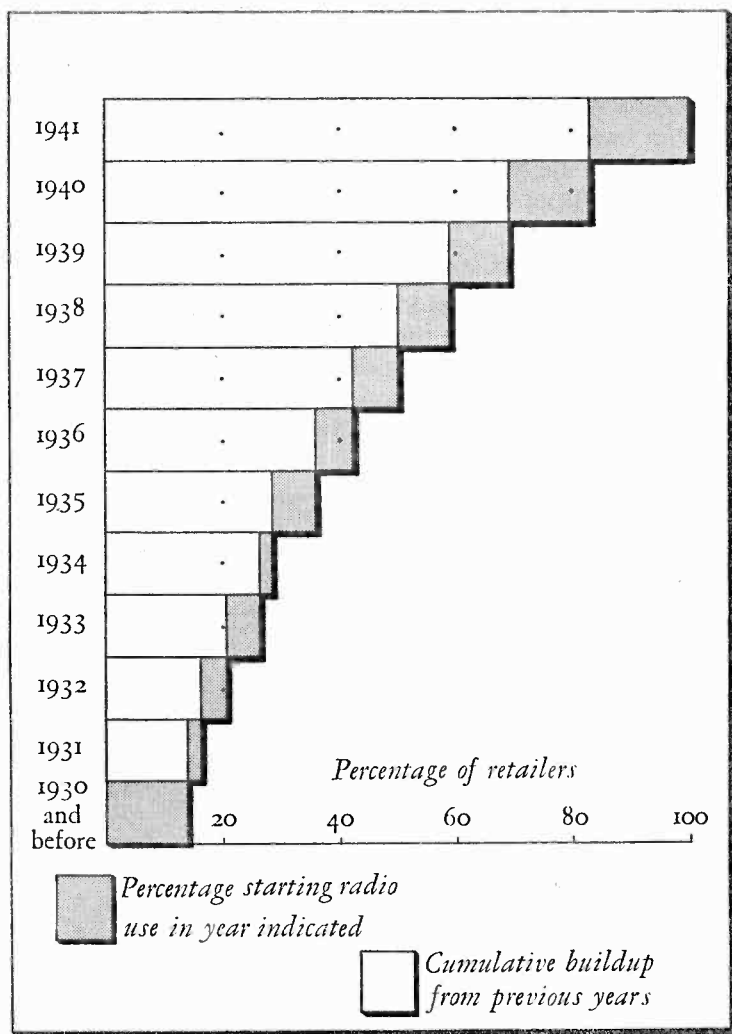


CHART 5. *Percentage of Retailers Using Radio at the Beginning of 1942 Who Began Using It in Specified Years (556 firms using radio at the beginning of 1942 = 100%)*

### *Extent and Character of Radio Use by Local Business Firms*

before, and one-half had been regular users for more than five years.

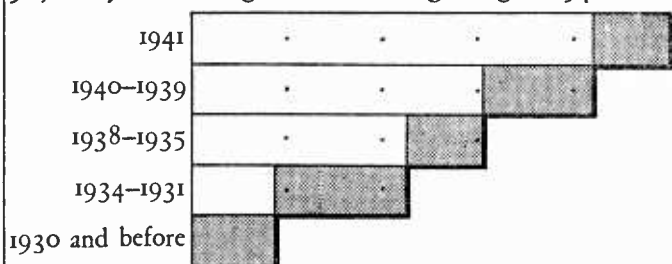
In some respects Chart 5 could be interpreted as throwing some light on the rate at which retailers have discontinued their use of radio. For instance, an extreme position could be taken that since only 83.3% of those using radio at the beginning of 1941 were renewals of former advertisers, then 16.7% of the former advertisers had cancelled their time contracts. This process of analysis could be carried back for each year to obtain an estimate of contract cancellations. Such an analysis, however, could be reasonable only if it is assumed that the number of retailers using radio each year has not increased. Such a position is not in harmony with the facts. The over-all number of retailers using radio has increased each year for many years. Three factors of importance have contributed to this increase: (1) a definite and steady increase since 1935 in the number of radio stations, (2) establishment of stations in many communities that previously had no station, and (3) a definite increase in the number of retail advertisers per station. No data have been collected on the latter, but figures show that the number of radio stations has increased 56% since 1934. Furthermore, the amount of revenue received by broadcast stations from local advertisers in 1942 was more than double that received from the same source in 1935.

When these factors are taken into consideration, Chart 5 almost becomes a growth chart of consistent retail radio users. This is emphasized in even greater measure in Table 8 and Chart 6 in which data are presented to show the years when selected groups of local advertisers first used radio. It is well known that jewelry stores were early users of radio, and this fact is clearly shown in Chart 6. Department stores were somewhat slower to enter the field, with the largest increase coming between 1935 and 1938.

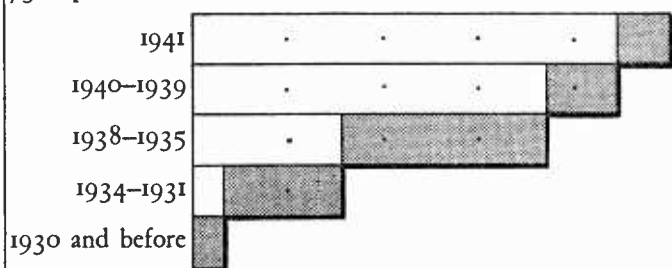
Data also reveal that large retail organizations have used radio for a longer time than is true of smaller companies. More than one-third (39.3%) of the reporting retailers with 1942 sales of \$5,000,000 or more had used radio for eight or more years. The comparable figure for firms with 1942 sales between \$30,000 and \$100,000 was 19.0%, while only 5.0% of those retailers re-

## Radio Advertising for Retailers

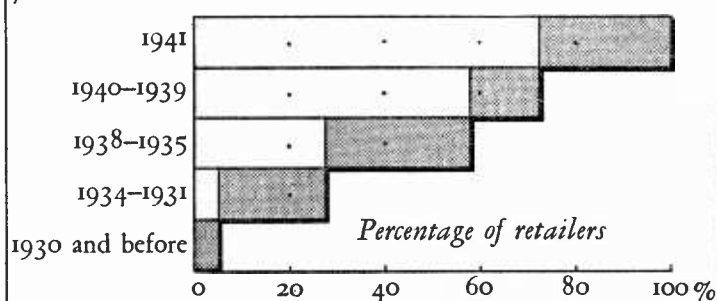
51 jewelry stores using radio at the beginning of 1942 = 100%



73 department stores



76 men's and women's wear firms



Percentage of those starting radio use in period indicated
 
 Cumulative buildup from previous periods

CHART 6. Percentage of Local Firms by Selected Types Using Radio at the Beginning of 1942 Which Began Using It in Specified Periods

*Extent and Character of Radio Use by Local Business Firms*

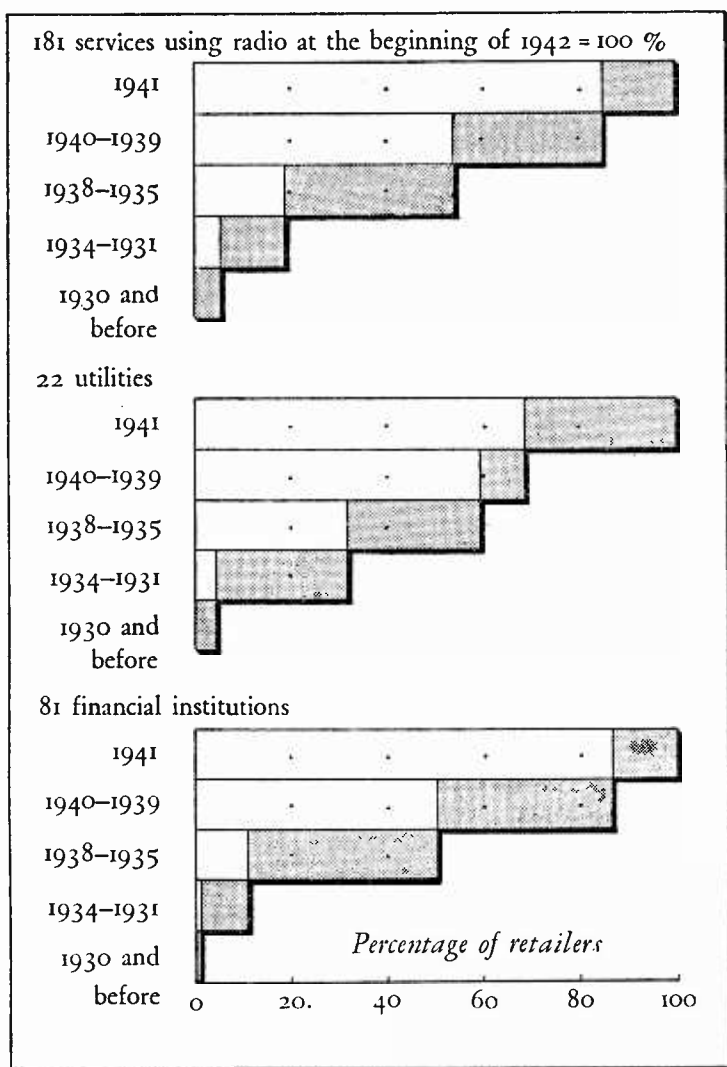


CHART 6. *Percentage of Local Firms by Selected Types Using Radio at the Beginning of 1942 Which Began Using It in Specified Periods* (continued)

### *Radio Advertising for Retailers*

porting sales under \$30,000 had used radio for eight or more years. That relatively few small retailers have had long radio experience is due in part to the absence of radio stations in many small communities before 1935. The number of stations

#### TABLE 8

*Percentage of Local Firms by Selected Types Using Radio at the Beginning of 1942 Which Began Using It in Specified Periods*

YEARS	JEWELRY STORES	DEPART- MENT STORES	MEN'S AND WOMEN'S WEAR	SERVICES	UTILITIES	FINANCIAL INSTITU- TIONS
	(51)	(73)	(76)	(181)	(22)	(81)
1930 and before	17.6%	6.7%	5.2%	5.0%	4.5%	1.2%
1931-1934	45.1	31.4	27.6	18.8	31.8	11.1
1935-1938	60.8	73.9	57.9	53.6	59.1	50.6
1939-1940	84.3	89.0	72.4	85.1	68.2	86.4
1941	100.0	100.0	100.0	100.0	100.0	100.0

located in places with a population of less than 25,000 increased 149.6% from 1935 to 1942, and since small retail radio users are concentrated in small places it is clear that the percentage of long-term radio users among this group would, of necessity, be low.

Some might assume that the relatively small number of long-term radio users among small business firms is due largely to higher business mortality in this group or that radio is too expensive a medium for firms with low sales volume. Neither assumption appears to be valid. The number of retail firms in radio communities is so great that there would be time on the air for only a relatively small number of those that had been in business for years. Furthermore, a greater number of small retailers reported high success from radio than was true of larger firms. This latter element is discussed in detail in Chapter VI.

#### *Unit of Time Purchased*

SPOT announcements constitute the major time unit purchased by retailers and other local business firms. The prepon-



### *Extent and Character of Radio Use by Local Business Firms*

derance of dependence placed on spots rather than major segments of time is almost startling. Three-fourths (75.4%) of all retailers who used radio in 1942 bought spot announcements. Only 38.1% purchased 15-minute time periods and 26.6% bought other units of time. About 40% of these retailers purchased more than one unit of time; hence the above percentages total more than 100. It is clear, however, that even with this duplication the number of spot announcement buyers was twice as great as the number of retailers who bought any other unit of time. Reports from radio stations indicate that 67.7% of all local radio advertisers in March, 1943, bought spot announcements only.

Chart 7 presents graphically for a few kinds of local outlets the relative importance attached to spot announcements, 15-minute time units, and "other" units of time. A greater relative number of department stores and family clothing stores purchased 15-minute time blocks than was true of other retail groups. Shoe stores topped the list of spot buyers, with 89.3% of their number buying such time in 1942. The pattern for each of 14 retail and 6 service groups was fairly uniform when it came to the purchase of spot announcements, but varied somewhat more for other time units, as can be seen from an examination of Chart 7. The number of utilities buying 15-minute time units represents a major variation from the typical picture. Figures for these and other groups are presented in Table 9.

Some information was obtained to provide a measure of the number of firms buying 5-minute and 10-minute time segments. Retailers as a group were not attracted to such time units, as shown by the fact that the number buying 5-minute units was limited to 12.3% of the total and only 4.3% purchased 10-minute time segments. Groups showing the highest relative number of 5-minute time buyers were theaters (27.3%), women's wear (25.0%), and opticians (22.7%). In no group did as many as 10% of the firms buy 10-minute units. Only a relatively few firms purchased time in units of 30 minutes or more. Department stores were high in this category with a percentage of 20.3%.

A more penetrating picture of the importance local businesses

## Radio Advertising for Retailers

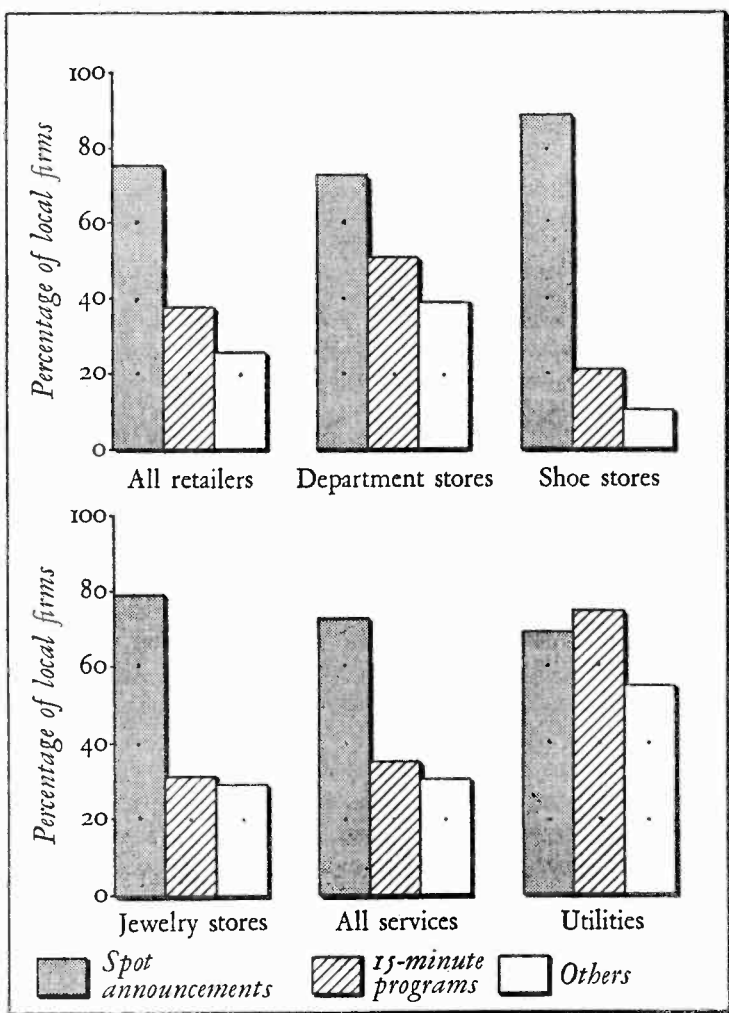


CHART 7. *Percentage of Local Business Firms of Various Types Buying Different Units of Radio Time in 1942*

NOTE: Some firms bought more than one kind of unit; hence percentages add to more than 100%.

*Extent and Character of Radio Use by Local Business Firms*

TABLE 9

*Percentage of Local Business Firms of Various Classes Buying Different Units of Radio Time in 1942, and Percentage of Radio Advertising Budget Spent for Each Unit*

KIND OF BUSINESS	NUMBER IN SAMPLE	PERCENTAGE USING DIFFERENT UNITS OF TIME*			PERCENTAGE OF RADIO BUDGET SPENT FOR EACH UNIT OF TIME		
		15			15		
		SPOTS	MINUTES	OTHER	SPOTS	MINUTES	OTHER
<i>Retail Groups</i>							
All retailers	561	75.4%	38.1%	26.6%	58.0%	26.9%	15.1%
Food and eating	23	69.6	39.1	30.4	49.6	31.0	19.4
General merchandise and other apparel	34	70.6	35.3	32.4	52.8	24.4	22.8
Department stores	74	73.0	51.4	39.2	44.3	34.4	21.3
Men's wear	52	69.2	42.3	19.2	55.4	34.5	10.1
Women's wear	24	75.0	37.5	29.2	53.9	25.0	21.1
Family clothing stores	22	77.3	54.5	27.3	46.1	40.7	13.2
Furriers	19	78.9	36.8	15.8	70.3	21.9	7.8
Shoe stores	28	89.3	21.4	10.7	80.4	11.7	7.9
Furniture and office supplies	78	70.5	42.3	28.2	52.2	32.0	15.8
Automotive and filling stations	25	76.0	32.0	28.0	63.1	28.1	8.8
Hardware and building supplies	31	71.0	41.9	32.3	51.8	33.4	14.8
Drugstores	27	81.5	40.7	22.2	64.8	22.8	12.4
Jewelry stores	51	78.4	31.4	29.4	63.6	18.7	17.7
Other retail	73	82.2	24.7	17.8	72.5	15.5	12.0
<i>Services</i>							
All services	183	72.1	35.5	30.1	57.8	25.3	16.9
Laundries and dry cleaners	20	85.0	25.0	5.0	75.9	19.3	4.8
Opticians, dentists, chiropractors	22	68.2	40.9	31.8	55.6	23.3	21.1
Financial institutions	83	62.7	39.8	36.1	46.1	32.7	21.2
Theaters	11	81.8	63.6	36.4	71.4	20.0	8.6
Utilities	16	68.8	75.0	56.3	42.9	39.0	18.1
Other services	47	83.0	23.4	27.7	69.5	16.6	13.9

\* Since many firms used more than one unit, these percentages add to more than 100.

### *Radio Advertising for Retailers*

place on spot announcements is found in the amount of the radio budget spent for spots. Such a division of the radio budget is shown in the second part of Table 9.

A more detailed division for all retailers and three selected business groups is shown in Chart 8. Retailers as a group spent 58.0% of their radio budget for spot announcements. Department stores allocated the smallest percentage of the radio budget for such time, while shoe stores topped the list with 80.4%. Other business groups spending more than 60.0% of their radio budget for spots included furriers, automotive firms and filling stations, drugstores, jewelry outlets, laundries and dry cleaning establishments, and theaters.

Size of business as measured by volume of sales appears to have some influence on the relative importance of spot announcements in the radio budget. In general, the smaller the business is, the greater is the dependence on spot announcements. The only exception to this generalization, as can be seen from Chart 9, is the group of retailers with 1942 sales of \$5,000,000 or more. This exception is probably due to the fact that department stores constitute the bulk of all firms in this group. All other size groups have a fair mixture of different kinds of business and hence show the influence of business size rather than kind of business. It is perhaps logical that the smaller business firms would place greater dependence on spots than on other time units. Possible explanations of why firms with annual sales of \$100,000 or more should place so much of their radio budget in spots are discussed in Chapter IX.

A most interesting picture develops from a classification of retailers by the number of stations used. As shown in Chart 10, retailers located in multiple-station cities who associated themselves with one station only placed more emphasis on program time than was true of any other group. Differences between the policies of one-station users in multiple-station cities and the policies of firms forced to use only one station because no more were available were substantial.

Reasons for differences in policy of those groups represented in Chart 10 were not definitely ascertained. It is known that retailers who use more than one station tend to concentrate program activity with one station and buy spots on other outlets.

Extent and Character of Radio Use by Local Business Firms

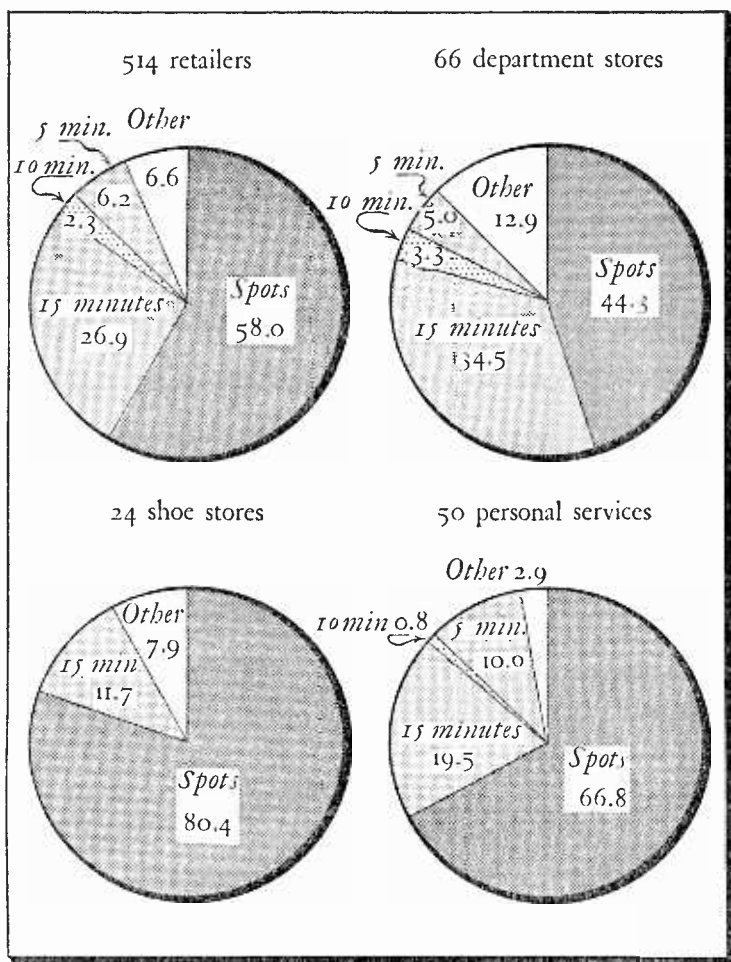


CHART 8. Distribution of 1942 Radio Dollar by Unit of Time Purchased for Various Types of Local Advertisers

*Radio Advertising for Retailers*

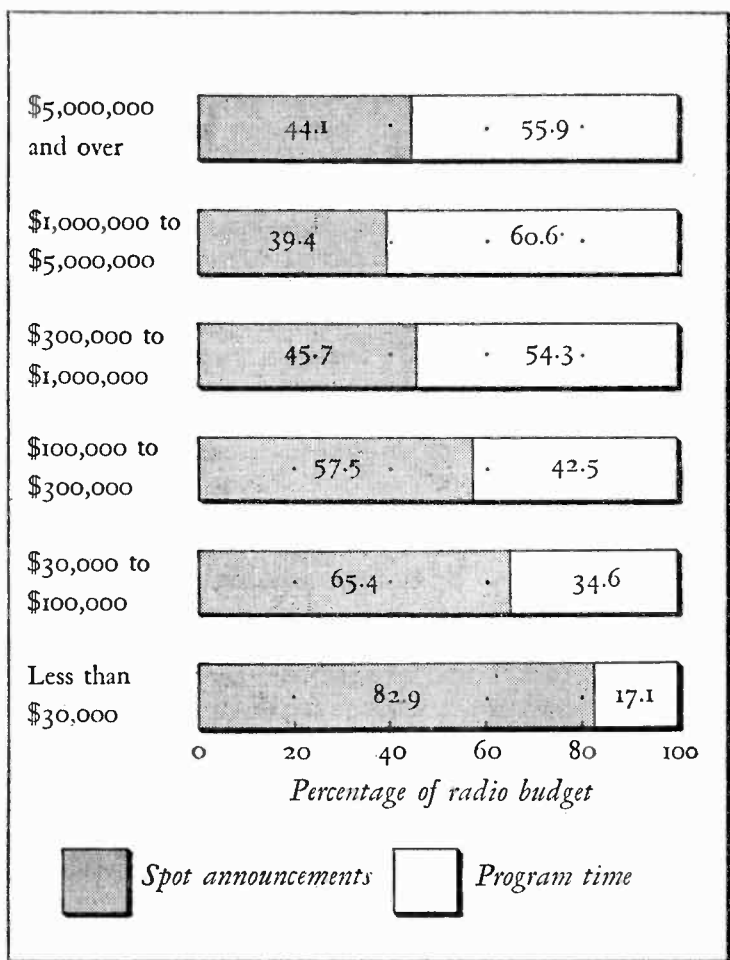


CHART 9. *Division of 1942 Radio Budget between Spot Announcements and Program Time by Average Retailer in Each of Six Business Size Groups, as Reported by 219 Retailers*

*Extent and Character of Radio Use by Local Business Firms*

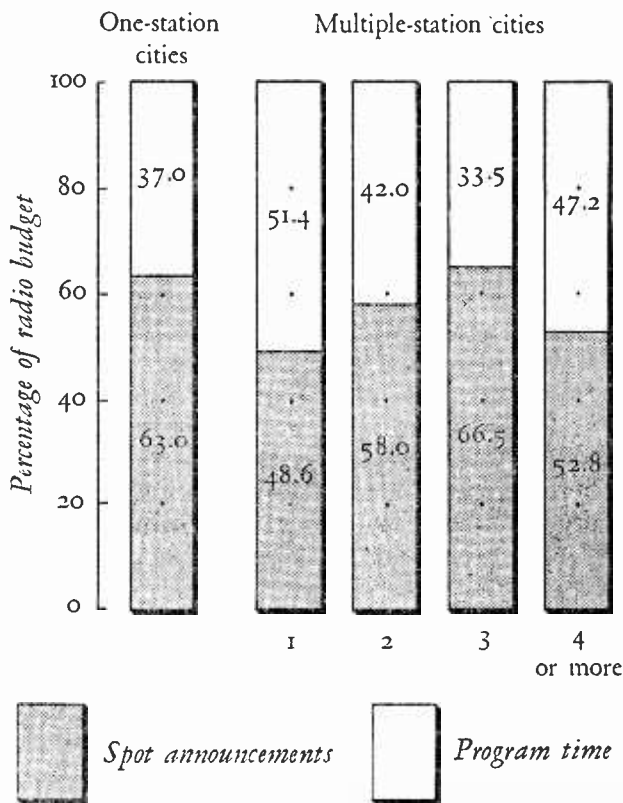


CHART 10. *Division of 1942 Radio Budget between Spot Announcements and Program Time by 494 Retailers Classified by Number of Stations Used*

## *Radio Advertising for Retailers*

In the case of one-station communities, it is possible that the absence of station competition has influenced the sales policy of station management. Perhaps this lack of station competition has not encouraged the devotion of extra time necessary to develop programs for local sponsorship even though programs might produce longer lasting business. Moreover, the greater relative number of small business firms in one-station communities may have had an influence on the high percentage of spot announcement business.

### *Types of Programs Used*

WHILE a majority of retail users of radio employ spot announcements, approximately 64% do buy some program time and about 42% of the radio budget of these retailers is spent for such time. It is therefore worth while to consider the types of programs sponsored by this group of retailers.

It should be noted that the percentage distribution of types of programs used adds to more than 100 because a number of advertisers used more than one type of program. Figures presented here, however, do show the relative importance of each program type.

News and music were by far the most popular types of programs in 1942. Chart 11 shows the relative popularity of seven types of programs. Only a few local firms sponsored programs other than news or music. No detailed breakdown of musical programs by kind of music was secured, but personal interviews disclosed that a wide variety of music was broadcast. Popular music was probably most commonly used, but in certain sections of the country hillbilly and western music appeared to be dominant. The number of retailers sponsoring symphony and opera music appeared to be small, but by no means nonexistent.

There was some overlapping in answers to variety and "other" programs. Variety programs, in general, include combinations of music, jokes, talks, club activities, amateur talent, and similar material. Some of the variety programs have been built around the establishment of women's radio clubs in which the club members participate in the program. There are two types of participating programs: (1) those used as a vehicle to carry spot announcements of a number of advertisers, and (2) rela-



*Extent and Character of Radio Use by Local Business Firms*

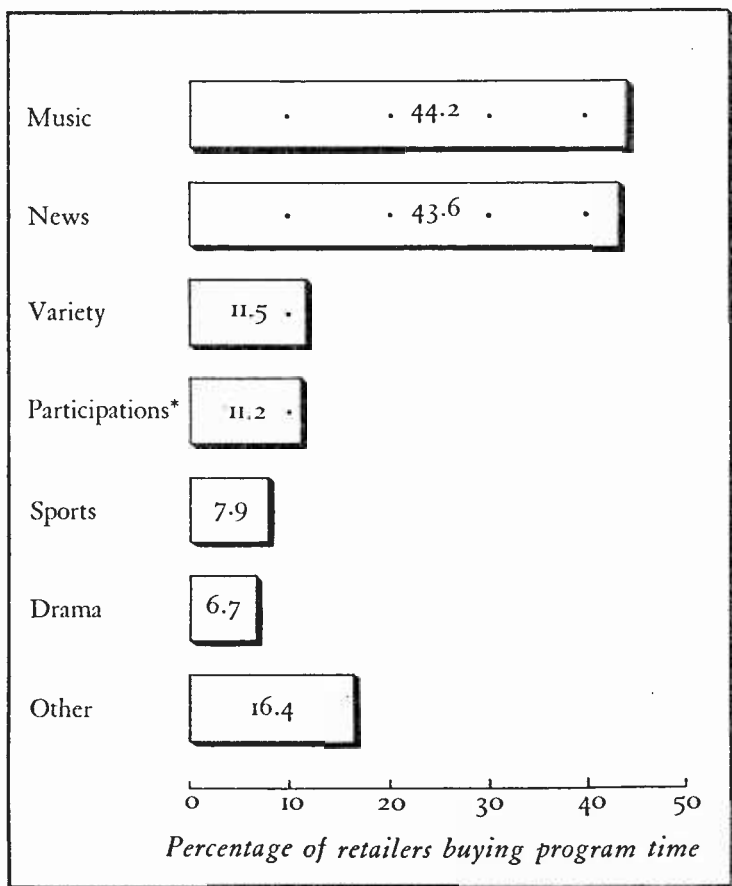


CHART II. *Relative Importance of Different Types of Programs Sponsored by 330 Retailers in 1942*

\* There are two types of participating programs: (1) those used as a vehicle to carry spot announcements of a number of advertisers, and (2) relatively long programs sold in segments to two or more advertisers. The second type can logically be classified as sponsored programs. Participations included here should consist entirely of Type 1, but some of Type 2 are probably present.

NOTE: Some firms used more than one type of program; hence percentages add to more than 100%.

### *Radio Advertising for Retailers*

tively long programs sold in segments to two or more advertisers. The second type can logically be classified as sponsored programs. Participations included in Chart 11 consist largely of the second type, although some of Type 1 are probably present. The "other" classification includes such types as cooking schools, quiz programs, shopping programs, garden talks, lessons in Spanish, and special events.

There was considerable variation in the use of different types of programs by some retail groups. Department stores used variety and "other" programs to an important degree. Men's wear stores were the outstanding users of sports programs, while women's wear stores, as should be expected, used no such programs. Details concerning program types as used by a number of different local business groups are presented in Table 10.

It is easy to understand why news and musical programs are high on the list. Neither requires a great amount of preparation nor large sums for talent cost. News has been most popular for several years and hence readily accepted as a type of program that might well be expected to attract an audience. It is probable, however, that too much attention has been given to the factors of low talent cost and ease of preparation in the selection of program types. These factors are discussed in some detail in Chapter VIII.

Talent cost has undoubtedly been a factor in the selection of programs for sponsorship. In general, retailers have spent very little for talent. Payments to radio stations in 1942 for talent amounted to only 4.4% of the total amount paid for program time. Additional amounts were paid by some local firms to talent employed independently of the radio station, but it appeared that major dependence was placed on records and transcriptions, particularly in the case of musical programs. The volume of expenditures for live talent was not ascertained, but it is safe to conclude on the basis of conversations with retailers that it was exceedingly small.

Summarizing, it can be stated that radio is available as an advertising medium to vast numbers of local business firms, and that thousands of such firms have used the medium. Many kinds of retail and service firms are included in the group of

*Extent and Character of Radio Use by Local Business Firms*

TABLE IO

*Percentage of Retailers Using Different Types of Programs by Kind of Business*

BUSINESS GROUPS	NUMBER IN SAMPLE	TYPES OF PROGRAMS USED						
		NEWS	MUSIC	VARIETY	PARTICIPATION	SPORTS	DRAMA	OTHER
All retailers	330	44.2%	43.6%	11.5%	11.2%	7.9%	6.7%	16.4%
Food, eating, drinking	15	13.3	53.3	20.0	13.3	6.7	...*	13.3
General merchandise and other apparel	24	33.3	54.2	25.0	8.3	...	8.3	16.7
Department stores	56	51.8	33.9	26.8	10.7	5.4	10.7	19.6
Men's wear	32	50.0	40.6	3.1	3.1	21.9	6.3	12.5
Women's wear	15	46.7	33.3	6.7	20.0	...	13.3	6.7
Family clothing	15	66.7	46.7	13.3	13.3	20.0	...	13.3
Furniture and office supplies	46	41.3	54.3	6.5	2.2	4.3	10.9	13.0
Automotive and filling stations	15	66.7	26.7	...	26.7	20.0	...	...
Hardware and building supplies	21	38.1	47.6	9.5	19.0	4.8	...	9.5
Drugstores	14	57.1	35.7	...	14.3	14.3	14.3	21.4
Jewelry stores	28	42.9	46.4	7.1	17.9	3.6	3.6	25.0
Other retail	49	26.7	43.3	6.7	16.7	10.0	...	30.0
Financial institutions	52	55.8	26.9	7.7	...	15.4	5.8	11.5
Other services	46	23.9	41.3	13.0	13.0	4.3	8.7	32.6

\* Dots instead of 0.0 is used where respondents indicated no use of a particular program type. No doubt some advertiser in the retail group in question used such a program type, but none was present in the sample. It is believed that, for all practical purposes, the sample is adequate.

NOTE: Since many firms used more than one type, totals come to over 100%.

### *Radio Advertising for Retailers*

users. These local stores and shops have spent millions of dollars annually for radio time. A majority of local advertisers have depended on spot announcements, but 42% of the local radio dollar went for program time in 1942. News and musical programs constituted the vast majority of types sponsored by local stores.

With this presentation of the extent and general character of radio use in 1942 by local businessmen, attention can be given to some of the details of advertiser policy, extent to which radio has been a successful medium for local advertisers, and factors involved in success or failure. These elements are discussed in the following three chapters.

## CHAPTER IV

### *Radio as a Medium for Selling Specific Merchandise*

IT WOULD be most helpful to all advertisers if some simple radio, newspaper, magazine, and direct-mail scales were developed which would measure the volume of sales resulting from any given weight of advertising dollars. Already some partially reliable instruments for measuring the success of different kinds of advertising are in use on a limited basis. These measuring devices take into account all the many variables that influence success or failure, such as the season, type of commodity advertised, medium used, support from other media, weather, level of purchasing power, and a host of others.

Unfortunately, relatively few retailers and other local business firms have made attempts to apply scientific methods to a measurement of results obtained from the use of either radio or newspapers. Most local businesses, however, have applied some rule-of-thumb measure or have made mental notes concerning advertising results. These have taken the form of comparing sales during and immediately after the running of an advertisement in the paper or its announcement on the air with sales during some earlier comparable period. In the case of radio, mental notes of other factors, such as telephone calls, customer comments, and premiums given, have often been made by the merchant.

All these processes add up to two things: (1) occasional sales records related to radio expenditures, and (2) specific but subjective appraisal of radio success. While estimates of radio success cannot be highly accurate under this type of measurement, it is probable that major errors in the appraisal of success are seldom present. Certainly very few cases would occur in which a merchant would rate his radio advertising as highly successful when in reality it was a failure.

### *Radio Advertising for Retailers*

In an attempt to secure all possible information concerning the success or failure of radio as an advertising medium for local business firms, statistical data were obtained wherever possible. When statistical data were not available, reliance was placed on the merchant's subjective evaluation of radio results. Only those firms were included whose radio experience had extended over a period of 12 months or more so that seasoned judgments might be obtained. It is believed that this approach provides a reasonably accurate picture of radio as an advertising medium for retail and service establishments.

#### *Retailers' Estimate of Success*

THE following question was included on the questionnaire sent to local business firms:

Which of the following most nearly describes the results of your radio advertising?

1. Highly successful -----
2. Moderately successful -----
3. Only slightly successful -----
4. Unsuccessful -----

A comparison of replies to this question with results from several hundred personal interviews with business executives leads to the conclusion that answers fairly represent the honest appraisal of responding firms. There is every reason to believe that retailers had no desire to overstate their appraisal of success. On the basis of personal interviews it is believed that there was a slight bias which favored a "moderately successful" answer. It appears that only a few, if any, checked "highly successful" except when that represented the true estimate of success. There also may have been a slight bias in favor of good results from advertising because of the abnormal relationship between consumer demand and supplies of consumer goods in 1942. There appeared to be every desire on the part of respondents, however, to assist in ascertaining the facts concerning radio.

Retailers' estimates of radio success were highly favorable. Of 572 retailers and 222 service establishments answering the "success" question, only six retailers and one service estab-

### *Radio as a Medium for Selling Specific Merchandise*

lishment stated that radio had been unsuccessful. One-third (33.7%) of all retailers and 35.6% of all service firms reported that radio had been highly successful. Only 7.7% of all retailers reported slight success from radio. Details for 13 kinds of retailers are presented in Table 11 and Chart 12. Since only six retailers out of 572 reported that radio had been unsuccessful, these have been included in Table 11 and Chart 12 with those checking "only slightly successful."

It is interesting to note that in only three retail groups did fewer than one-fourth of those reporting rate radio as highly successful. One of these was the hardware and building supplies group, a number of whom reported that war restrictions on merchandise had influenced success. Relatively fewer department stores reported high success than any other kind of retail business. A number of factors appear to influence this showing of department stores, including the relatively small amount of the total advertising budget placed in radio. This factor and other contributing factors are discussed in detail in Chapter VI.

The number of firms that found radio only slightly successful was surprisingly low. General merchandise and other apparel stores stood high in this category, with 17.1% reporting only slight success and none reporting that radio had been unsuccessful. Food stores and eating establishments were relatively high in the number reporting little or no success, but even here only 12.5% reported slight success, and 4.1% no success.

Service establishments followed the same general pattern of retail stores, as is shown on the lower part of Table 11. The total picture for both is almost identical, as can be noted from a comparison of Chart 13 with Chart 12. One group of service operators, namely, opticians and similar professional people, reported outstanding success. Three-fifths of this group reported high success. Insurance agencies and real estate brokers were relatively low in the number reporting high success and high in the number reporting little or no success.

It should be remembered that figures presented here represent firms that were fairly consistent users of radio. The sample studied was limited to firms which had used radio throughout 1942, although approximately 20% had first entered the radio field sometime in 1941 and hence had less than two years' ex-

*Radio Advertising for Retailers*

TABLE II

*Results from Radio Advertising as Reported by Retailers and Service Establishments in 1942*

	NUMBER IN SAMPLE	DEGREE OF SUCCESS		
		HIGH	MODERATE	LITTLE OR NONE
<i>Retailers</i>				
All retailers	572	33.7%	57.5%	8.8%
Food and eating General merchandise and other apparel	24	41.7	41.7	16.6
Department stores	35	25.7	57.2	17.1
Men's wear	73	16.4	72.6	11.0
Women's wear	55	41.8	50.9	7.3
Family clothing	25	24.0	68.0	8.0
Furriers	24	41.7	54.2	4.1
Shoe stores	19	47.4	42.1	10.5
Furniture and office supplies	26	46.2	53.8	...
Automotive and fill- ing stations	82	31.7	58.6	9.7
Hardware and build- ing supplies	28	39.3	50.0	10.7
Drugstores	31	19.4	80.6	...
Jewelry stores	26	42.3	53.9	3.8
Other retailers	53	47.2	41.5	11.3
	71	32.4	60.6	7.0
<i>Service Establishments</i>				
All services	222	35.6	55.4	9.0
Laundries and dry cleaners	20	25.0	75.0	...
Opticians, dentists, chiropractors	23	60.9	21.7	17.4
Financial institu- tions	83	32.5	55.4	12.1
Theaters	11	36.4	63.6	...
Utilities	22	27.3	72.7	...
Insurance, real estate	17	23.5	58.8	17.7
Other services	46	41.3	52.2	6.5



*Radio as a Medium for Selling Specific Merchandise*

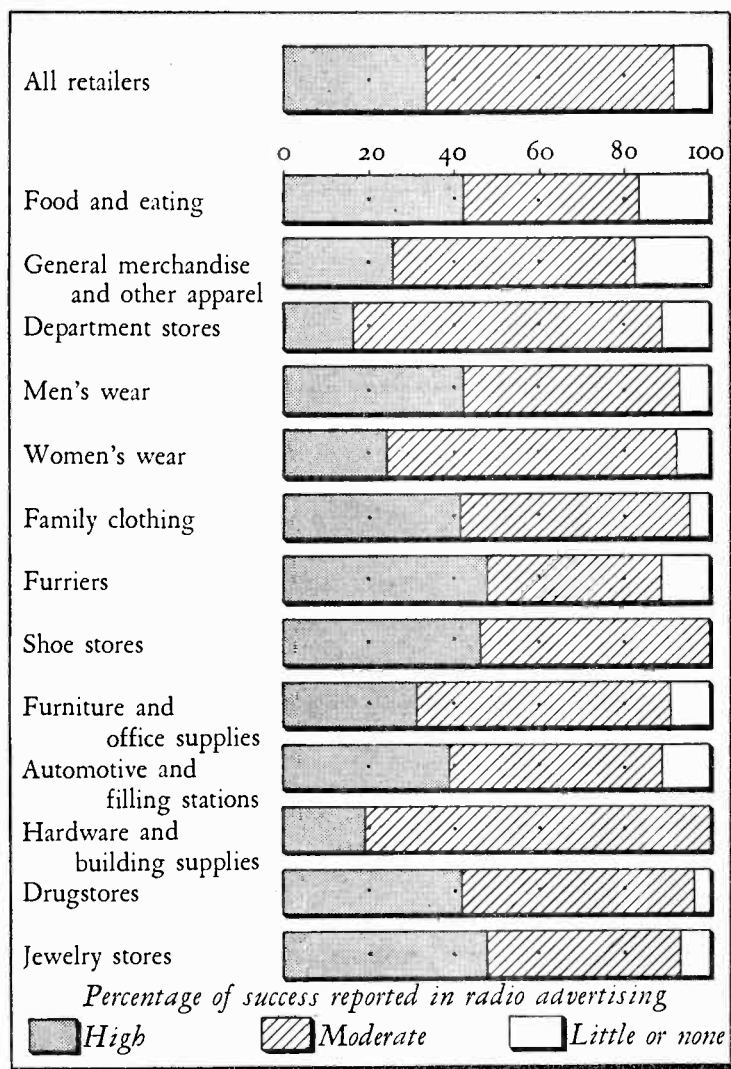


CHART 12. *Results from Radio Advertising, as Reported by 572 Retailers in 1943*

*Radio Advertising for Retailers*

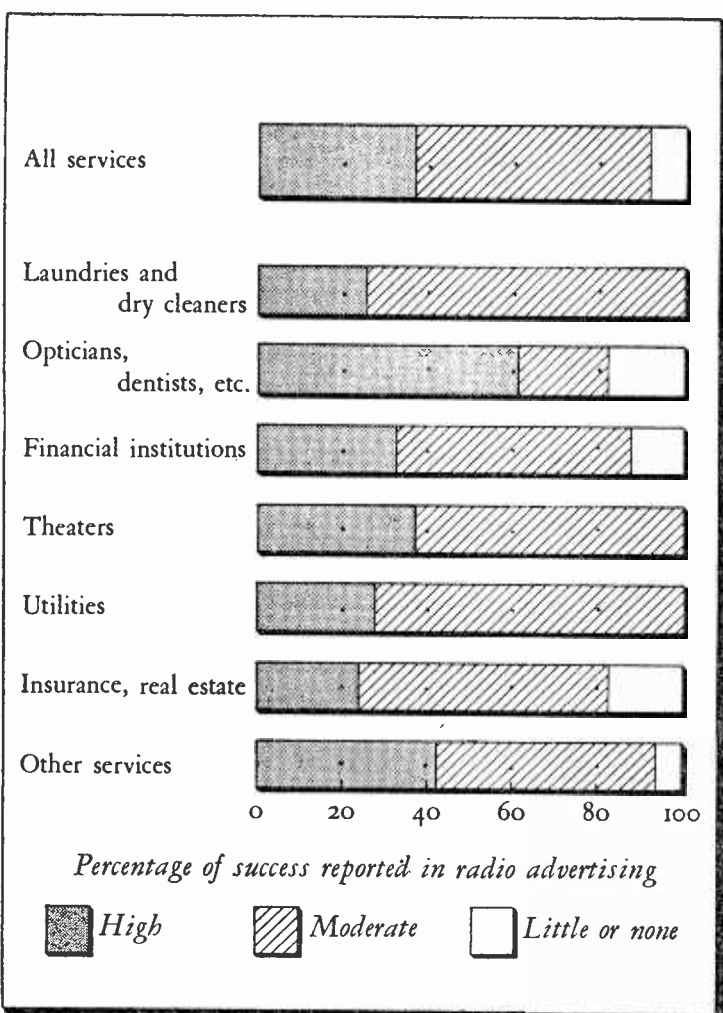


CHART 13. *Results from Radio Advertising, as Reported by 222 Service Establishments in 1943*

### *Radio as a Medium for Selling Specific Merchandise*

perience with this medium. If those which had experimented with radio for a very short period of time had been included, the percentage of high successes would have been lower and the relative number of failures or near failures would have been higher, as is evident from an analysis of short-term users presented in Chapter VI. Attention was focused on the experiences of firms with some degree of consistency in radio use because it was believed that the experiences of such firms would provide a more reliable analysis of radio as a medium for local business firms.

#### *Experience in Selling Specific Merchandise*

RETAILERS have directed their radio efforts toward an accomplishment of one or more of three objectives: (1) to sell specific merchandise or service, (2) to build goodwill for the firm, or (3) to promote a particular department of the firm. The first of these objectives is the more tangible and thus lends itself to a measurement of success or failure somewhat more readily than is true of the other two objectives. Since many retailers have been anxious to test the power of radio to sell goods, a greater number have chosen to use radio for that purpose than for any other. Of the total number of retailers and service operators submitting reports, 30% devoted all of their radio time to the sale of specific merchandise or service and another 37% included this objective as one part of a combination of objectives.

Reports by local business firms indicate a high degree of success in their use of radio to sell goods. More than one-third (34.7%) of those firms that confined their use of radio to the promotion of specific items of merchandise or service stated that results had been highly successful, 59.7% reported moderate success, and only 5.6% reported little or no success. This evaluation was somewhat more favorable to radio than that made by retailers as a whole and may well indicate that when a tangible basis for measuring results is available, retailers are more keenly aware of success or failure.

Reports made by retailers, both by mail and to personal interviewers, provided information on the kinds of merchandise promoted by radio advertising and the results attained from

### *Radio Advertising for Retailers*

such promotion. A few examples of the experiences of retailers are given here as a means of indicating the types of merchandise and service that have been successfully promoted by radio. In reviewing these experiences, only limited attention is given to factors responsible for success or failure. A detailed discussion of such factors is included in Chapter VI.

**FUR COATS.** Retail fur stores, both chains and independents, have generally been quite successful in using radio to sell specific items. One independent store, located in Pennsylvania and doing an annual volume of business in fur coats alone of about \$500,000, analyzed sales in terms of the promotional forces that produced each individual sale. The store manager did not claim that his records were wholly accurate, but he believed that the margin of error was relatively small. The following figures represent the company's analysis of sales for part of 1942:

SALES TRACED TO:		UNITS SOLD
Radio advertising		327
General radio advertising	133	
Specific radio stations	94	
Specific radio programs	100	
Newspaper advertising		164
Other than radio and newspaper		445
Catalogs	9	
Sales to employees	11	
Sales to old customers	225	
Customers brought in by employees	31	
Recommended by old customers	145	
Direct sales from style shows	4	
No source noted	20	
Total units sold		<hr/> 936

The average sales check for coats sold during the period analyzed was about \$200. Radio thus served as an effective medium in moving high-price merchandise. The advertising budget for major media was divided 68% to radio and 32% to newspapers. When these figures were related to traceable sales, it was found that radio produced results at a slightly lower cost than other major media. The difference in cost is significant only

### *Radio as a Medium for Selling Specific Merchandise*

in its emphasis on the ability of radio to do an effective job in selling specific merchandise in a high price range. The manager of this store emphasized that total differences between major media were not so great as differences in the effectiveness of individual radio stations and particular radio personalities, thus indicating that the manner in which radio is used is a vital factor in success.

**SUITS, COATS.** The experience of a men's specialty shop in a mid-Atlantic city provides data on radio's part in selling suits, topcoats, and overcoats. This store held special sales events each year in April and November. Until the November, 1940, sale, only newspaper advertising had been used to promote the special event, but beginning with that sale radio was added to newspaper advertising. About 27% of the total advertising budget was placed in radio. Sales figures for the weeks of the special promotion were as follows:

DATE OF PROMOTION	UNITS SOLD	DOLLAR VOLUME
Radio not used		
November 1938	204	\$ 2,631
April 1939	208	2,683
*November 1939	245	3,405
April 1940	282	3,920
Radio added		
November 1940	481	6,739
April 1941	464	6,496
*October 1941	640	9,536
*April 1942	762	12,878
November 1942	619	10,462
April 1943	750	12,675

\* Price per unit had been increased over that prevailing during the previous sale period.

Sales in the November, 1940, promotion were approximately 70% greater than in the April, 1940, period and almost double what they were the year before. Part of this increase was due to improved business conditions, but the store manager attributed the bulk of the increase to addition of radio advertising.

### *Radio Advertising for Retailers*

This store has continued the use of radio, not only in its special sales events, but also in its regular day-to-day advertising.

**SHIRTS.** Men's shirts have proved to be popular items for radio promotion. Several department stores reported sales of as many as 2,000 men's shirts the first day after they had been advertised by radio. One of the outstanding cases of radio in the sale of men's shirts is that of the Wm. Filene's Sons Company in Worcester, Massachusetts. In 1940 this store devoted a 15-minute program to a dramatization of Egyptian cotton and English broadcloth in general — and Hindle English broadcloth shirts in particular. Commercials used in this program told listeners that "Filene's Men's Shop proudly presents just 2,400 regular \$3.50 shirt aristocrats made from Hindle English Broadcloth, at \$2.29 each." The manager of the Worcester store stated that this radio promotion sold over 2,000 white broadcloth shirts in a few days. Sales, in units, were 40% *greater* than sales the previous year when the price was \$1.99. This increase was particularly significant as Filene's store in Boston, Massachusetts, promoted the same shirt at the same price and at the same time, but used no radio advertising. Boston sales were 30% *lower* than sales the year before. The drop in sales in Boston was attributed to the increase of the retail price above \$2.00, which for years had been considered the maximum price for any volume selling.

One men's store with annual sales approximating \$1,000,000 reported that radio had failed to sell men's shirts at a reasonable advertising cost. Investigation disclosed that the store had made a serious attempt to give radio a real chance to demonstrate its power. Spot announcements were purchased on a very popular participating program, and shirts were vigorously promoted for several weeks. Results were most disappointing and were far below what the same money expenditure in other media produced. This is the only real failure reported in this category. Failure was undoubtedly due to the character of radio use, since other firms in the same area had been reasonably successful in their use of radio. While no clear reason for failure could be found, several factors were present which probably contributed to failure. First, the participating program which carried the shirt spots had an audience made up almost entirely of women.

### *Radio as a Medium for Selling Specific Merchandise*

The personality on the program had an enviable record in selling food items, millinery, infants' wear, and some household products but did not succeed in selling shirts. Another factor probably contributing to failure was the fact that these shirts carried the store's private brand, but with no price advantage over national brands. The private brand had a favorable acceptance, but only among a special class of men.

Another failure was reported by a Pennsylvania department store that had advertised medium-price ladies' blouses by radio. Sales were very meager and secured at a radio advertising cost of 32.9%. This same store had obtained excellent results from radio promotion of sheets, towels, and other domestics.

**Food.** Food stores in general have not been important users of radio advertising. This is understandable, since most food stores serve a highly restricted geographical area, a situation which militates against the use of a medium that covers many neighborhoods. Even the smallest broadcast station covers an area far greater than that served by the average grocery store. Thus, only in very small communities might grocers in general find radio a useful advertising medium.

On the other hand, specialty food stores, supermarkets, centrally located eating establishments, and similar firms with multiple outlets have often found radio effective in promoting the establishment and in selling specific food items. Thus, a cafeteria in Missouri reported an increase in its business of strawberry pies, special cakes, and specific individual dishes by means of radio. A small (\$80,000 sales) supermarket in a small Massachusetts city stated that it was able "to increase volume of sales and turnover of specific merchandise much faster" by using radio. This merchant placed 95% of his 1942 advertising media budget in radio.

A firm with several eating establishments located in one city in Illinois found radio sufficiently effective to allocate 50% of the total advertising budget to this medium in 1942. This firm found that radio announcements made in the early morning were effective in altering the demand for specific dishes. Radio was used extensively for this purpose after rationing became a part of restaurant life. The manager of this company reported that announcements plugging such a lowly item as bean soup

### *Radio Advertising for Retailers*

increased the sales of that item 40% over normal sales volume.

War conditions also played their part in the experience of a firm specializing in the sale of nuts. Shipping difficulties in 1942 materially reduced the supply of cashew nuts coming to this country. Shortly after this situation developed, the nut retailer switched his radio advertising to place major emphasis on redskinned peanuts — an item that was plentiful. Within a period of six months, sales of redskinned peanuts had increased from 7% to 29% of the store's total business, while over-all sales of the store increased 19%.

Radio has often been an effective means of bringing quick action in the disposal of perishable food. A fruitstand with annual sales of approximately \$90,000, located in a town with a population of 75,000, used radio regularly to announce new arrivals of fruit and to emphasize those items that were plentiful. The owner illustrated his use of radio by explaining the results obtained in disposing of a shipment of strawberries. These berries arrived at 10:30 one morning — 20 hours before they were expected. A one-minute announcement was placed on the radio at 11:00 o'clock, and by 4:00 p.m. more than 1,200 quarts of berries had been sold at 39 cents and 33 cents per quart. The direct advertising cost was 1.2% of sales.

**FURNITURE.** Retailers in the furniture field were among the first to use radio extensively. Early users were mostly installment credit houses, but other types of furniture retailers entered the field later and have obtained good returns from radio. Many outstanding successes from heavy radio use by furniture dealers have been widely publicized and need not be reviewed here. Slack's Furniture Company in St. Louis is one such store, and there are many others. A variety of radio techniques have been used by such stores. Some have used spots, some programs, and others a combination of programs and spots. Specific item promotion has been employed by some, while others have placed major emphasis on promoting the store name, location, services rendered, and general quality of merchandise carried. Thus, experiences of many stores demonstrate the ability of radio as a medium for selling specific merchandise.

Before war conditions forced restrictions on the manufacture of radios, furniture stores found that good returns were usually



### *Radio as a Medium for Selling Specific Merchandise*

obtained from specific radio advertising promotion of receiving sets. The same was true of bedsprings and mattresses. With war restrictions on innerspring construction, radio was used successfully in promoting substitute materials.

Some firms reported poor results from specific radio emphasis on living room suites unless these were outstanding price bargains, but found lamps, end tables, rugs, and occasional chairs very good radio items. One store in Iowa (not an installment credit store) advertised in 1942 a group of \$14.95 coffee, end, and occasional tables, and a group of hall china lamps ranging in price from \$8.95 to \$22.50. Major advertising effort was concentrated in radio, although a small advertisement was also carried in a local society paper. Sales during the week in which advertising was carried were 35% above sales in the comparable period of the previous year when similar items were advertised without the use of radio. Some of this increase was undoubtedly due to war conditions and generally increased consumer purchasing power, but no attempt had been made by executives of the firms to measure the extent of these other influences.

**JEWELRY.** Jewelry stores have also been long-time users of radio. As in the case of furniture stores, early users were usually credit houses, but this situation had changed by 1942. A South Carolina jeweler, catering to a high-income clientele, devoted the commercial time in one sponsored program to advertising some fine silverware. This program was carried on a Sunday evening, and on Monday 60 sets of silverware, averaging \$100 per set, were sold. The manager stated that 48 of these sets were directly traceable to this one program.

On the other hand, one Ohio jewelry retailer had tried radio and found it too costly a medium. This merchant had a central location in a section of town where merchants catered to a low-income trade. The owner had used little or no advertising of any kind before experimenting with radio. After a six months' trial, during which time he plugged specific items, results were not sufficiently good to warrant a continuation of radio.

**DRUGS.** Some drugstores have had success in promoting specific merchandise, but in general success has been confined to druggists with more than one outlet, large stores, stores in places of 50,000 population or less, or firms that have some special item

### *Radio Advertising for Retailers*

which carries a store brand. Drug items, however, carried by department stores and other large stores have been successfully promoted by the store. This promotion has often been correlated with the national advertising of the manufacturer and used by the retailer as a means of capturing a greater proportion of total community sales. In other cases, retail radio advertising has helped the manufacturer to increase his proportion of total industry sales. An outstanding example of specific promotion was that of a drugstore in New England which "sold six gross of corn liquid during the summer months." "Never in 14 years of being in business," the druggist stated, "have I sold more than one dozen per month." This druggist operated a small store with annual sales of about \$75,000. He started using radio in 1940, but in 1942 he spent 90% of his advertising in this medium. Another drugstore reported radio cost of selling vitamin capsules as low as 2.4% of vitamin sales.

Radio use by some of the larger independent drugstores and small chains has been primarily an adjunct to newspaper promotion. Radio has served to call attention to the number and variety of specials displayed in newspapers rather than to mention specific specials over the air. In this role radio has served as "reminder copy" to support newspaper copy rather than as an independent means of promotion.

**SERVICES.** Service stores, for the most part, have only one or at most a very few services to sell. Most advertising effort is therefore devoted to selling a specific service. The name of the institution and all that it stands for may be emphasized, but always as related to a specific service rather than a wide variety of services.

Outstanding success in this field has been attained by opticians. Some may question the ethics of permitting such firms to advertise their services, but, apart from that question, the evidence of public support and heavy dependency on radio is strong. A greater percentage of opticians reported high success from radio advertising than was reported by any other kind of business group. (See Chart 13.) Examples of success from radio in this field are often amazing and well recognized in the industry. Inability to make effective use of radio in this field has also been relatively great, as indicated by the fact that 17.4% of

### *Radio as a Medium for Selling Specific Merchandise*

those reporting had had little or no success from the use of radio. These reports of little or no success from radio came, for the most part, from one-man operators with limited experience in their professions.

Laundries and dry cleaning establishments have been important and successful users of radio in the past, but many curtailed or eliminated much of their advertising as war conditions added to demand for such services and, at the same time, increased the problems of securing adequate help and supplies. It is worth while, however, to review some of the experiences of this group that occurred before war altered the picture. One laundry in a large Pennsylvania city was located on the south side of the city and, until 1939, had secured 95% of its business from residents of the south side. It had maintained its business without benefit of radio advertising but had enjoyed no significant increase in volume. When radio was adopted as an advertising medium in 1939, new business started coming in from all parts of the city. In two years' time this laundry had increased its volume 130%. Most of the increased business (77%) came from parts of the city not formerly served, but 23% of the increase was from residents of the south side.

A dry cleaning establishment in a Minnesota town of 60,000 population operated a small fur storage vault in connection with its cleaning business. Before the 1943 storage season this firm had employed girls to telephone every telephone subscriber and recite a message concerning storage facilities at the plant. Because it was difficult to employ girls in the spring of 1943, this firm tried radio as a substitute. The owner purchased \$80 worth of spot announcements to be run for one month. This was the only advertising used, but it brought in more business than could be handled and a number of people had to be refused storage service. Never before had the vault been filled to more than 90% of capacity. Radio cost was less than had been spent in former years for telephone help. The owner commented that as one of the results from his radio advertising he secured business from outlying districts which had not been reached by his previous promotional efforts.

A 300% increase in business in 1942 over that of the previous year was secured from farmers by an Illinois cement contractor

### *Radio Advertising for Retailers*

who directed six spot announcements per week to farmers. This contractor had secured most of his business before the war from municipal and industrial builders. When the War Production Board placed a \$200 limit on urban construction but allowed expenditures of \$1,000 per year for rural construction, this operator directed his efforts to the farmer. He plainly emphasized in his commercials the value of cement feeding platforms for hogs, cement floors in farm buildings, and other specific uses for his product and service. He also emphasized that he was equipped to deliver ready-mix cement at a reasonable cost. In the course of a 12 months' period, farm business increased from an annual level of about \$6,000 to \$18,000, with an advertising cost of about \$700. Of this total, \$669 was spent in radio.

Theaters have been relative newcomers to radio, but the increase in users has been fairly rapid in some areas. One movie house which specialized in short, special features and news pictures found radio a high-cost medium of promotion. A thorough job of testing radio was undertaken, but results did not warrant continuation. On the other hand, theaters appealing to the mass public have had marked success with radio. One cinema operator reported that radio had built his business and had materially increased his trade area. Another operator reported as follows: "A careful test proved to us the value of radio. In advertising a picture for a second week's run we used the same style and size newspaper advertisement as the previous week, but increased our radio spots. Results showed an increase in receipts over the previous week, which is contrary to accepted box-office standards."

**OTHER ITEMS AND SERVICES.** In general, items of merchandise and services offering real satisfaction and designed to appeal to a mass market have been successfully promoted by radio advertising. Examples of moderate to high success were reported for such merchandise and service as household appliances, garden tools, games, toys, music, musical instruments, books, cameras, drug items, tobacco and smoking accessories, circuses, piano tuning, and almost all lines of soft goods that were not highly styled. Some items of interest to only a selected group of people have been moved by radio, but such instances were reported by a very limited number of retailers.

*Reasons for Nonuse of Radio*

IT MAY appear to some readers that the preceding pages contain an overemphasis on experiences of successful radio users. This seeming overemphasis is due to two factors, (1) the fact that this study has been confined largely to an analysis of firms whose use of radio extended over a minimum period of 12 months, and (2) the relative scarcity of firms which reported failures in their use of radio. Thus, of the 794 retail and service firms answering the success question, fewer than 0.8 of 1% indicated that their experiences with radio had been unsuccessful. Some business executives who were interviewed, however, had either never used radio or had used it for a short time and stopped. The experiences of such firms might be of value in providing a proper appraisal of this medium.

One Florida firm had used radio rather extensively at one time and, according to the manager, with reasonable success. Radio was later discontinued when the number of stations in his city was increased from two to four. This increase in the number of stations reduced the effective coverage of any one station to a point which caused the merchant to believe that the cost of radio was excessive.

A large men's clothing firm had used radio only as an occasional supplement to other media during special sales events. This supplementary effort was discontinued in 1942 when special sales events were discontinued at the request of government agencies. The advertising manager stated that a further reason for discontinuing radio was the pressure placed on his reduced advertising staff to prepare material for "regular" media and hence no time was available to "fool around" with radio.

A common reason for nonuse in a few communities was the character of advertising carried by local stations. Leading merchants commented that radio messages carried on these stations were too much like the patent medicine advertisements of pre-Federal Trade Commission days. These merchants did not wish to be associated on the air with such advertisers.

One situation was discovered in which a group of merchants in the same line of business had illegally agreed to keep radio off the list of media used. These merchants considered that

### *Radio Advertising for Retailers*

much of the power of advertising lay in its relative impact on the market, that relative positions in older media had already been established, and that if any one store introduced radio all others would be forced to do so to maintain their relative standing. To avoid this situation all had agreed to ignore radio.

An Ohio furniture retailer had discontinued radio because the "station did not know how to write good commercials and announcers presented messages in a sing-song fashion."

In general, except for firms where radio is not applicable, local firms that have failed to use radio have based their decisions on factors having little bearing on the fundamental ability of the medium to sell specific merchandise or service.

### *Conclusions*

RADIO has demonstrated its ability to sell specific merchandise or services for most kinds of local business firms. A few kinds of business, such as independent neighborhood grocery, drug, and gasoline outlets, that serve an area distinctly out of balance with that covered by the local broadcast station, have found radio to be an uneconomical advertising medium. In the case of most other local business groups, experiences of successful radio use have been so common that one must conclude that failures in individual cases have been the result of improper use or inadequate station management rather than a basic weakness in radio as a medium for such kinds of business houses.

Naturally, some products have sold better than others as a result of radio promotion and some individual merchants have secured better results than others. Statistical material is inadequate to reduce radio experience to a fine cost-of-sales figure in most cases, but sufficient data have been provided, both from personal interviews and from mail reports, to indicate the ability of radio to produce direct action when reasonable care is exercised in its proper use.

Consideration is given in the following chapter to the ability of radio to build goodwill for a store and to increase store traffic. Chapter VI is devoted to an analysis of factors that have a direct bearing on proper or successful use of radio.

## CHAPTER V

### *Radio as a Builder of Goodwill and Store Traffic*

GOODWILL value is usually associated with the hold which a given firm or institution has on the patronage of buyers. It is therefore closely tied to the motives which stimulate people to patronize particular institutions and might more cogently be referred to as institutional value or name value. Goodwill is treated here in terms of values attached to the name of an institution and all that such a name stands for in the minds of customers.

#### *Merits of Institutional Advertising for Retailers*

A RETAIL institution is a definite part of the community in which it does business. It must draw customers to a particular building bearing a specific firm name. Considerations which motivate consumers to patronize a particular store are often different from those which influence consumers to purchase merchandise with a particular brand name. Patronage motives such as low price, convenient location, high quality of merchandise, wide selections, easy parking, good delivery service, and easy credit terms are significant to a retail institution. In the case of retail firms which possess such qualities, advertising can be most helpful in bringing them to the notice of potential customers. When such qualities are associated with the name of the store, the name takes on added significance.

In still another respect, a retail institution stands in a different position with the consuming public from that held by the manufacturer of a branded product. The retailer is fundamentally a purchasing agent for a segment of the consuming public rather than a sales agent for producers, and as such has much to gain from promoting the institution and its ability as a buying agent. Some retailers may attempt to develop their own private brands

### *Radio Advertising for Retailers*

as a means of competing with other retailers for patronage of local consumer groups. Such brands are important in foods like coffee, mayonnaise, and peanut butter; men's clothing accessories; textiles such as sheets, pillow cases, and towels; and in some lines of household appliances and workshop tools. Distributor brands have been developed most often by chain stores or large independent retailers of the department store type. Very few of the smaller local distributors have endeavored to develop their own private brands, except as members of co-operative chains.

Retail institutions which have adopted private brands usually have promoted them on a different basis from that used by manufacturers. This difference is based on the fact that the reputation of a store ordinarily adds more value to the private brand than the brand name adds to the store. Names such as Cold Spot, Craftsman, Fieldcrest, Amcee, Super-Jordan, and Country Club have developed customer acceptance more on the basis of firm reputation than on specific brand name advertising. In the final analysis, it appears that private brands of retailers can serve more to emphasize qualities of the firm which merit customer patronage than to establish a product name which will be sought independently of the firm. A manufacturer's brand can usually be purchased from many merchants while a retailer's brand can be purchased only from the one firm and hence in the case of retailers association of the private brand with the institution is desirable.

#### *Patronage Motives*

REGARDLESS of the presence or absence of private brands, patronage motives associated with the firm name deserve emphasis in retail operations. Students of retailing are thoroughly familiar with the various motivating forces that cause consumers to patronize specific retail or service institutions. Common patronage motives include location, age of store, general community standing, credit policies, personality of proprietor, range of prices, variety of selection, friendliness of employees, quality of merchandise, existence of a quality standards department, delivery service, and fashion leadership.

Since such factors strongly influence customers in their selec-



### *Radio as a Builder of Goodwill and Store Traffic*

tion of a retail institution, it would seem vitally important that some advertising effort be devoted to making the firm name stand for the particular qualities most desired by those persons sought as customers. This objective involves the use of institutional advertising designed to associate certain qualities with the name of the institution. Such advertising may often concern itself with specific merchandise, but largely as a means of illustrating the fact that the firm name stands for such things as fashion leadership, lowest price in town, or guaranteed quality.

It is particularly important in the use of institutional advertising that recognition be given to significant differences in consumer groups. Most retailers are already well aware of such differences and have consciously organized themselves to cater to a homogeneous group. Distinctions may have been made on the basis of income, occupation, race, religion, or cultural background. In any event, institutional advertising, even more than product advertising, should be developed with the needs and desires of a particular consumer group in mind. Local business firms that make important use of institutional promotion recognize that one thing they own and control is their firm name with the qualities for which it stands. Returns from product advertising, even of private brands, are often influenced by the attitudes of customers toward the institution. Thus, emphasis placed on patronage advantages possessed by the firm should increase store traffic and result in greater sales of specific merchandise and service.

#### *Use of Radio in Promoting Store*

RETAILERS and operators of service establishments have used radio about as much to promote the institution or a particular department as they have to sell specific merchandise or service. The more common practice, however, has been to combine institutional advertising with the promotion of specific goods. The number of retailers reporting success from advertising designed to promote the store was smaller than the number reporting success from advertising directed toward the sale of goods. In the case of firms emphasizing goodwill for the store, only 28.2% reported high success and 11.9% stated that little or no

### *Radio Advertising for Retailers*

success had resulted from radio use. Where emphasis was placed on promoting a particular department, 32.4% reported high success and 11.7% reported little or no success. Comparable figures for those devoting their radio efforts to securing direct action were 34.7% with high success and only 5.6% with little or no success.

It is more difficult to measure success in the case of institutional advertising, which is indirect in action, and it takes longer for its force to be felt than is true in the case of direct action advertising of merchandise. These factors, plus errors in use, perhaps account in part for reports of reduced success from institutional advertising. Reports submitted by retailers, however, plus materials gathered through personal consultations, indicate a wide variety of experiences with the use of radio in promoting the store or a department. A number of such experiences tend to emphasize the particular merits radio possesses as a medium for building an institutional following. Some of those qualities warrant particular emphasis.

#### *Personalizing the Store*

THE desire of people to do business with a person rather than an institution is almost universal. The problem of personalizing a large store is at best a difficult task, and yet a large number of retailers have had some measure of success in meeting this problem through the use of radio. The particular merit of radio in accomplishing this task is found in the power of the human voice. A person's personality is transmitted with greater force through speech than through the written word. Radio permits a person to enter the home of prospective customers and figuratively sit down and talk about the store and its various characteristics. This relationship, in essence, amounts to a projection of personal selling to the home of the customer and provides a means of discussing many features about the store that will help to develop a feeling of warmth and acquaintance on the part of customers. When such talks are well handled, Elsie, the elevator girl; Jane, the girl at the cosmetic counter; and John, the buyer of boys' sweaters and jackets, are humanized and assume an altogether different position in the minds of the store's customers. Such a store thus becomes a

### *Radio as a Builder of Goodwill and Store Traffic*

place operated by people that are known rather than merely a building with a big sign in front and a wholly impersonal interior filled with goods presided over by "clerks." The store becomes that of the "Jolly Irishman" instead of The Slack Furniture Company or a store operated by "Old Man Adler" instead of the Elevator Shoe Corporation.

In using radio to personalize a store extreme care must be exercised to present a true picture. Institutions that have used radio to glamorize a wholly unglamorous situation have failed. Many firms do not have the personality of a Jolly Irishman but instead have a friendly dignity which is human and personal yet not capable of close familiarity. A true presentation of such dignity has been more effective in attracting those who prefer that type of institution than when attempts were made to create a false impression. Many people prefer a coldly efficient personality to serve as their purchasing agent, but even those people like to feel that they know who is serving them in such a capacity.

**PUBLICIZING THE ABILITIES OF EMPLOYEES.** A number of firms have had real success in building store volume through emphasizing the professional abilities and qualifications of employees. This success has been particularly true of drugstores in promoting their prescription departments and of different types of service stores. A drugstore in Montana stated that "the use of radio advertising for six months each year during the past four years has been the largest factor in tripling the volume of the prescription department." An Iowa store, with 1942 sales of about \$125,000, stated that "the volume of our prescription department had doubled by the end of the second year's use of radio." The over-all advertising cost of the Montana store was 1.5% of sales, while that of the Iowa store was 3.7%. Each spent one-half of the total 1942 advertising budget in radio but used radio primarily to promote the prescription department. The primary radio appeal was one of presenting to the public the personal and professional qualities of the pharmacists employed.

**PROMOTING PERSONAL SHOPPING.** Closely akin to the promotion of professional abilities of employees is that of advertising the services of a personal shopper. A number of firms reporting

### *Radio Advertising for Retailers*

outstanding results from such promotion emphasized the specific abilities which radio had for projecting into the homes of customers the personality and qualities of a personal shopper. The very nature of a personal shopper's work calls for confidence of a high order on the part of customers. The abilities and judgments of the personal shopper must be accepted facts if customers are to solicit her advice and service. Radio has given this type of person an opportunity to talk with people and to present suggestions concerning style, prices, quality, and other merchandise characteristics in a manner which can build or destroy confidence. If such a person has real ability and honesty, confidence will be built.

The John Taylor Dry Goods Company in Kansas City in its eleven-year use of radio has developed Joanne Taylor, the store's personal shopper, into a store and community personality with a significant following. The name Joanne Taylor is a coined name and thus need not be changed with a change in personal shoppers. During the eleven years up to 1944 there had been three different Joanne Taylors, and the changes occurred without detriment to the store. Joanne Taylor has become such a community force that her presence is demanded on many civic committees, and her talks before various clubs add to many score during a given year. These activities have grown from the confidence which people have developed in her ability to counsel wisely on problems of merchandise selection. Such confidence is illustrated by one experience related by a store official. This official stated that on one occasion a blind woman visited the store in search of a new coat. She asked Miss Taylor to assist in making a selection and, when Joanne suggested that the woman bring her family in to see how they liked the coat, she replied, "If you think the coat looks good on me, that's all I need to know."

Confidence in personal shoppers as well as in the price and quality of merchandise carried has resulted in an increase of mail-order sales by many stores. A California shoe store reported that by the end of the first year of exclusive radio advertising "mail orders increased from nothing to about 40 pairs a week." Retailers reported that this kind of business usually came from rural areas, had not reduced store traffic, and in

### *Radio as a Builder of Goodwill and Store Traffic*

most instances had resulted in an extension of territory served.

**USING RADIO AS SUBSTITUTE FOR OUTSIDE SALESMEN.** The practice of using outside salesmen to discover prospective customers through house-to-house canvass has been common in the sale of household appliances, low-price furniture, home insulation, and other items. A number of firms falling into this category reported their experiences from the use of radio as a substitute for outside salesmen. A Massachusetts dealer in refrigerators and related items substituted radio for outside salesmen in 1940 and during that year sold 350 refrigerators at an advertising cost of 5% of refrigerator sales. All but 10% of the entire budget used to promote refrigerators was spent in radio.

Because of the pressure which war conditions placed on manpower, a South Carolina furniture store reduced its force of outside salesmen in January, 1942, from 11 to 3 men and used radio in an attempt to bridge the gap left by this curtailment of the salesforce. A 15-minute daily musical program was put on the air, and this program was supplemented with spot announcements. Expenditures for radio were slightly more than one-half of the total advertising budget, but radio was the only type of advertising added when the salesforce was reduced in number. During the first four months of this change in method sales dropped slightly, but then began to increase. At the end of 18 months the manager reported that sales had reached a level 50% above that of the preradio period. Promotional cost, in terms of sales volume, had declined more than 50%. Increased consumer purchasing power and reduced supplies of furniture undoubtedly had some influence on sales, but the manager attributed the excellent showing largely to the use of radio. He pointed out that his store was located some distance from the regular shopping center and that vigorous promotion of some sort was necessary in order to attract people to his isolated location.

The mere purchase of radio time is by no means a guaranty of success in this type of operation. A Georgia furniture firm reported an experience of the same type as that reported by the South Carolina store. The Georgia firm operated stores in four different communities and was thus in a position to test experi-

### *Radio Advertising for Retailers*

ments carried out in one market against the performance of other stores. This firm reported that after a 13-week trial of radio in 1941 in one city as a substitute for outside salesmen, volume in that store declined 40%. No clear-cut reasons could be found for such failure, but the short period of time covered by the experiment, plus the manner of radio use, were factors to be considered. The influence of these and other factors on results is discussed in some detail in Chapter VI.

#### *Emphasizing Personal Interest in Customer*

SOME retailers have failed to develop an honest interest in helping customers secure the type and quality of merchandise most suitable to their needs and desires. Sales efforts have sometimes been influenced by price, stocks on hand, profit margins, and other such factors rather than by a desire to select and suggest those goods that have an abundance of want-satisfying ability. Of the hundreds of retail and service operators interviewed, however, an encouraging number of firm executives recognized the beneficial influence of this latter philosophy on long-term sales volume and many had organized their business practices along such lines. In most such cases radio had been employed to convey this spirit of helpfulness to prospective customers.

A notable instance of this approach to radio advertising was reported by a Wisconsin millinery store. This store was opened under an initial handicap of a poor location but was managed by a man who not only knew millinery but also was able to give women styles that were becoming to them. He trained his sales-girls in the same art and emphasized that no hats were to be sold that were not becoming to the customer. A policy was also instituted of guaranteeing to customers the privilege of returning any hat found to be unsatisfactory. These elements were matters of business policy and not created by radio advertising, but radio was used to bring such policies to the attention of customers. Good promotion was obtained from favorable word-of-mouth publicity, but this same force was woven into the radio presentation by holding interviews with customers. Such interviews served as testimonials from satisfied customers and emphasized the ability of the merchant to provide the right style of hat for

### *Radio as a Builder of Goodwill and Store Traffic*

the right person. The manager of the shop emphasized that radio had produced results far beyond his original expectations. He stated that sales were slow to develop, but that after 12 months of radio advertising sales had increased to a highly profitable plane. He was confident that, with this use of radio, he could pull his customers with him to any location he might choose.

A Missouri bank followed a somewhat different approach in emphasizing its spirit of helpfulness. This bank developed a pay-as-you-check plan for people who operated their personal finances without benefit of a checking account. The plan was simple and was offered at a price designed to permit the bank merely to break even from the short-range operation of the plan. The real purpose the bank had in mind in offering this type of service was that of adding to the list of bank customers young families not yet sufficiently integrated in the community to have accumulated much money but who would eventually become property owners and substantial members of the community. The bank was willing to help such families by providing the advantages of a checking account without immediate profit to itself, with the thought that such current help would be appreciated sufficiently to keep participants as customers when their incomes increased to a level to make such accounts profitable to the bank. Radio time was purchased to supplement direct mail advertising in presenting the pay-as-you-check plan to the public and to state frankly the long-range thinking back of the plan. The president of the bank reported that at the end of six months' advertising effort, 1,700 new accounts had been opened and that 1,000 of those were of the pay-as-you-check type. He stated that most of the latter accounts were obtained as a result of radio efforts at an advertising cost of 55 cents per account and that many of these new customers commented favorably about the seeming interest and confidence of the bank in their future financial growth.

Other methods of emphasizing a personal interest in customers have been used, such as specific, factual, realistic talks on interior decoration, preparation of foods, use of leftover foods, repair or remodeling of clothes, and similar subjects. One firm broadcast a series of talks on gardening, but supplemented such

### *Radio Advertising for Retailers*

broadcasts with a store service set up to render personal advice on specific and individual gardening problems. No attempt was made to sell merchandise of any kind in connection with this service, but the firm reported substantial increases in the sale of gardening equipment, seed, and related items.

#### *Overcoming Minor Handicaps*

A NUMBER of merchants reported that radio had been used to counteract minor disadvantages resulting from location, erroneous customer impressions, or failure of the public to understand reasons for certain business practices. Radio had been used in such cases because it was believed that a vocal presentation of such matters would be most nearly comparable to a personal talk with customers. The apparent disadvantages of store location in some cases were overcome by placing emphasis on other qualities possessed by the store. Such was the case of a furniture store located in a small suburb 12 miles from the center of a large Ohio city, but with good public transportation facilities connecting the two communities. This particular store originally used radio as a means of promoting specific merchandise, but results were unsatisfactory. A switch was then made in radio emphasis by concentrating all efforts toward associating with the name of the store price advantages, lack of traffic congestion, wide variety of merchandise, and a courteous salesforce. This approach was highly successful in attracting customers to the store. The manager stated that "the expansion of our trade area has been very successful and we have been able to pull lots of business from [the city]." The 1942 sales volume of this firm was about \$200,000, and the advertising cost was only 3.9% of sales. Advertising expenditures in 1942 were divided equally between radio and newspapers.

An unusual use of radio was reported from a southern state where a northern merchant had established a retail enterprise. This northern businessman was not readily accepted as a member of this southern community, and many people let that influence their choice of store. The difficulty was overcome by employing a woman, who was a native of the state and who had a distinct southern manner of speech, to inaugurate a daily 15-minute broadcast for the store. The community soon began



### *Radio as a Builder of Goodwill and Store Traffic*

to associate the native southern voice and personality with the store and in large measure abandoned opposition.

#### *Use of Radio to Increase Store Traffic*

A CLOSE correlation usually exists between store traffic and sales volume. Most stores are therefore keenly interested in stepping up the number of people that come to the store. Advertising specific merchandise is designed not only to produce increased sales of the advertised items but also to raise the sales level of the entire store. Patronage advertising places primary emphasis on increasing store traffic on the basis of particular store characteristics rather than through promotions of individual items. Both approaches are, of course, used by many firms, and, where this is done and radio has been used, the latter has most often been employed as the goodwill medium. Most department store managers interviewed in connection with this study felt that radio could help in increasing store traffic, but that major dependence must be placed on the use of newspapers where a great variety of items could be presented pictorially and the attention of great numbers of people could be attracted. The feeling prevailed that if radio was to be used as the dominant advertising medium, only a limited number of items could be mentioned and heavy institutional advertising would not be sufficient to maintain adequate store traffic and sales volume.

Exceptions to this line of thought were found among managers of furniture stores, jewelry outlets, men's clothing stores, and other specialized outlets. Only one department store, out of all that were interviewed or that reported by mail, had used radio as the major advertising medium. This store was located in an Illinois town with a population of about 75,000 and had an annual sales volume of about \$600,000. During 1942 some difficulties were encountered with the town's daily newspaper and at the expiration of the advertising contract with the paper all newspaper advertising was discontinued. Beginning in January, 1943, complete dependence was placed on radio to advertise the store. About the same amount of money was spent in radio as had previously been spent for all advertising, but much less emphasis was placed on the promotion of a large number

### *Radio Advertising for Retailers*

of items. The manager of this store was interviewed in October, 1943, nine months after radio had been adopted as the only advertising medium. The manager reported that sales had never declined as a result of the change and that the general level of sales had been maintained on as high a plane as the general department store sales index for the country as a whole. It is distinctly unsafe to generalize from one isolated case, particularly in view of the abnormal demand for goods in 1943, but it is significant that a reduction in the number of items advertised regularly and an increase in institutional advertising would maintain store traffic and sales volume.

The experience of a small chain of men's clothing stores in the use of radio presents interesting evidence concerning the influence of radio as a builder of store traffic. This company had used some radio in 3 of its 14 stores before September, 1939. Results had been sufficiently satisfactory to cause management to add radio to the advertising schedule in each city where a store was located. Newspaper advertising was not curtailed, but an amount equal to 50% of the newspaper budget was placed in radio at the beginning of September, 1939, with commitments to maintain that schedule for four months. Radio time consisted of 15-minute programs broadcast six times per week. No attempt was made to use the same type of program in each community. Instead, programs were selected in terms of size and composition of audience already developed.

Results from this use of radio are graphically presented in Chart 14, where sales for the chain store organization (Company X) are charted with U. S. chain store sales for men's wear for 10 four-month periods. Sales are shown as increases or decreases from comparable periods in 1937. Industry sales figures are those reported for men's wear chain stores by the United States Department of Commerce. The upsurge in Company X sales was most marked during the first period after radio was added to the advertising schedule. It is also clear from data presented in Chart 14 that the increased tempo of sales was maintained at a much more favorable rate than that of men's wear chains as a whole. During 1938 and the first eight months of 1939 Company X had enjoyed a business growth somewhat better than that of men's wear chains as a whole but was never

*Radio as a Builder of Goodwill and Store Traffic*

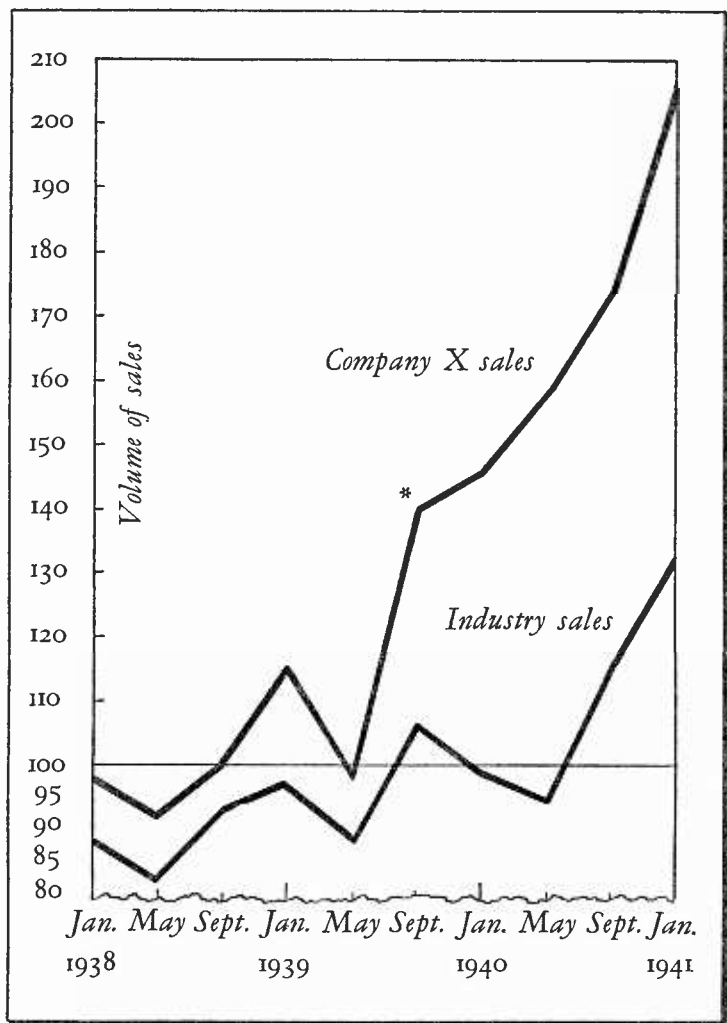


CHART 14. Sales of a Men's Clothing Store before and after the Introduction of Radio Advertising, Compared with Industry Sales as Reported by the United States Department of Commerce (1937 = 100)

\* Date radio advertising was introduced by Company X.

## *Radio Advertising for Retailers*

more than 21 points above the industry trend. During the first four months of radio use the company position was 34 points above the industry and by the end of the first four months' period of 1941 had jumped 80 points ahead.

Because of results obtained from the initial use of radio, Company X reduced its expenditures for newspaper space in 1940 to a point where the total advertising budget was divided equally between radio and newspapers and that ratio has been continued. It is also significant that before radio was used total advertising expense amounted to 5% of sales, but in 1941 this ratio had been reduced to 2.6%.

### *Summary*

RETAIL and service firms have much to gain from institutional or patronage motive advertising. While national advertisers tend to attract customers on the basis of brand name of a product and qualities associated with that brand, local distributors tend to attract customers on the basis of *firm* name of the institution and qualities associated with that firm. It therefore seems logical that local business concerns might well develop substantial and loyal business by appealing to patronage motives of consumers.

The number of retailers using radio to develop goodwill for the store has been fewer than the number placing emphasis on the sale of specific merchandise. A smaller percentage of the former group reported high success from radio use than was true of the latter group. It is believed that this lower report was due largely to greater difficulties in measuring results from goodwill advertising than from direct selling advertising.

A significant number, however, did report real success from the use of institutional advertising. Much of this advertising took the form of using radio to personalize the store, publicize abilities of employees, develop personal shopping departments, and associate with the store name unique characteristics which set the store apart from competitors.

There seems to be ample evidence to support the conclusion that institutional advertising is highly effective as a builder of long-term sales when used by firms that possess institutional qualities having strong appeal to a particular consumer group.

*Radio as a Builder of Goodwill and Store Traffic*

Success from such advertising will depend on both the qualities possessed by the institution and the manner in which radio is used. This latter factor is discussed in the following chapter and in Part III.

## CHAPTER VI

### *Factors Making for Success or Failure*

THERE is no royal road to success in the use of radio. The great majority of local business firms interrogated in this study that had used radio with some degree of consistency had experienced moderate to high success, but success had been attained by a wide variety of means. It is thus impossible to establish from the experiences of such firms a clear-cut formula to guide others in their use of radio. It is possible, however, to delineate certain factors that appear to have a bearing on success or failure.

#### FACTORS EMERGING FROM ANALYSIS OF STATISTICS

##### *Kind of Business*

IN GENERAL, success in the use of radio has been greatest for those firms offering commodities or services to fairly large numbers of people and for those which have been equipped to draw customers from the major portion of the trading area of the community. Kinds of business falling into this category include: department stores; all apparel stores, except a few highly specialized ones; automobile dealers; lumber and building supply firms; centrally located jewelry stores; laundries; centrally located dry cleaning establishments; opticians; banks; personal loan companies; utilities; centrally located theaters; variety stores; chain stores of all kinds; supermarkets; eating and drinking establishments that draw patronage from the entire community; and a limited number of grocery, drug, and hardware stores with favorable locations and community-wide distribution.

Neighborhood retail outlets have generally found radio a costly medium. Such outlets include most independent grocery, drug, and filling station operators, and many hardware stores

### *Factors Making for Success or Failure*

and restaurants. Only in small communities, where these types of retail establishments commonly secure patronage from the entire community, might radio serve such distributors effectively.

Different kinds of business have had varying degrees of success from the use of radio as shown in Chart 12, Chapter IV. Part of this variation was no doubt due to the type of firms involved, but some of the other elements discussed in the following pages were also contributing factors.

#### *Objective of Advertising*

WHEN radio use is analyzed in terms of the objective of the advertiser, some interesting results are obtained. Reports from retailers and service firms were classified by the following three radio advertising objectives or some combination of them: (1) to build goodwill for the store, (2) to promote a particular department, and (3) to sell specific merchandise or service. The degrees of success attained by retailers in each of these advertising objective categories were calculated.

Degrees of success were established on the basis of estimates made by executives of firms that had used radio for at least 12 months prior to January 1, 1943. It is recognized that this method of evaluating results from radio is not completely accurate, because estimates were often the result of subjective evaluation. It is apparent that this lack of accuracy was particularly true in those cases where goodwill for the store served as the primary objective of radio advertising. In the case of other objectives, estimates of success were often influenced by various tangible factors such as comparative sales data, reports of customers, and changes in relative advertising costs.

Recognized weaknesses in placing dependence on estimates of success given by radio users do not appear to be sufficiently great to destroy the value of such estimates. Instead, they provide a method whereby certain variables in the use of radio can be measured against this common factor of estimates of radio success as made by advertisers. Furthermore, personal interviews with many retailers have led to the belief that retailer estimates of radio success were honestly made and a minimum of bias existed. This belief has been strongly supported by the

## *Radio Advertising for Retailers*

uniformity of many statistical patterns established from reported data.

As shown in Chart 15, the advertising objective seemed to have an important bearing on success. Only 28.2% of those firms whose advertising objective was to build goodwill for the store reported high success from radio, and 11.9% reported little or no success. High success was reported by an increasing percentage of firms in each of the other two objective categories and by those using a combination of objectives. The greatest relative number of highly successful firms (38.1%) was found among those who used a combination of objectives and the lowest relative number of failures or near failures (5.6%) was found in the group that placed entire radio emphasis on the sale of specific merchandise or service.

Information obtained from several hundred personal interviews with firms in many parts of the country indicated that possibly those depending on institutional advertising gave less attention to building effective commercial messages than was true of those whose objective was designed to secure direct action. Thus, the commercials of one firm were devoted exclusively to emphasis on size and standing in the community. No attempt was made to give specific reasons for high community standing. There appeared to be a tendency to rely on name publicity rather than to associate the name with significant patronage motives.<sup>1</sup>

### *Length of Time Radio Used*

Just how long must radio be used before favorable results can be expected? This question is frequently asked by retailers who have not used radio. An answer in specific and absolute terms cannot be given, but the experiences of local business firms with varying lengths of time on the air can be reported.

A total of 681 retailers and service firms reported the date on which radio was first used by them and also stated the degree of success attained from radio use. These firms have been classified by length of time radio had been used prior to January 1, 1943. The degree of success reported by each such group is shown in Chart 16. It is quite clear from Chart 16 that high success

<sup>1</sup> Further attention is given to radio commercials in Chapter X.



*Factors Making for Success or Failure*

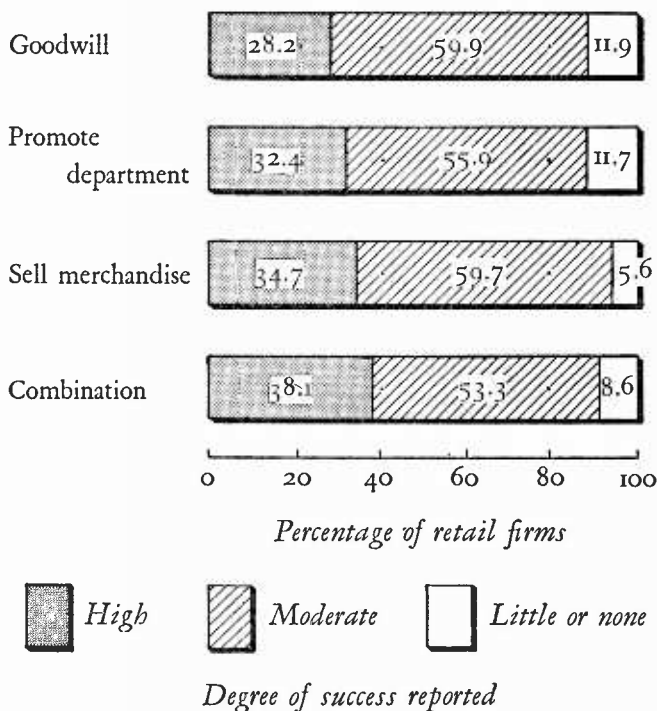


CHART 15. *Relation between Success and Objective of Radio Advertising, as Reported by 750 Retail Firms in 1943*

### *Radio Advertising for Retailers*

apparently does not result immediately from radio use. In fact, only 14.3% of those firms with less than six months' experience with radio reported high success and one-third (33.5%) reported little or no success. A greatly improved picture was reported by firms with from six to twelve months' radio experience. In this group, 27.7% reported high success and the relative number with little or no success had dropped to 14.3% of the total. About the same relative number (14.7%) of firms with from one to two years of radio experience reported little or no success, but 33.6% reported high success. The character of success became fairly well stabilized for all firms with more than two years of radio use.

The rather steady decline in the relative number of firms reporting little or no success as the length of time on the air increased is due in part to cancellation of their radio contracts by firms whose advertising proved unsuccessful and in part to an actual increase in success as radio promotion began to build an effective following. The time factor has been particularly significant where goodwill for the store has been the primary advertising objective, where radio has been used to introduce a new product or service, or where a new program with a small initial audience has been put on the air. The influence of time in introducing a new service is illustrated by a battery company which reported that: "The first five months of radio did not produce results, but after five months improvement was noted and by the end of the year sales had increased 50%. This increase was sustained throughout the next year, although radio expense was cut 40%." The manager of a millinery store who used radio to build goodwill for the store reported: "It took two years for radio to take effect, but beginning with the third year increased sales were very noticeable. My business was new when I started radio advertising and during the first two years I lost money, but the next two years were so successful that all my debts were paid and I am now on easy street." The manager further stated: "Today I could move to almost any place in the city and people would follow me because of my methods of doing business and goodwill built through radio."

A case in which radio brought good results soon after its introduction was reported by a small chain store in the clothing

*Factors Making for Success or Failure*

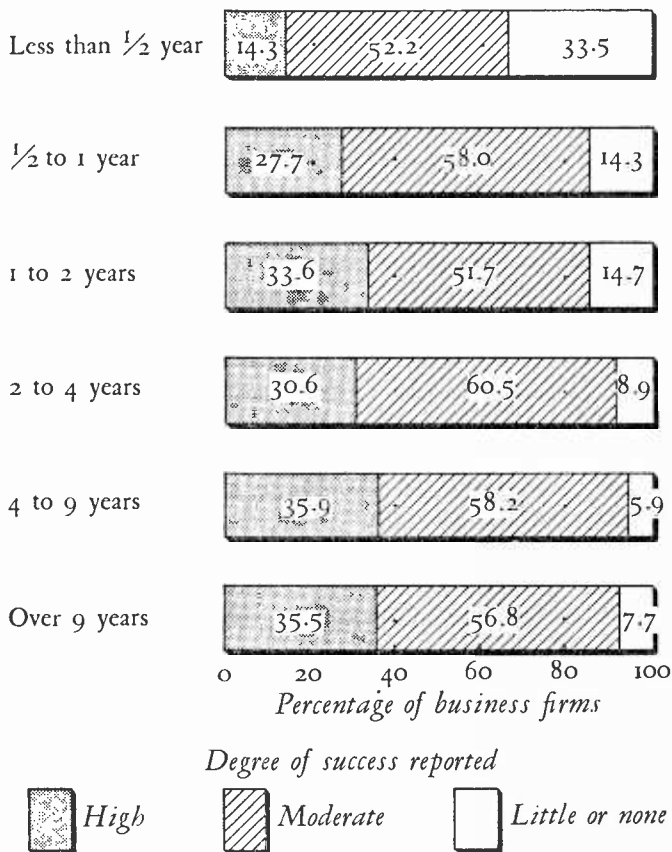


CHART 16. *Relation between Success and Length of Time Radio Had Been Used, as Reported by 681 Local Business Firms in 1943*

### *Radio Advertising for Retailers*

field. Radio in this case was used to promote the sale of specific merchandise in one city where sales had been lagging behind sales of stores in other markets. The manager of the chain commented as follows: "Results during the first month were not particularly interesting or informative, but by the second month that store which had been lagging behind the others in the chain in percentage increase over the previous years jumped to first place in the chain in point of increase over the preceding year."

Retailers should recognize that response to radio advertising may not be felt appreciably during the first six months of radio use, but if reasonable success has not been attained after one to two years of use, factors other than length of time are probably responsible. If the objective of radio is to promote the sale of specific merchandise or service, response should be felt in the first few months of radio use, unless such merchandise or services are new and unfamiliar to the radio audience.

#### *Expenditures for Radio and Size of Business*

SOME people expressed to the author their belief that likelihood of success in use of radio increased with size of expenditure. A casual analysis of data submitted by retailers will indicate a positive relationship between reported success and number of dollars spent. In Table 12 and Chart 17 data are presented to

TABLE 12

*Average Expenditure in Dollars for Radio Advertising and Total Average Expenditures for All Advertising, Classified by Degrees of Success, as Reported by 572 Retailers for 1942*

DEGREE OF SUCCESS	AVERAGE EXPENDITURES	
	TOTAL ADVERTISING BUDGET	RADIO BUDGET
High	\$26,254	\$5,822
Moderate	40,073	3,466
Little or none	34,828	1,811

show the average number of dollars retailers in each of three success categories spent for all advertising and for radio. It is clear that the greater the success reported the greater the num-

*Factors Making for Success or Failure*

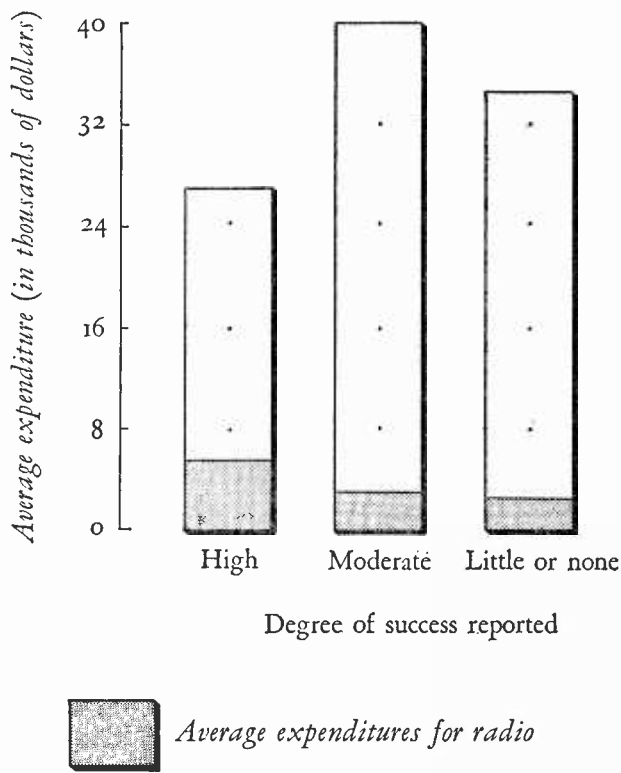


CHART 17. *Average Expenditure in Dollars for Radio Advertising and Average Total Expenditures for All Advertising, Classified by Degrees of Success, as Reported by 572 Retailers for 1942*

### *Radio Advertising for Retailers*

ber of dollars spent in radio on the average, but it is interesting to note that retailers reporting high success were not those who spent the most money in advertising of all types. In fact, the average total advertising budget of the retailers reporting high success was considerably less than that of either of the other two retail groups. Obviously, these latter two groups could have spent many more dollars in radio had that been their desire. It is therefore indicated that the absolute size of the radio budget is not the only element of significance that might be gleaned from Chart 17.

That radio success would not necessarily mount with mere size of expenditure probably occurs to most readers from their observation that retailers of varying size find means to use the various advertising media successfully to attain their objectives. The fact that small retailers may experience success in use of radio is shown by Chart 18. The percentages of high success reported tended to be higher for the small retailers than for the large retailers.

The high success reported from relatively small expenditures and the low percentages of high success from radio reported among the largest retailers suggested to the author that the *relative* amount of the total advertising budget going into radio might have a bearing on the success attained. In an attempt to measure the possible influence on success of this latter factor, retailers were classified into groups according to the percentage of the total advertising budget spent for radio time. Results of such a breakdown are presented in Chart 19. The correlation between reported success and the relative amount of total advertising expenditures going into radio is quite marked. Only 10% of those firms that spent less than 10% of their total advertising budget in radio reported high success from radio efforts, and 17.1% of this same group reported little or no apparent benefits. Firms spending from 10% to 20% of their advertising dollars in radio had twice as many of their number (21.5%) in the high-success category, but also a somewhat greater number reporting little or no success than was true of the lower percentage group. Failures and near failures dropped to an insignificant number among those spending from 20% to 30% of their budget in radio and remained low for each succeeding per-

*Factors Making for Success or Failure*

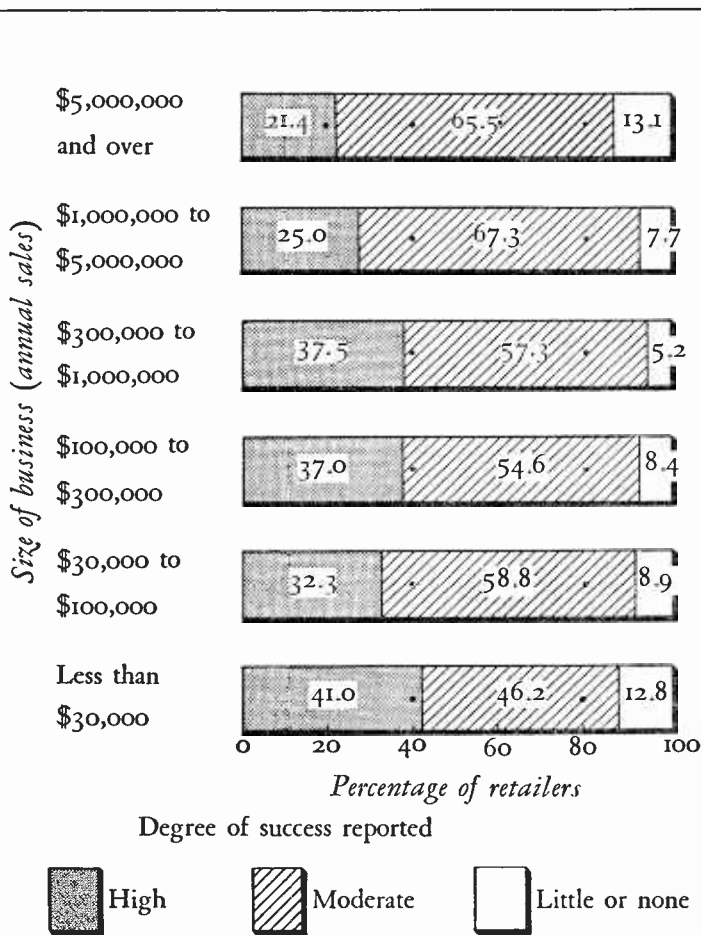


CHART 18. *Relation between Success in Radio Advertising and Size of Business, as Reported by 535 Retail Firms in 1943*

## Radio Advertising for Retailers

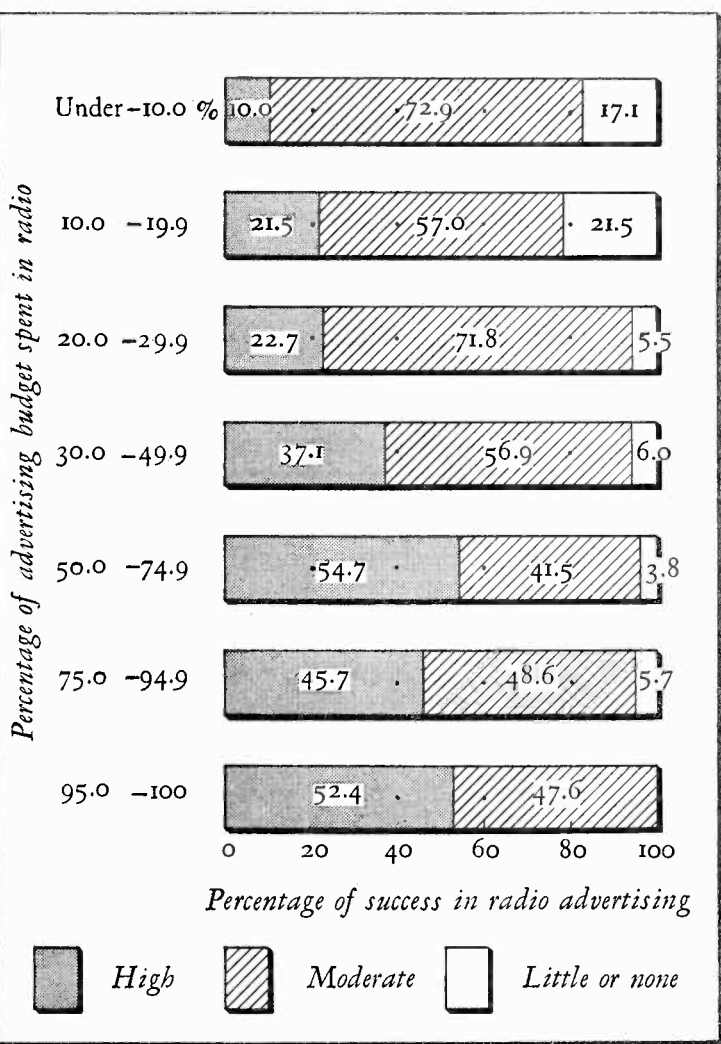


CHART 19. Relation between Success and Proportion of Total Advertising Budget Spent for Radio Advertising, as Reported by 572 Retailers in 1943



### *Factors Making for Success or Failure*

centage group. Likewise, the number reporting high success increased steadily except for those in the two top percentage groups, but even there the relative number enjoying high success was large.

The foregoing comparison of relative expenditures for radio with success modifies materially the picture presented by an analysis of absolute expenditures for radio time. A rearrangement of data which makes possible a close comparison of *absolute* and *relative* expenditures for radio has been made and presented in Chart 20. In that chart retailers have been classified by size of business, as measured by annual sales volume, and by the two factors, (1) dollars spent in radio and (2) percentage of total advertising budget spent in radio, compared with reported high radio success for each size group. Retailers were classified by sales size because that factor has an important bearing on the absolute and relative impact which a given number of dollars might have in the market.

For example, returns from an advertising expenditure of \$600 might be quite satisfactory to a firm with annual sales of \$20,000, but wholly inadequate to a similar kind of firm with annual sales of \$100,000. It is possible that the impact made by the \$600 expenditure of the smaller firm would be in keeping with the position of that firm in the community, whereas the same dollar expenditure of the larger firm would produce an impact insufficient to be rated as satisfactory to that firm.

The influence of size may be expressed in another way. In some respects promotional dollars are to business institutions what gasoline is to motor vehicles. In the latter case the amount of gasoline needed to move a vehicle at a given rate of speed is closely related to the size and efficiency of the vehicle. A gallon of gasoline will drive a Crosley much farther than a similar amount of gasoline will drive a Cadillac. To reach the same destination the larger vehicle will need more gallons of gasoline than the smaller one, although not necessarily more per horsepower, or per pound of vehicle to be moved. Thus, data in Table 13 and Chart 20 have been arranged to allow a comparison of radio advertising expenditures for businesses of varying size groups.

The data in Chart 20 indicate a tendency for retailers to place

## Radio Advertising for Retailers

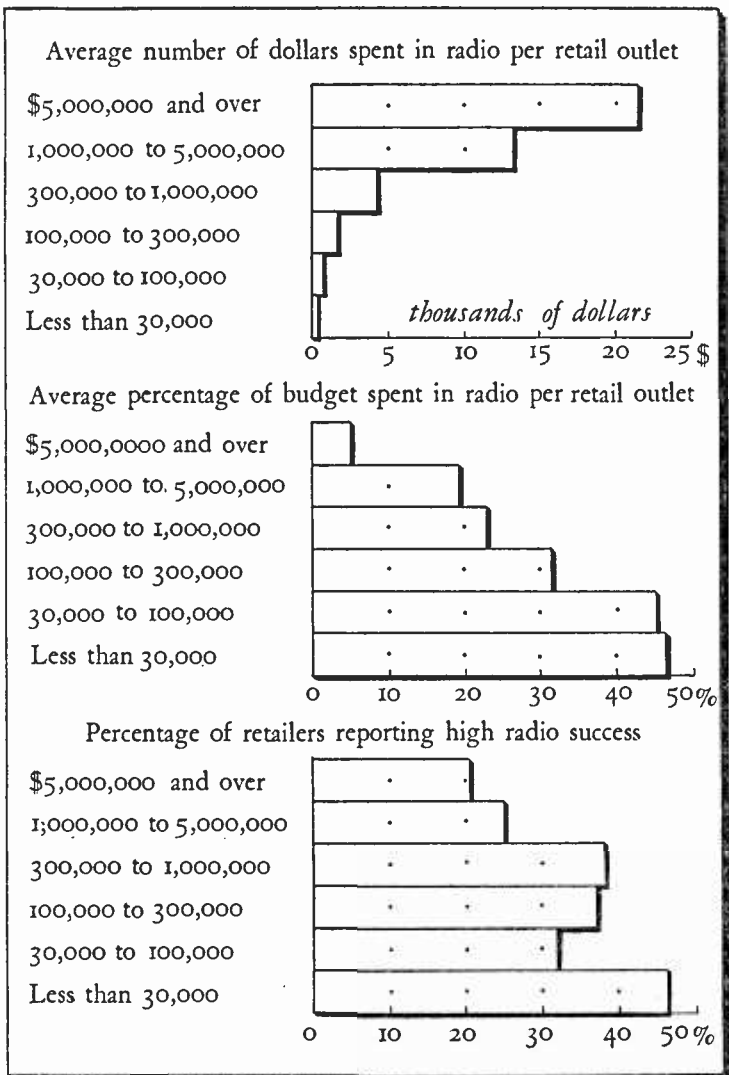


CHART 20. Comparison of Absolute and Relative Average Expenditures for Radio Advertising with High Success, as Reported by 535 Retailers in 1943, Classified by Size of Business

## *Factors Making for Success or Failure*

more emphasis on the number of dollars spent in radio than on the percentage of their total budget devoted to radio. The radio budget in terms of dollars naturally diminishes from the large firms down to the small ones, but at a retarded rate of decline.

### TABLE 13

*Comparison of Absolute and Relative Average Expenditures for Radio Advertising with High Radio Success as Reported by 535 Retailers in 1943, Classified by Size of Business*

SIZE CLASS	AVERAGE NUMBER	PERCENTAGE	PERCENTAGE	NUMBER
	OF DOLLARS PER	OF ADVERTISING	REPORTING	
	OUTLET SPENT	BUDGET SPENT	HIGH	IN SAMPLE
	IN RADIO	IN RADIO	SUCCESS	
\$5,000,000 and over	\$20,780	5.0%	21.4%	28
\$1,000,000 to \$5,000,000	13,200	17.6	25.0	52
\$300,000 to \$1,000,000	4,650	25.3	37.5	96
\$100,000 to \$300,000	1,900	32.6	37.0	165
\$30,000 to \$100,000	810	45.0	32.3	155
Less than \$30,000	345	46.7	41.0	39

Thus, firms with 1942 sales of \$5,000,000 or more spent an average of \$20,780 for radio advertising, but this amount was on the average only 5% of their total advertising budget. The next size group spent an average of \$13,200 in radio, but the percentage of the average total budget was increased to 17.6. The same tendency continued without break to the smallest business size group.

The interesting part of this pattern is the fact that the percentage of firms reporting high radio success increased with an increase in the *relative* amount of total budget spent in radio, in spite of a decline in the *absolute* size of the radio expenditure. This fact suggests that the proportion of total budget spent on radio and the absolute size of radio expenditure are both of significance in producing successful results. A comparison of data in Chart 20 with those in Chart 18 indicates that the number of dollars spent for radio have been of significance for advertising success principally in the \$5,000,000-and-over business size group, but it would seem logical that the expenditures for

### *Radio Advertising for Retailers*

these large-size businesses must be large if they are to have the desired impact on the market.

Detailed analysis of individual kind-of-business groups produced the same general pattern as that presented in Charts 17, 18, 19 and 20. Results of further analysis of department store data are shown in Chart 21, where both the number of dollars and the percentage of the total advertising budget spent in radio are related to the degree of radio success as reported by department stores. Not one of the 24 department stores that spent less than 5% of their advertising budget in radio in 1942 reported high success, not even stores that spent \$40,000 and \$50,000 for radio time. Four of the seven stores reporting only slight success from radio were in the "less than 5%" group. This same general pattern existed among other specific kinds of retail business.

The foregoing evidence relating to the influence on radio success of absolute and relative dollar expenditures is not presented as being conclusive. Such evidence, however, does provide a foundation for the interesting hypothesis that while the number of dollars spent in radio is a factor contributing to success, the relative part of the total advertising budget spent in radio may be an even more significant factor. Other things being equal, the chances for high radio success appear to increase materially with each increase in the percentage of total advertising dollars spent in radio up to a certain point, after which the success curve levels off. So far as can be judged from these data, the leveling-off point appears to be somewhere around the 20% figure, depending to some degree on the dollar size of the radio budget. Thus, in terms of subjective estimates of success as reported by retailers, it might be concluded that retailers with annual sales of less than two or three million dollars should not expect high success from radio if less than 20% of the total advertising budget is spent in that medium. Larger firms might logically expect high success from a somewhat smaller percentage but larger dollar expenditure for radio.

While data presented here indicate that the percentage of the total advertising budget spent in radio may be a highly significant factor in radio success, they do not tell why this is true. It may not be amiss, however, to speculate as to the reason for this interesting relationship. Perhaps the element of impact or

*Factors Making for Success or Failure*

Percentage of Total Advertising Budget Spent in Radio	DOLLARS SPENT IN RADIO IN 1942					
	Under \$1,000	\$1,000 to \$5,000	\$5,000 to \$10,000	\$10,000 to \$20,000	\$20,000 to \$30,000	\$30,000 to \$50,000
Under 5.0	MMM MM	MMM M SSS	MM S	MMM MM	M S	MM
5.0-9.9	MM	MMM MMMM U	MMM MM	MM	H MM	H MM U
10.0-19.9	M S	H MMMM MMM	MM S		H M	HH
20.0-29.9	M	HHH MMM	H	M		
30.0-33.0	H		H			

H — Store reporting high success  
M — Store reporting moderate success  
S — Store reporting slight success  
U — Store reporting unsuccessful

*CHART 21. Influence of Absolute and Relative Expenditures for Radio Time on Department Store Success from Radio Use, as Reported by 76 Department Stores for 1942*

### *Radio Advertising for Retailers*

relative dominance in the market is important. Retailers with 1942 sales of more than \$5,000,000 spent a minimum of \$100,000 and an average of \$400,000 for advertising. Apparently these retailers felt that such sums were necessary to present their stores and wares adequately to their large clientele. Retailers tended to increase their dollar expenditures for advertising as sales increased, thus placing emphasis on the significance of relative size as a determinant in the promotion budget. This same emphasis on relative size was also followed by retailers in all size groups. Regardless of the sales volume, retailers of particular types tended to spend about the same percentage of sales in advertising.

Thus, a *relative* rather than *absolute* advertising impact has been the determining factor in setting the size of the *total* advertising budget, but a different procedure seems to have been followed by large retailers in setting the size of the radio budget. Data indicate that appropriations for radio advertising by large retailers have been made in terms of absolute rather than relative impact. Interesting rationalizations can be made in support of such procedure. Thus, expenditures of \$10,000 or \$20,000 for radio are substantial and are greater than the amount ordinarily spent by retailers for radio time. Many retailers have thus rationalized their position and concluded that the firm spending the most money in a given medium would have both absolute and relative dominance in the medium.

A more careful analysis will disclose that dominance in a medium may not be so significant as impact relative to market position. Department stores, for example, have not been content to purchase just enough newspaper space to exceed the lineage of specialty shops. Instead, they have considered it necessary to expend a certain percentage of their sales in advertising to provide that force which is needed to maintain their relative position in the market. In allocating total advertising dollars to different media, attention might well be given to the expenditure necessary in each medium to provide effective impact. Apparently an effective impact is not provided by spending only 5% of the total budget in radio, even though that percentage amounts to \$30,000 or more.

*Organization in Charge of Radio Advertising*

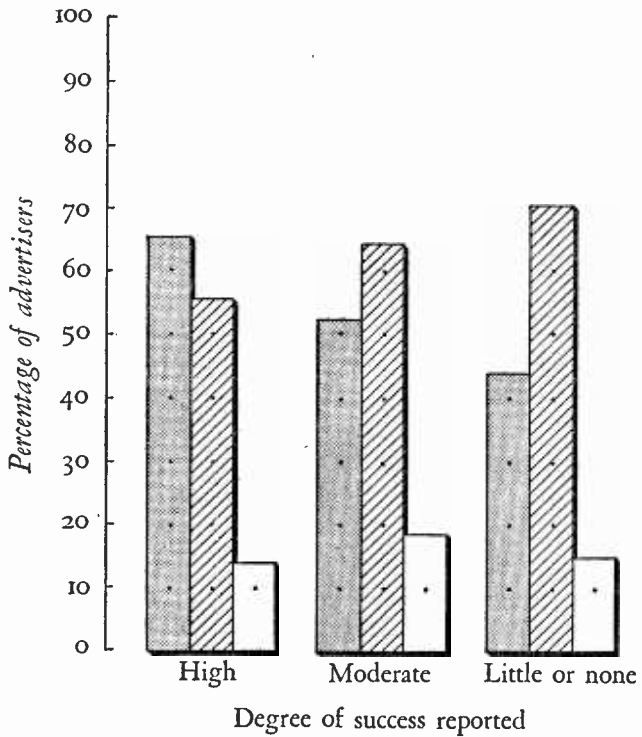
ONE or more of three organizations may play a part in planning and developing radio advertising for the retailer. These are (1) the retailer's own advertising department, (2) the radio station, and (3) an advertising agency. There appears to be some relationship between reasonable success from radio and the organization chosen by retailers to handle their radio work. The character of that relationship is shown in Chart 22. In that chart retailers have been grouped by degrees of success attained from radio advertising, and for each group is shown the percentage of retailers making use of their own advertising department, the radio station, and/or an advertising agency in the planning and execution of radio promotion. Since a number of retailers used the services of more than one organization, percentages total to more than 100.

It is interesting to note that the greater the dependence placed on the retailer's own advertising department, the greater was the success reported from radio; and, conversely, the greater the dependence placed on station direction the lesser was the success reported from radio promotion. No specific pattern developed in the case of dependence on an advertising agency.

These facts should hold real significance to both the retailer who is now using or contemplating the use of radio and to the radio station that desires to render real service to local advertisers. It is probable that the advertiser is not inherently better equipped or the station more poorly equipped to do an effective retail radio job. Careful observations indicate that significant success comes when advertisers have a thorough understanding of the characteristics and qualities of radio and when station management knows much about the merchandising characteristics and problems of the retailer.<sup>2</sup> The impression was gained from talks with many retailers that there has been a slightly greater tendency for large retailers with radio specialists on their advertising staff to study the characteristics of radio advertising than there has been for management of small radio stations to study the retailers' merchandising problems and practices. This tendency has perhaps helped bring about the situation pictured

<sup>2</sup> Case studies in support of this observation are presented in Chapter XI.

Radio Advertising for Retailers



Own advertising department      Radio station      Advertising agency

CHART 22. Organizations on which 562 Retailers Relied in Planning and Developing Radio Advertising in 1942, Classified by Reported Success



### *Factors Making for Success or Failure*

in Chart 22. Radio dollars can be powerful dollars if properly used, and retailers should not pass them out freely to broadcast stations without first giving important and understanding attention to how they are to be used. Likewise, radio management should not solicit retail dollars except from retailers who will spend time and intelligent effort in helping direct their use, unless such radio executives are equipped to render advice which stems from an understanding of retail problems and practices. Perhaps when both retailers and station management are deeply conscious of the important bearing these factors have on success, each will devote more time and effort toward an understanding of them. (This factor of management is discussed in greater detail in a later section of this chapter.)

#### *Spots vs. Programs*

THE unit of time purchased appears to have only slight influence on reported success. Some retailers reported an improvement in results with a switch from program time to spot announcements and others reported the reverse to be true. Retailers with highly successful experiences from their use of radio, however, placed somewhat less dependence on spots than was true of those who had experienced only moderate or little success. Details given in Table 14 show the percentage of the radio

TABLE 14

*Distribution of the Radio Advertising Budget of 508 Retailers, as Reported in 1943, by Degree of Success*

SUCCESS CATEGORY	PERCENTAGE OF BUDGET SPENT IN:				
	SPOTS	PROGRAMS			
		15 MIN.	10 MIN.	5 MIN.	OTHER
High success	49.4%	31.5%	2.2%	6.2%	10.7%
Moderate success	62.0	24.2	2.1	6.4	5.3
Little or no success	56.0	27.8	9.3	5.7	1.3

budget spent for different units of time by retailers in each of three success categories. Retailers reporting high radio success spent 49.4% of their radio budget for spots, as compared with

### *Radio Advertising for Retailers*

62.0% by those reporting moderate radio success, and 56.0% by those in the little or no success category. High-success retailers spent the bulk of their program dollars for time units of 15 minutes or more, while retailers reporting little or no success spent an important amount of their program dollars for 5-minute and 10-minute time units.

Data in Table 14 throw no light on the factor of efficient use of spot announcements or program time. Spot announcements efficiently used may be more effective than program time ineptly handled. If it is assumed that spot announcements and program time are used equally well, it would seem from data reported by retailers that chances for high success are somewhat greater from the use of programs than if major dependence is placed on spot announcements.

The possible influence of type of program on success can be gathered from figures presented in Table 15. It is obvious that

#### TABLE 15

*Types of Programs Used by 328 Retailers, as Reported in 1943, by Degree of Success*

SUCCESS CATEGORY	TYPE OF PROGRAM (PERCENTAGE USING)						
	NEWS	MUSIC	VARIETY	PARTICIPATIONS	SPORTS	DRAMA	OTHER
High success	48.1%	45.8%	10.1%	10.9%	7.8%	7.0%	16.3%
Moderate success	44.4	42.0	11.8	10.7	8.9	5.9	16.0
Little or no success	36.7	43.3	13.3	13.3	..	10.0	13.3

retailers in all three success categories placed major dependence on news and music. It is interesting to note, though, that retailers reporting little or no radio success placed somewhat less dependence on news programs than was true of those reporting greater success. Further comparisons also show that low-success retailers used more variety, participations, and drama than was employed by the more successful radio user. In view of the small number of firms included in this breakdown, the slight differences in percentages, and the absence of data on the quality of programs, it is doubtful whether much emphasis

### *Factors Making for Success or Failure*

should be placed on the influence of program types on radio success.

The elements of program quality and time-of-day broadcast are not disclosed. These elements have an important bearing on success. They are discussed in detail in Chapter VIII. It should be clear from data in Table 15, however, that all program types have been used with success by some retailers and with little or no success by others. While 13.3% of those retailers who reported little or no success from radio used variety programs, it does not follow that retailers should avoid use of variety programs. This point is emphasized by the fact that 10.1% of those reporting high radio success had used this type of program. It is equally clear that even though news programs had brought high success to many retailers, news also failed to bring outstanding results to others. The quality of news, variety, or any other program type, and the time of day the program is broadcast may be more significant than type alone.

#### *Size of Community*

RETAILERS located in large communities and in small communities have had about the same relative degrees of success and failure from their use of radio. In communities with a population of 500,000 and over, 37.9% of retail users of radio reported high success. Cities with a population between 25,000 and 50,000 had the lowest percentage (31.8%) of retailers reporting high radio success. In places with fewer than 25,000 people high success was reported by 34.9% of the retail users of radio. These relatively minor differences seem to indicate that the size of the community has little or no influence on success or failure from the use of radio by those who have used radio for at least one year.

Size of community, however, does have a bearing on the successful use of radio by certain kinds of retail business. Business groups, like grocery stores, drugstores, filling stations, and hardware stores, can often use radio profitably when located in communities sufficiently small to justify such stores offering service to the entire community. A \$50,000-a-year grocery store in Marion, Ohio, might use radio without particular waste in

### *Radio Advertising for Retailers*

market coverage, whereas the same size and type of store in Kansas City would probably find radio uneconomical.

Size of community has some bearing on the number of radio stations available to a given firm. The number of stations used by a retailer, however, has only slight influence on success. Considering only those retailers in multiple-station communities, 41.7% of those who used four or more stations reported high success and only 33.0% of those using two stations reported similar success. About 36.0% of those using one or three stations reported high success. Thus, differences in success were apparent but not sufficiently marked to justify attaching real significance to the number of stations used as a factor making for success.

#### FACTORS EMERGING FROM PERSONAL OBSERVATIONS

The ingredients of success in any radio advertising undertaking are many. It has been impossible in this study to isolate each factor involved in success. Some have been isolated and the nature and possible extent of their influence have been discussed in the foregoing pages, although it must be recognized that a clear line of cause and effect cannot be drawn when many variables are present.

Other factors are known to exist, but as yet no statistical measurement of their influence has been accomplished. Impressions concerning the character and influence of some of these other factors have been gained from personal interviews with hundreds of local business firms. Such factors as the quality of business management, establishment of specific advertising objectives, development of a complete promotion plan, coordination of all elements included in the plan of action, and the use of checklists have emerged from personal discussions with local advertisers.

The following pages are devoted to an analysis of these elements. It should be recognized that much of this material represents the personal opinion of the author, supported largely by the intangible evidence supplied by advertisers who were either not sure or not conscious of the manner in which these factors influenced success. Additional support for personal

### *Factors Making for Success or Failure*

opinion has come from what is recognized by students of advertising as good practice. Thus, only occasional reference is made to the experiences of individual retailers since any experiences that might be used in connection with these specific factors would lack a definite correlation with sales or other tangible measures of success.

#### *Management Factor*

THE factor of management will always be highly significant in the success or failure of any venture. Radio advertising is no exception. Good plans poorly executed will often be less effective than poor plans expertly applied. Good plans effectively utilized are of course the goal of all business firms. Kind of business, organization responsible for radio advertising, percentage of advertising budget spent in radio, unit of time purchased, and other physical factors hold significance, but proper management considers these factors in light of an over-all plan of action, major objectives of advertising, and good organization for putting them into effective use.

The development of an over-all advertising or promotion plan would seem to be fundamental to maximum success. Advertising should never be employed purely on the basis of faith in its power, but rather in terms of its ability to assist in doing a specific job. That job may be to build goodwill for the store, to promote a particular department, or to sell specific merchandise or service. Whatever the job, good management will set forth in concrete detail the specific function of advertising.

After the objective has been established, a study of different advertising media should result in a selection of the medium or media that hold promise of accomplishing the objective. If radio is chosen as the medium or one of the media to be used, its use should be approached with realism by studying its characteristics thoroughly, recognizing that it is a vocal means of communication and that radio talent is as significant to success in radio as pictures and art are to success in newspapers. Recognition might be given to the fact that the blurb "A picture is worth a thousand words" was originally used in reference to printed advertisements and not as a means of comparing printed with vocal presentations. This and other fetishes might well be

### *Radio Advertising for Retailers*

erased and attention focused on employing radio in the manner most effective for radio. Generalizations drawn from newspaper experience may not be pertinent to radio.

Good retail management involves the selection of a radio station in terms of type of people reached, area covered, and abilities of station personnel to render valuable assistance in developing an effective advertising message for the retailer. For some retailers a powerful 50,000-watt station will prove most effective where such a station is available. In other instances, the low-power station will be most helpful. In general, a station should be chosen whose market coverage, in terms of numbers of people, is not far different from that of the store. Programs should be selected that appeal to the same social and economic group served by the store.

If the objective of radio is to build goodwill for the store, a careful study should be made of the particular characteristics possessed by the store that give it a competitive advantage and that attract particular groups of customers. Such qualities might include a price advantage, wide selection of merchandise, courteous salesforce, superior craftsmanship, and friendly service. As a rule the job of selecting the appeal to use or of writing the commercial message should not be turned over completely to the broadcast station. The retailer should develop sufficient interest in radio at least to counsel with station management on such matters.

Particular attention should be given to the selection of merchandise to be advertised when direct action is the advertising objective. It is well to remember that the real virtue of advertising is its ability to focus a spotlight on those things which the retailer wishes to burn into the consciousness of his customers. Surely no wise merchant would care to emphasize to his trade items of merchandise that either had never possessed real ability to satisfy customer wants or had lost that ability because of changed conditions. Yet many merchants have used advertising, and particularly radio advertising, to do just that. Radio has been used in an attempt to unload on the public merchandise that should never have been stocked by the store. Such so-called "cats and dogs" have been given radio promotion as a means of determining whether radio really could sell merchan-

### *Factors Making for Success or Failure*

dise. Obviously, such a "test" of radio worth is not a valid one. Furthermore, it is very poor advertising procedure.

The folly of wasting good advertising dollars on the promotion of merchandise that has lost its want-satisfying ability is illustrated by the experience of a Pennsylvania store. At one period during the war bakeries were forbidden to sell sliced bread. Soon after this order went into effect American ingenuity had developed bread slicing gadgets designed to make home slicing easy. The Pennsylvania store purchased large numbers of a mitre box type of slicer and enjoyed wide sales of the item. The no-slicing government order was later removed, however, and bakeries again offered sliced bread to the public. This change in conditions eliminated the major sales appeal for home slicers, but the store in question did not like the idea of taking its loss on slicers still in stock and devoted important radio time to urge listeners to buy them. Only a slight concession in price was made. Emphasis was placed on other uses of the slicer, such as slicing meat loaf and cheese. From such efforts, three slicers were sold. Failure was not the fault of radio but of management.

Good merchandising principles call for promoting those items that are in popular demand at the moment. Rain goods are featured during rainy days; a snow produces show windows full of sleds, skis, snowsuits, and other snow items; Easter brings promotions of new clothes; September calls for promotions on school supplies and equipment. No good merchant ignores these fundamental rules. In like manner the "radio window" might better be filled with goods in demand at the moment than with items that had lost their appeal.

#### *Coordinated Promotional Plan*

RADIO should not be considered as a wholly independent force in the over-all plan of store promotion. Newspapers, window and inside displays, direct mail, and support of the sales-force are all elements in most plans. Success will be enhanced if all these promotional agencies are carefully coordinated and integrated into a planned and concentrated effort. Each element can support and add power to other elements. Reports were obtained from a number of retailers who had advertised

### *Radio Advertising for Retailers*

merchandise over the radio and had purposely refrained from advertising the same items in newspapers, kept them out of windows, and made no interior displays. Often such merchandise had actually been kept under counters and clerks had been kept in ignorance concerning such radio promotion. Customers brought to the store as a result of hearing commercials built around such merchandise had often found it difficult to find the merchandise in the store. Such policies made it difficult if not impossible for regular floor personnel to direct customers to radio-advertised merchandise.

Sales possibilities are greatly enhanced if all promotional forces are properly coordinated. Radio can be and has been used to urge people to turn to the newspaper and check the items displayed and described there. One small Iowa drug chain has spent as much as 25% of its advertising budget in radio to do that kind of a job. In 1942 radio was used regularly three days each week to mention the leading promotion items and to urge listeners to read the full-page newspaper advertisement for descriptions and prices of many more bargain items. Management reported excellent results, particularly when newspaper advertisements carried some real bargains or described items currently in great demand. The reverse process can be equally helpful. Newspapers can be used to call attention to the radio program, what it is, and when it can be heard. Spot announcements, car cards, and posters inside the store can be used in similar fashion.

If media advertising is supported with window or interior displays or both, sales are likely to be appreciably increased. Neither radio nor newspaper advertising is always sufficiently powerful to establish in the mind of the listener or reader all qualities concerning an item. Reminders in the form of displays at point-of-sale help to recall to the customer those qualities emphasized in the advertising. Such aids are often desired by customers.

Success can be enhanced also by seeing to it that the salesforce is thoroughly familiar with current advertisements and the items emphasized in them. It is fairly common practice to display copies of newspaper advertisements in each department where advertised goods can be purchased. Of course, a radio



### *Factors Making for Success or Failure*

advertisement cannot be cut out and pasted in the store, but posters can be made on which those items advertised by radio are listed and prominently labeled as such. Another practice that can add to success is that of passing out to all sales personnel affected a mimeographed sheet listing all items that have been or are to be advertised by radio during the day. A few merchants have amplified such sheets with detailed descriptions of advertised items to assist salespeople in properly presenting the qualities of merchandise to customers.

Large retailers in particular have seemed to obtain maximum results from treating newspapers and radio as major advertising media and allocating an important portion of the budget to each. Fundamental differences between these media provide means for appealing to customers through different sensory organs in cases where radio and newspapers reach the same audience. Use of both media also broadens total coverage. Values resulting from a combination of media are evident in most well-run conventions where a variety of instruments are used to present a message. Many retailers saw and heard the presentation, "Air Force and the Retailer," as made by the National Association of Broadcasters during the fall of 1943. In this presentation use was made of pictures, charts, recorded music, recorded voice, and live voice. This was followed up with printed material. Dependence was placed on no one method of presentation, but rather on a combination of methods. Retailers with reasonable amounts of money to spend in advertising might likewise use a combination of advertising methods and coordinate all into a unified promotional program.

#### *Checking Results*

THE degree and character of results achieved from each merchandising venture should be checked or measured wherever it is possible to do so without undue cost. Checks on the success of advertising efforts should provide a measure of the degree to which objectives were attained. Unfortunately, detailed and specific checks have often been absent in both newspaper and radio advertising. Retailers were asked, in connection with this study, to state whether specific statistical measures of results had been made in connection with radio advertising.

### *Radio Advertising for Retailers*

Only 11.7% reported that such checks had been made, although many more indicated that rough measures of results were common practice with them.

It is of course difficult to reduce any retail advertising, with the possible exception of direct mail, to easy and accurate cost of sales figures. Most retailers, however, would obtain real values from increased attention to this matter of measuring results. If such attention did nothing more than encourage retailers to give more thought to what might be expected from radio and the processes used to secure that expectancy, it would be worth while.

One retailer reported that checks of results were made regularly by relating sales immediately after advertising specific items to the sales figure that should have been expected without advertising. A series of charts and tables had been drawn up for many items showing what sales should be expected on particular days and weeks. In preparing these estimates, changes in general business conditions had been considered as well as other influencing factors such as weather, war conditions, scarcities, and substitute products. This approach is more nearly accurate than relating current sales to sales of the previous week or comparable period of the previous year. The latter, however, is better than no checks.

R. H. Macy & Company, Inc., has forced its department managers and advertising personnel to focus attention on the sales productivity of specific commercials or other advertising efforts by establishing a normal sales expectancy for advertised items and the departments concerned and then measuring advertising cost against only sales above estimates of normal volume. Such sales are referred to as "plus-over-normal" sales. Such sales are defined by a former official of Macy's as "the sales-dollars taken in during the specified life of the advertised offer, not only on the item offered but also on all other items sold in the department, LESS the carefully estimated *normal* sales-dollars."<sup>3</sup>

Macy's calculates actual advertising cost by dividing cost of advertisements by "plus-over-normal" sales. This practice tends to eliminate from advertising cost percentages all factors that

<sup>3</sup> Paul Hollister, "A Trend in Retail Advertising," *Eleventh Boston Conference on Distribution* (Boston, Retail Trade Board, 1939), p. 13.

### *Factors Making for Success or Failure*

influence sales other than the element of advertising, and provides a measure of the relative selling power of different advertisements. It has led, in the case of Macy's, to a discovery of specific factors that will increase or decrease the potency of direct selling advertising.

Common sense and good judgment must always attend any testing program. Sales of nylon hosiery resulting after a radio announcement made in 1943 could not logically be used as a measure of radio effectiveness. The merest whisper placed in any medium would have produced crowded aisles. It is equally foolish to use as a measure of radio success the sales of bread slicing gadgets resulting from radio announcements made after such items had lost their appeal to housewives. Tests should not be made by hiding merchandise under the counter or by keeping clerks ignorant of what has been advertised. If, however, orthodox merchandise in current demand is advertised by radio and other merchandising operations are carried out in the normal fashion, some helpful information can be secured by comparing sales that follow with sales of some previous period.

Some merchants have attempted to test radio results by counting the number of people mentioning the radio program, the number entering a contest, asking for gifts, or sending for premiums. These are more nearly measures of the size and composition of the radio audience than of sales resulting from such advertising. They can often be used to determine the extent to which actual or potential customers of the store are being reached.

Another approach has consisted of asking customers what brought them to the store. Many people do not really know what one factor or combination of factors prompted their action and, consequently, their answers are often unreliable. If this method is to be used at all, it should be carefully supervised and perhaps used on a sample of customers and by a trained interviewer rather than by depending on salesgirls to collect such data from everyone who enters the store. Careful attention should also be given to the manner in which the question is phrased. If it is properly phrased, good results can often be secured.

While some indication of sales resulting from direct action

radio advertising can be made with relative ease, a measure of the influence of institutional advertising on general store sales is more difficult. The following method provides one possible approach to such a measure. The general principle involved in the method is that of dividing store customers into two groups, (1) those who listen more or less regularly to the store's radio program, and (2) those who do not listen. Sales made to each group can then be measured for a given period and compared with sales to the same groups in a previous period.

Merchants doing an important credit business (open charge accounts or installment credit) would find it relatively easy to operate the "customer segregation" method of checking results by proceeding in somewhat the following manner:

1. Select at random the charge account records of a number of customers.
2. Either by mail or by personal interview ascertain which of these customers listen more or less regularly to the radio program of the store and which customers do not listen. Determine, if possible, the approximate date when listener-customers started listening to the radio program.
3. From store records calculate the dollar sales for each of the two groups by three-month periods as far back as feasible. The length of time radio has been used will have a bearing on this.
4. Chart the sales volume trend for listeners and nonlisteners.
5. If radio has been effective, the sales curve of listeners should be more favorable than that of nonlisteners.

In operating this plan extreme care must be taken in selecting the sample for analysis. Listeners and nonlisteners should be comparable as to occupation, economic standing, and general contribution to store sales before radio was introduced. Large numbers are not necessary for accurate comparison, but there should be about the same number in each group.

Although the difficulties are great, this method could be used to compare the effectiveness of different advertising media. Thus, it is possible to compare 100% radio listeners with (1) 100% newspaper readers, (2) customers reading newspapers and listening to store program, and (3) customers with little or

### *Factors Making for Success or Failure*

no familiarity with either newspaper or radio advertising done by the store. Continuing data collected and classified by different customer groups would provide helpful information concerning the relative merits of different advertising appeals and other changes in advertising procedures. Such tests must be carefully done, and their cost might be too great for firms with a low sales volume. But experimentation with some method of checking might well provide an increased understanding of radio advertising and add to the efficiency of use.

#### *Checklist for Radio Users*

CHECKLISTS do not, in themselves, provide a method of measuring radio results, but they should be of some assistance by giving management a systematic means of checking radio practice against factors that have a bearing on success. Thus a checklist is given here so that local business firms will ignore none of the factors that enter into effective radio use. The various factors listed are given no value rating, but merchants may find it helpful to assign their own ratings of importance. The list is presented without specific comment at this point, although each factor has been discussed in some detail either in preceding material or in chapters that follow.

1. Have I carefully chosen a specific objective for my radio advertising?
2. Have the items to be advertised been chosen because of their immediate popularity?
3. Have I refused to spend money to advertise "cat and dog" merchandise?
4. Has the advertising appeal been carefully selected?
5. Have I chosen a radio station with coverage corresponding in large measure to my trading area?
6. Have I appropriated a sufficiently high percentage of my total advertising budget to radio?
7. Does my radio program appeal to the type of consumer I serve?
8. Is the time of the program well chosen?
  - a. Is it at a time when my customers can listen?
9. If spot announcements are used, have they been scheduled

### *Radio Advertising for Retailers*

- at a time when my customers can listen and between programs most likely to attract my customers?
10. Has a check been made of the size and character of my radio audience?
  11. Has someone in my organization been given the responsibility of studying and checking my radio advertising?
  12. Is this person alert to changing needs and desires of customers?
  13. Has this person given attention to the full possibilities of radio?
  14. Are department buyers cooperating effectively in the radio venture?
  15. Does the radio personnel that handles my radio advertising visit the store regularly to familiarize itself with my merchandising and promotional plans and the characteristics quality of its rendition?
  16. Have I auditioned the radio program to make sure of the quality of its rendition?
  17. Have I auditioned the radio commercials?
  18. Does the radio announcer have an effective voice?
  19. Does the radio announcer pronounce the names of all merchandise correctly?
  20. Have my commercials been written in terms of the self-interest of my customers?
  21. Have commercials been checked for truthfulness and sincerity?
  22. Has my salesforce been informed of the items to be advertised?
  23. Have window and inside displays been arranged to correspond with my radio advertising?
  24. Have I considered the possible merits of employing newspapers, direct mail, and other media to help promote my radio program?
  25. Would the use of the radio services of outside organizations be advisable in my case?

PART III  
GUIDES FOR EFFECTIVE RADIO USE





## INTRODUCTORY STATEMENT

MATERIAL presented in Part II was largely factual in character. It consisted, for the most part, of summaries and analyses of the radio experiences of the hundreds of local business firms which cooperated with the Harvard Business School in this study. The primary purpose of collecting and studying these "case histories" was to ascertain the feasibility of radio as an advertising medium for business houses whose operations were confined to one metropolitan area.

Evidence clearly supports the conclusion that radio has been an effective advertising medium for local business firms. The mere purchase of radio time, however, will not guarantee success. It is reasonably clear that substantial radio success cannot be expected by small neighborhood stores, by firms which allocate less than a reasonable percentage of their total advertising budget to radio, or during the first six months of radio use. It is also clear that success is enhanced when management takes an active interest in its radio undertaking and devotes some time to a consideration of the over-all radio plan and its coordination with other advertising and merchandising efforts.

There are many detailed aspects of radio use concerning which clear-cut evidence of influence on success was not available from either local advertisers or broadcast station management. Among these aspects are the composition of the radio audience, types of programs that might be used under various conditions, when and how spot announcements might be used to advantage, reasons for the extensive use of spot announcements, phraseology of the commercial message, possible influence of station policy on success, value of advertising agency service, and assistance from radio networks.

Even though concrete evidence concerning the influence of the foregoing elements is too meager and intangible to substantiate definite conclusions, it appears worth while to discuss these

### *Radio Advertising for Retailers*

elements in some detail. Thus, much of the material in Part III (except in Chapter VII) consists of the opinions of the author. These opinions have been greatly influenced by discussions with hundreds of executives of retail and service establishments and scores of men in the radio industry. Experiences of retailers which were pertinent to the factors included in the following chapters, and which were sufficiently tangible to warrant their use, have been incorporated to amplify and support the author's suggestions and conclusions. Use has also been made of the considerable body of literature which bears on these phases of radio advertising and which has been made available by various persons and organizations.

Readers of Part III should recognize that the following chapters (except for Chapter VII) cannot be accepted with the same degree of assurance as to accuracy as those in Part II. If the discussion of these elements serves to stimulate greater study and analysis on the part of local advertisers, broadcast station management, and service organizations, their inclusion will have been worth while. Such study and analysis should eventually produce increased evidence concerning the influence of these elements on radio success.

## CHAPTER VII

### *The Radio Audience*

ADVERTISERS who confine their operations to one metropolitan area are concerned with the size and composition of the radio audience in the limited area served. Interest centers in knowing the actual and potential size of the audience; its composition in terms of sex, age, occupation, and economic level; particular appeals radio has for listeners; and the listening habits of the public.

It is impossible to present specific data covering these characteristics of the radio audience for each city in which a radio station is located because complete data are not available for each city and, even if they were, space would not permit such details. Attention is therefore given to an analysis of the radio audience in national or broad-area terms, in the belief that advertisers in any given city can utilize that which is universally applicable and devise means of securing local data in those cases where national figures are not applicable.

Thus, national figures might be used to determine general habits of listening at different times during the day or night, but not to ascertain the number or type of people listening to program X in city Y. Methods employed by national organizations to measure the extent and character of listening to individual programs can be applied by local firms to their own programs. It therefore seems advisable to devote time to a presentation of the radio audience from a broad-area point of view and to discuss the methods in use for measuring audiences attracted by individual programs.

#### *Number of Radio Homes*

THE potential radio audience in the United States is very large. There are more homes with radio sets than there are

### *Radio Advertising for Retailers*

with electricity, bathtubs, telephones, or automobiles. Figures compiled by the National Association of Broadcasters<sup>1</sup> and based on the 1940 Census of Housing, as conducted by the United States Bureau of the Census, indicate that 28,838,203 of the 34,854,532 families in the nation in April, 1940, had one or more radio receiving sets. The number of radio homes therefore represented 82.8% of all homes. This figure does not represent the total number of receiving sets in use, since many homes have more than one set, and other sets are found in schools, institutions, business offices, and automobiles. The National Association of Broadcasters estimates that in January, 1943, there were 19,800,000 "other" home and institution sets and 9,250,000 automobile sets in use. The relationship of radio families and radio sets in use to the total number of families is presented graphically in Chart 23.

It is clear from these figures that the great majority of people in the United States are potentially available to the radio advertiser. Local business firms, however, are interested in audience availability in a given city or county rather than for the nation as a whole. Analysis of Census data indicates a wide variation in the relation of radio families to total families in different parts of the country. In Mississippi, Alabama, and South Carolina fewer than half of the homes had radio sets in 1940, and in four additional states the number of radio homes represented less than 60% of the total. Mississippi had the lowest relative number of radio homes with a percentage of 39.9. At the other end of the scale were Massachusetts, Rhode Island, Connecticut, New York, and New Jersey, where more than 95% of all homes had radio sets in 1940. Massachusetts was high with 96.2%. A general picture of regional variations in the relative number of radio homes is presented in Chart 24.

Still greater variations exist between the relative number of radio homes in cities as compared with farm sections. For the United States as a whole, 91.9% of all city homes had radio sets as compared with only 60.2% for farm homes. Variations between city and farm radio homes were not great in many states but were marked in others. Thus the city-farm ratios of radio

<sup>1</sup> See *Radio Market Data Handbook* (Washington, National Association of Broadcasters, Inc., 1943).

The Radio Audience

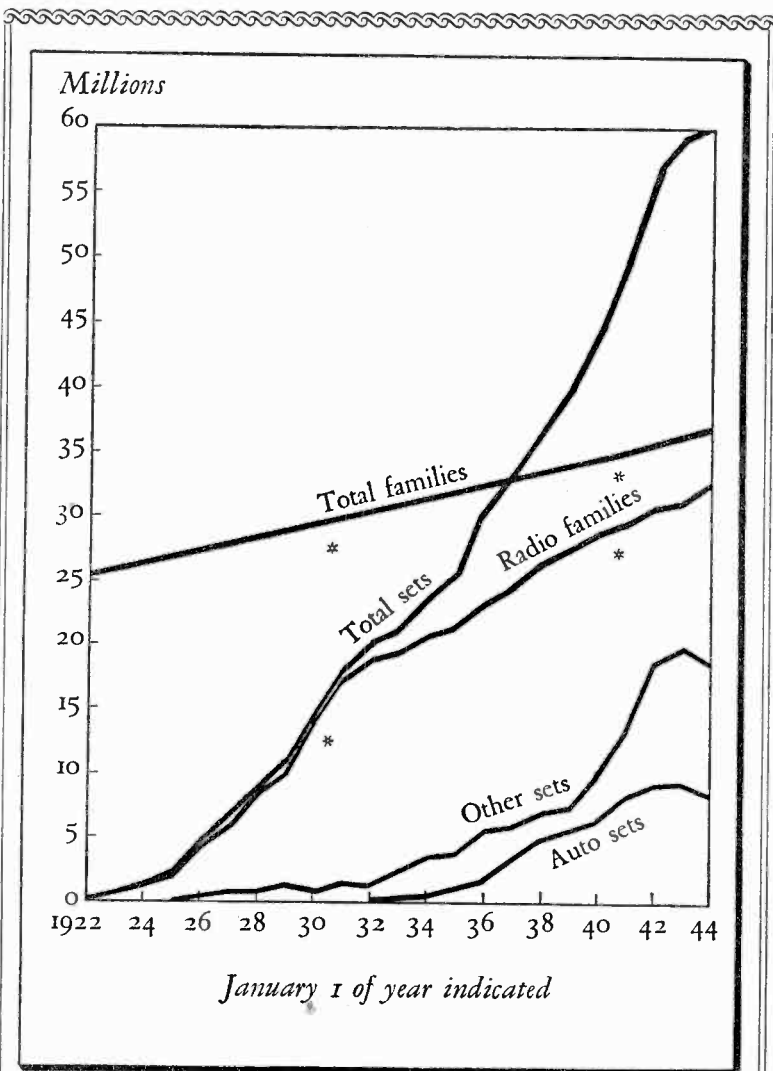


CHART 23. Growth in Radio Sets in Use in the United States from 1922 to 1943

\* Census date.

SOURCE: *Radio Market Data Handbook* (Washington, National Association of Broadcasters, Inc., 1943).

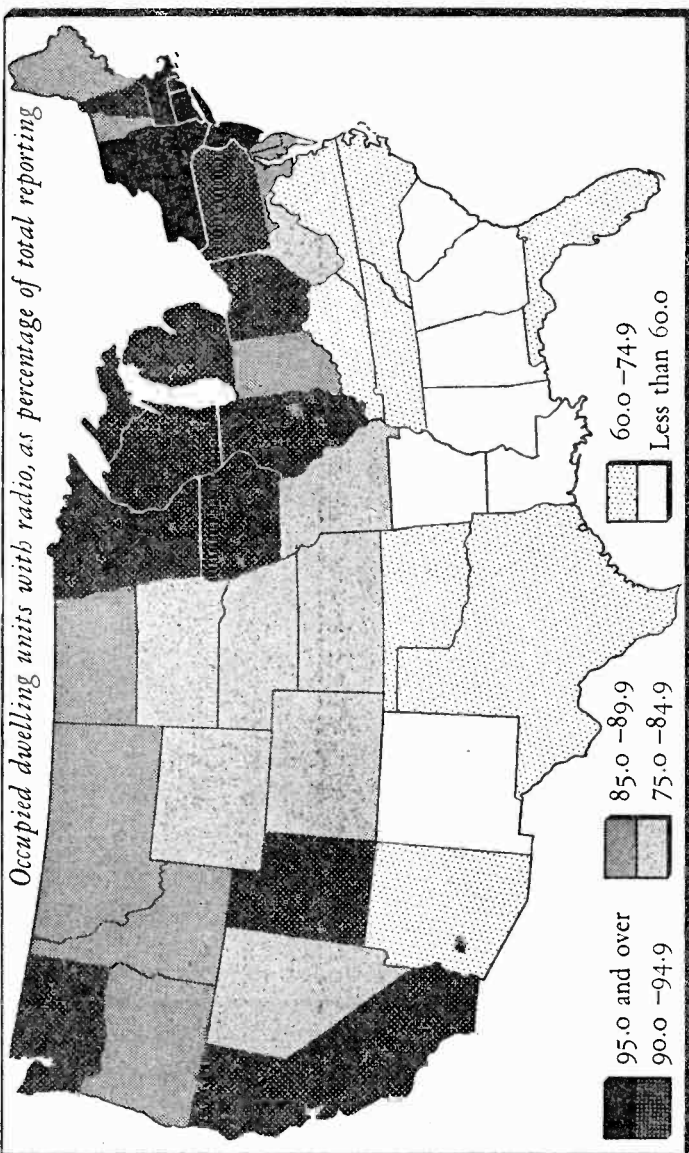


CHART 24. Home Radios in the United States by States: 1940

SOURCE: U. S. Department of Commerce, Bureau of the Census, based on data from the Census of Housing.

## *The Radio Audience*

homes in Connecticut were 96.4% and 88.5%, respectively, while in Louisiana they were 72.6% and 27.3%.

Data for individual cities and counties are more useful to the local business firm than are figures for any particular state or for the nation as a whole. Detailed data for every county and city with a population of 2,500 or more are available and presented in usable form in the *Radio Market Data Handbook* published by the National Association of Broadcasters. Most radio stations have this publication. Figures for 1940, showing the total number of families, the percentage owning radio sets, and the number of radio homes for a selected list of metropolitan districts are given in Table 16. Similar figures are available for

### TABLE 16

*Number of Families, Percentage Owning Radios, and Number of Radio Homes in Selected Metropolitan Districts (Based on 1940 Census)*

METROPOLITAN DISTRICT OR COUNTY	TOTAL NUMBER OF FAMILIES	PERCENTAGE OWNING RADIOS	NUMBER OF RADIO FAMILIES	NUMBER OF RADIO STATIONS
Akron, Ohio	122,327	96.6%	118,217	3
Amarillo, Texas	14,931	91.7	13,685	2
Austin, Texas	26,857	74.3	19,955	2
Charleston, South Carolina	26,705	61.7	16,479	2
Columbus, Georgia	23,934	62.6	14,991	1
Dayton, Ohio	75,516	95.3	71,994	2
Des Moines, Iowa	53,264	94.4	50,280	3
Durham, North Carolina	17,524	79.5	13,940	1
Indianapolis, Indiana	130,068	94.4	122,766	4
Jackson, Mississippi	22,451	64.0	14,362	2
Knoxville, Tennessee	37,877	81.6	30,913	3
Lansing, Michigan	31,231	96.7	30,212	1
Lincoln, Nebraska	25,618	94.2	24,128	2
Milwaukee, Wisconsin	215,665	97.4	210,084	3
Montgomery, Alabama	24,733	56.2	13,898	2
Phoenix, Arizona	34,257	81.1	27,793	3
Portland, Maine	28,167	95.4	26,877	2
Seattle, Washington	153,229	93.5	143,247	7
St. Joseph, Missouri	24,873	86.9	21,609	1
Syracuse, New York	70,336	97.1	68,326	4
Tulsa, Oklahoma	53,712	86.2	46,319	3

### *Radio Advertising for Retailers*

each city and county in the United States and can be used with profit by any local business firm that wishes to know the total number of families who have the facilities for hearing a radio program or announcement. The total potential audience will never be reached at any one time, but such a figure will serve as a starting point for calculating the actual audience attracted by a particular radio effort.

#### *Number of Radio Sets in Use*

NATURALLY, not all radio sets will be in use at any given time. Many people will be away from home and a number of those that are at home will be occupied with other things or will not care to listen to the radio at the moment. The number of people not at home and hence not available to listen to a home radio set, unless visiting in the homes of other people, varies from 15% to 30% of the total number of radio homes, depending on the time of year and hour of the day or night. A larger number are away from home in the summer than in the winter, and during the day than at night. On the average, however, some member of the family is at home, and thus there is a potential listener to the radio in from 70% to 85% of all radio homes at any given time.

The average number of sets in use varies greatly by the hour of day or night and by the month of the year. Such variations are graphically shown in Chart 25. Data which served as the basis for Chart 25 were supplied by the A. C. Nielsen Company and represent results from records made of radio listening by the mechanical recorder method.<sup>2</sup> Families covered by the Nielsen Radio Index are located in states east of the Mississippi River and north of the Ohio River but exclusive of the New England states. The Nielsen company considers that the data adequately represent the listening of approximately 8,000,000 radio families about equally divided between Eastern and Central Time zones. All time figures, however, have been translated into Eastern War Time. Each time period indicated at the base of Chart 25 represents a half-hour period, and sets-in-use percentages represent the relative number of sets turned on for one minute or more during the half-hour period. Thus, on the

<sup>2</sup> A description of this method is given in a later part of this chapter.



The Radio Audience

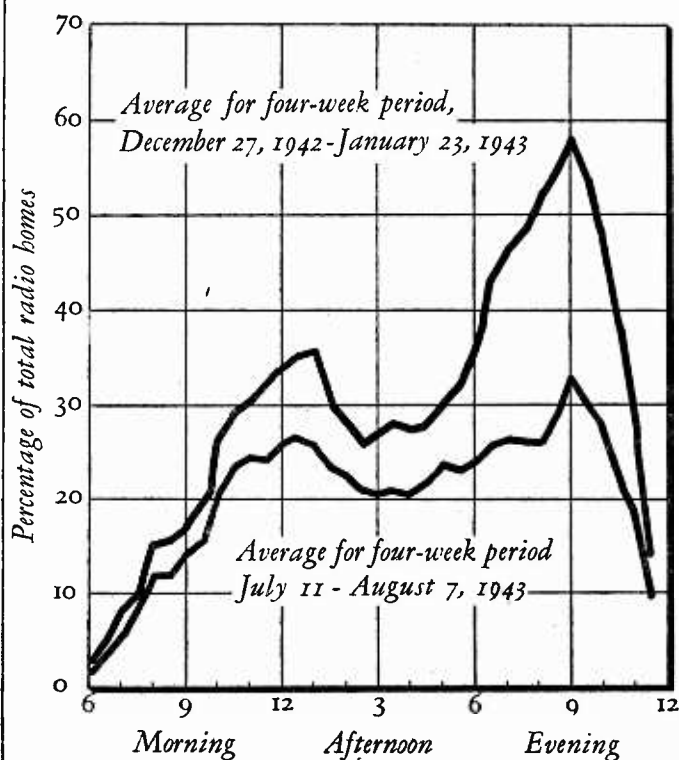


CHART 25. *Relative Number of Radio Sets in Use\** for an Average Weekday in North Central and Middle Atlantic States during Winter and Summer Months

\* A radio set was recorded as "in use" if it was turned on one minute or more during a given half-hour period.

SOURCE: Based on figures from Nielsen Radio Index, used by permission of A. C. Nielsen Company, Chicago.

### *Radio Advertising for Retailers*

6:00 a.m. line for the winter period, 2.8% of the Nielsen radio homes had a radio turned on for one or more minutes at some time between 6:00 and 6:30.

Fluctuations in the volume of listening during the period from 6:00 a.m. to 11:45 p.m. are in harmony with what might be expected. Listening conforms to general daily habits of sleeping, working, eating, and relaxing. Listening is naturally low in the early morning hours but rises steadily until after the noon meal when it declines slightly because of afternoon naps, shopping excursions, work outside the house, and other influences. A significant upswing starts again about 4:30 p.m. and continues until the peak is reached between 9:00 and 9:15 p.m. The very sharp decline after 9:30 p.m. is due to obvious reasons.

The season of the year has an influence not only on the number of people listening to the radio but also on the pattern of listening. Reference to Chart 25 again will show how greatly winter listening differs from summer listening. Every time period during the day or night finds fewer radio sets in use in the summer than in the winter. The listening pattern for each season moves in rather parallel fashion except during the evening hours. The high evening peak, so noticeable in winter listening, is almost absent in the summer. Spring and fall listening produces a pattern of radio sets in use somewhere between the winter and summer lines charted in Chart 25.

The graphic presentation of radio sets in use represents listening during an average weekday. Saturday and Sunday listening is slightly different. Saturday listening almost universally falls below average weekday listening except for the period after 10:30 p.m., when it rises appreciably above the average weekday listening. The relative number of sets in use on Sunday is far below the average weekday use during the morning hours, starts going above weekday figures in early afternoon, and continues above until about 9:00 p.m., when it drops slightly below and tapers off in the same pattern established on weekdays.

#### *Listening by Different Consumer Groups*

THE number of radio homes and the number of radio sets in use provide valuable material in calculating the total audience available in a given locality or during a particular hour, day, or

## The Radio Audience

month. Such data do not reveal the composition of the listening audience as to sex, age, economic level, or occupation. Information concerning such factors is relatively meager, but enough work has been done by some research organizations to provide some segregation of listeners by groups.

**SEX AND AGE.** Pertinent information about the relative numbers of men, women, adolescents, and children listening to the radio at different times during the day is given in Table 17.

### TABLE 17

*Radio Listeners by Sex and Age Per 100 Homes with Radio Sets in Use  
(Average week/day in September, 1943)*

NUMBER OF LISTENERS SOMETIME DURING QUARTER HOUR					
TIME (EASTERN WAR TIME)	MEN	WOMEN	ADOLESCENTS	CHILDREN	TOTAL
6:00- 6:15 A.M.	84	95	5	2	186
7:00- 7:15	78	96	7	2	183
8:00- 8:15	54	104	16	11	185
9:00- 9:15	31	110	21	20	182
10:00-10:15	17	106	19	18	160
11:00-11:15	15	107	19	13	154
12:00-12:15 P.M.	34	107	20	17	178
1:00- 1:15	37	108	23	14	182
2:00- 2:15	23	106	16	11	156
3:00- 3:15	21	101	20	13	155
4:00- 4:15	29	94	19	14	156
5:00- 5:15	39	94	23	19	175
6:00- 6:15	62	94	24	26	206
7:00- 7:15	66	103	26	19	214
8:00- 8:15	69	111	26	23	229
9:00- 9:15	73	111	25	19	228
10:00-10:15	68	111	25	11	215
11:00-11:15	72	108	17	5	202

AGE GROUPS: Men and women — over 18 years of age  
 Adolescents — 12-18 years of age  
 Children — 5-11 years of age

SOURCE: Study conducted by Industrial Surveys Company for Columbia Broadcasting System in eastern and middle western areas.

### *Radio Advertising for Retailers*

Data in that table were taken from a study made by Industrial Surveys Company for the Columbia Broadcasting System. In that study the diary method of checking listeners was used. This method is described in a later part of this chapter. Figures in the table show the number of listeners per 100 radio homes that had their radio sets in use. Thus, for each 100 homes that had the radio or radios turned on for one or more minutes between 6:00 and 6:15 a.m., there were 84 men, 95 women, 5 adolescents, and 2 children listening, or a total of 186 persons. The average number of listeners was 1.86 per radio home.

It is obvious from data in Table 17 that women represent the largest single group of listeners regardless of the time of day. Listening by women exceeds that of men even on Sunday when both groups have an equal opportunity to listen. On Sunday the average number of men listening per 100 homes with sets turned on seldom drops below 70 and during the evening hours ranges from 80 to 90.

**INCOME LEVEL.** Interesting differences in listening habits exist among income groups. Details for upper, middle, and lower income families, as represented by the Nielsen Radio Index figures, are shown in Chart 26. The relative number of radio sets in use by lower income families from 6:00 to 7:00 a.m. is more than twice as great as among other income groups. This variation undoubtedly reflects differences in hours of work and hence activity in the home at an early hour. The relative number of sets in use by low income families continues above that of other income groups throughout the morning and afternoon but drops below others around 9:00 p.m. Peak listening for low income families comes earlier than in the case of other families. This is apparently a case of earlier to bed and earlier to rise. Such information should hold particular significance for advertisers whose customers come from a given income level. Low income families also have their radios turned on for a longer time each day than is true of other income groups. Nielsen figures for the four-week period from December 27, 1942, to January 23, 1943, show that on an average weekday the average number of hours that radio sets were in use was 4.08 for upper income families, 4.41 for middle income families, and 4.86 for lower income families. Thus, families in the latter group had

## The Radio Audience

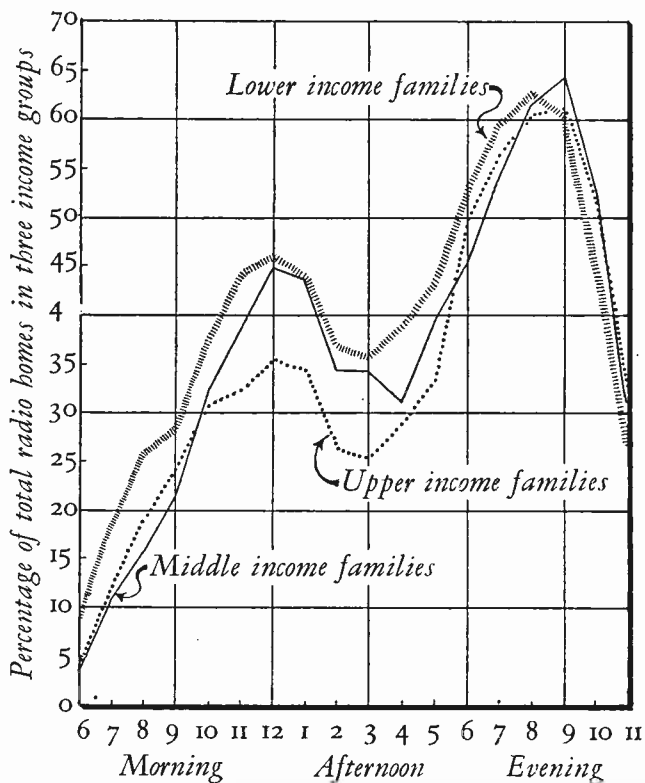


CHART 26. *Relative Number of Radio Sets in Use\** by Income Groups (data represent an average weekday during the four-week period from December 27, 1942, to January 23, 1943)

\* A radio set was recorded as "in use" if it was turned on one minute or more during a given hour period.

SOURCE: Based on figures from Nielsen Radio Index, used by permission of A. C. Nielsen Company, Chicago.

### *Radio Advertising for Retailers*

their radios in use an average of about 19% more per day than families in the high income group.

Some radio programs have greater appeal to one income group than to another. This difference is graphically illustrated in Chart 27 where the ratings of an evening musical program and a daytime serial are shown for each of the three income groups. Differences shown in Chart 27 are not typical, but are given because they do illustrate major variations among income groups. In the cases given, differences are accentuated by the generally higher daytime listening of low and middle income families and the higher nighttime listening by high income families. This listening pattern, however, does not account for such marked fluctuations. The major cause is probably the difference in appeal of the particular programs. It should not be inferred that all musical programs and all daytime serials follow this same pattern for they do not, but it is worth while to recognize that the economic level of families has a bearing both on the pattern of listening during morning, afternoon, and evening and on the type of program tuned in. This knowledge is of particular significance to retailers who direct their efforts toward serving those in a given economic group. Thus, a daytime serial type of program would be more valuable to a retailer selling low-price merchandise than to one handling goods in the upper-price brackets.

**CITY AND RURAL.** Families living on farms and in towns with a population under 5,000 listen to the radio fewer hours during any 24-hour period than do families living in small and large cities. Nielsen reports that during the winter rural families listen to the radio an average of 4.20 hours per average weekday as compared with 4.48 hours for families living in large cities and 4.59 hours for small-city families. There is considerably greater listening in the morning hours among farm families than there is among families living in the city, but this situation is reversed in the afternoon and evening. Detailed data showing the relative number of radio homes with radios turned on at different hours during the day and night are given in Table 18. As in the case of low income families, rural families go to bed early and get up early. The number of rural families with radios on sometime between 8:00 a.m. and 9:00 a.m. exceeds the num-

The Radio Audience

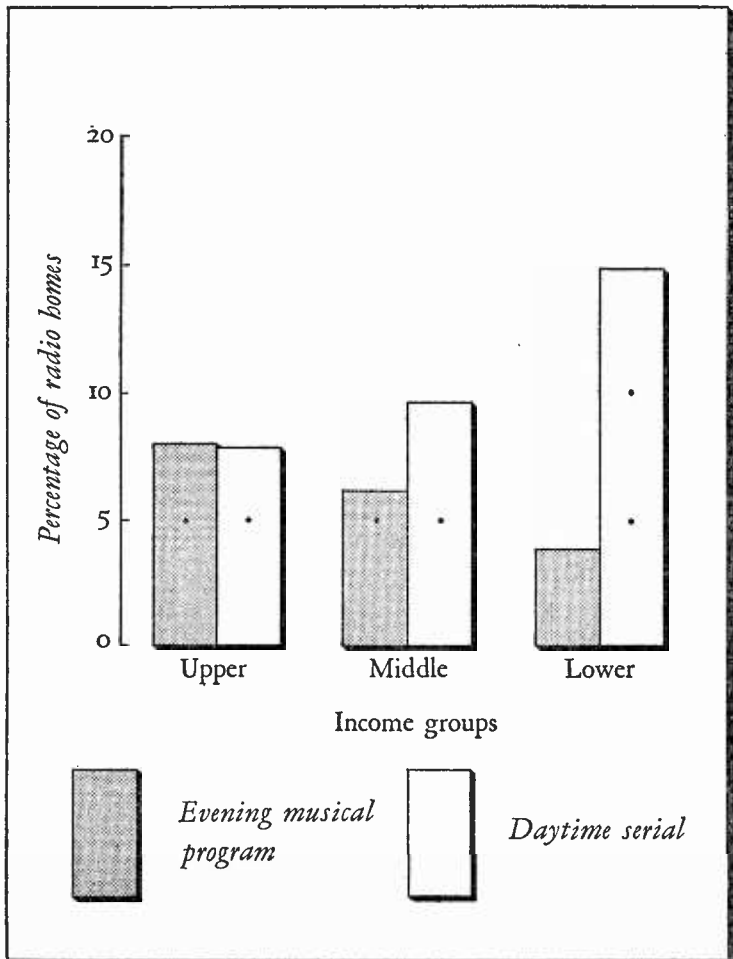


CHART 27. Variations in Program Appeal to Different Income Groups

SOURCE: Adapted from Nielsen Radio Index, used by permission of A. C. Nielsen Company, Chicago.

*Radio Advertising for Retailers*

TABLE 18

*Percentage of Radio Sets in Use in Radio Homes Located in Large and Small Cities and on Farms (December 27, 1942-January 23, 1943)*

TIME OF DAY	LOCATION OF FAMILIES		
	LARGE CITIES*	SMALL CITIES*	RURAL*
6:00- 7:00 A.M.	4.4%	5.9%	7.2%
7:00- 8:00	12.0	13.3	17.4
8:00- 9:00	16.8	18.5	27.0
9:00-10:00	21.0	25.9	28.6
10:00-11:00	31.5	32.3	37.9
11:00-12:00 noon	37.3	37.4	39.9
12:00- 1:00 P.M.	43.8	39.1	42.8
1:00- 2:00	42.3	37.0	41.6
2:00- 3:00	33.3	31.7	31.8
3:00- 4:00	32.3	34.6	28.0
4:00- 5:00	32.3	35.1	30.7
5:00- 6:00	37.5	42.4	36.1
6:00- 7:00	48.1	53.2	47.8
7:00- 8:00	56.7	58.2	55.3
8:00- 9:00	62.7	62.5	58.9
9:00-10:00	63.3	63.5	58.0
10:00-11:00	53.9	51.1	42.1
11:00-12:00 midnight	34.4	32.0	21.9
TOTAL HOURS OF RADIO LISTENING PER HOME (MIDNIGHT TO MIDNIGHT)			
Average weekday	4.48	4.59	4.20
Saturday	4.00	3.88	3.71
Sunday	4.97	4.32	3.91

\*DEFINITION OF SIZE: Large — over 100,000 population  
 Small — 5,000-100,000 population  
 Rural — towns under 5,000 and farms

SOURCE: Nielsen Radio Index. (Used by permission of A. C. Nielsen Company, Chicago, Illinois.)



## *The Radio Audience*

ber listening between 11:00 p.m. and midnight, while in the case of large-city families more than twice as many are listening at the late hour as at the early hour.

Certain types of programs also seem to have a different appeal to farm families than to families living in cities. An evening dramatic production reported by Nielsen had a listening rating of 32.4% among families in large cities but only 14.6% among rural families. Programs like the Farm and Home Hour and Feed Lot Talks have a listening audience made up largely of farm families. Thus, programs can be developed which will hold primary significance to a particular consumer group, but even those programs designed to provide general entertainment cannot attract the same relative number of farm people as city people.

### *Listening Habits of Radio Families*

PEOPLE are influenced in the amount of their radio listening by such factors as the hour of day, economic status, general character of work in the home, age, and the place of abode. These influences have already been discussed. Other factors influencing listening include human desires and the nature of radio itself.

DESIRE FOR LISTENING. Many types of human desires have a bearing on listening habits. Psychologists have reported that people who are lonely and denied the fellowship of others find the radio a real companion. This is particularly true of persons who live alone, families who tend to live by themselves, and those who are confined because of sickness. The radio, because of its personal character, provides social intercourse with the "outside" world and helps to dispel both physical and psychological isolation.

The desire for frequent news and news which is available without much effort on the part of the listener also pulls many people to the radio. This aspect of radio appears to have a greater appeal to women than to men, to people on farms than to people in cities, and to those in the lower income groups. A study conducted by Dr. Paul F. Lazarsfeld<sup>3</sup> indicated that in

<sup>3</sup> Paul F. Lazarsfeld, *Radio and The Printed Page* (New York: Duell, Sloan and Pearce, 1940), p. 220.

### *Radio Advertising for Retailers*

seven out of nine income and location classifications more than half of all women interviewed preferred radio above other media as a source of national and foreign news.

The desire for escape from the monotony of life and its hardships of many varieties has been a potent force in drawing radio listeners. Much of the entertainment available on the air is

TABLE 19

*Holding Power Variations in Different Types of Programs*

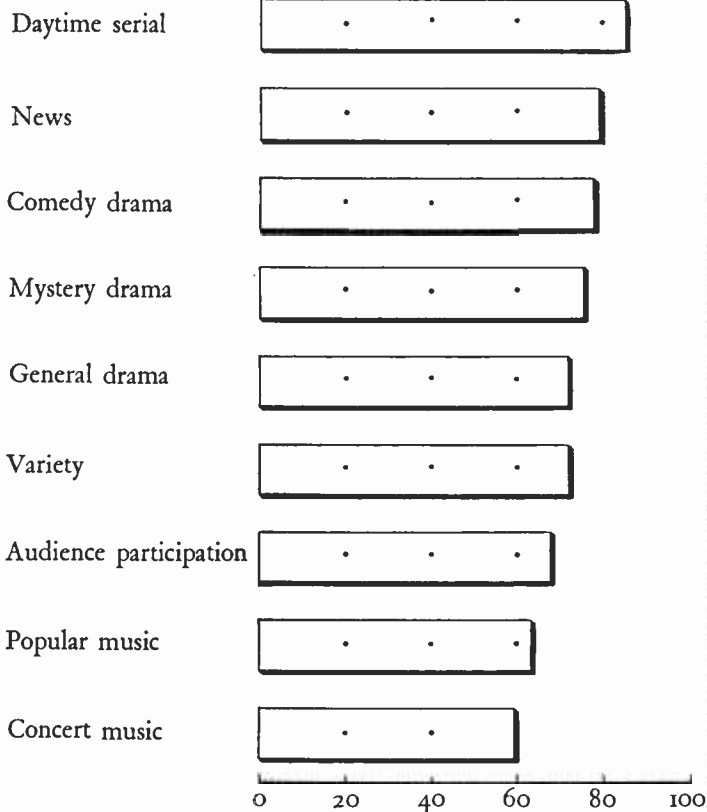
TYPE OF PROGRAM	PERCENTAGE OF TOTAL PROGRAM TIME LISTENED TO BY PROGRAM AUDIENCE		
	AVERAGE OF ALL PROGRAMS	LOW PROGRAM	HIGH PROGRAM
Daytime Serial	85%	69%	90%
News	79	65	87
Comedy Drama	78	58	85
Mystery Drama	75	60	84
General Drama	72	57	85
Variety	72	53	87
Audience Participation	68	52	79
Popular Music	63	48	73
Concert Music	59	40	72

SOURCE: Based on Nielsen Radio Index and used by permission of A. C. Nielsen Company, Chicago.

selected by listeners for this same purpose. Daytime serials have often been written to satisfy this desire; music also has a power to satisfy the same urge. Other drives influencing listening would include desires for information on particular subjects, facts concerning local happenings, specialized news on sports, and general relaxation.

FLUCTUATIONS IN LISTENER ATTENTION. The very nature of radio makes for an in-and-out type of audience. Radio provides no formal doormen, ticket takers, or environmental pressures to hold a person in the room during the "show." With radio, a person usually feels free to "walk out" at any time on a program either mentally or physically. Attendants at musical concerts,

*The Radio Audience*



*Percentage of total program time listened to by average audience.*

CHART 28. *Holding Power Variations in Different Types of Programs*

SOURCE: Nielsen Radio Index, used by permission of A. C. Nielsen Company, Chicago.

public lectures, the theater, and other public gatherings usually remain physically present until the performance is over, although they may fail to give mental attention to all that is presented.

No method has yet been developed to measure the extent to which radio programs hold the mental attention of those who have their radio turned on. Methods have been devised to determine the extent to which people leave their radio sets turned on throughout a given program. The power to hold an audience throughout a program is influenced by both the type and the quality of the program. Interesting data on this point are presented in Table 19 and Chart 28 where the average holding power performance of different types of radio programs is shown. Daytime serials have been most effective in holding an audience throughout the program. Thus the audience of the average daytime serial kept the radio turned on for a period equal to 85% of the total time of the broadcast. The comparable figure for concert music was 59%.

Fluctuations in the holding power of different programs of the same type are great. The daytime serial with the greatest control over listeners, as reported by Nielsen and shown in Table 19, held its audience for 90% of the time and the one with least control held its audience for only 69% of the time. The best concert music program, in terms of holding power, was only a little better than the weakest daytime serial. News programs were high on the list as holders of attention. It is fairly clear that programs which present a unified story or which present news tend to discourage tuneouts. People who get interested in the first part of a story tend to stay to the end. If circumstances develop during such programs which suggest leaving the radio, resistance to leaving is more pronounced than in the case of musical programs.

A more detailed analysis of audience fluctuations is presented in Table 20 and Chart 29 where the total audience to specific programs is classified by the number of minutes listened. In the case of a 30-minute band program, 41% of the total audience listened only 1 to 5 minutes, 16% listened from 6 to 15 minutes, 14% listened from 16 to 25 minutes, and only 29% stayed with the program from 26 to 30 minutes.

## *The Radio Audience*

It should be noted that these measures of fluctuations in listener time have no bearing on the general appeal of particular program types. A daytime serial may have a relatively small but loyal audience, while a popular music program has a much larger but less loyal audience. Furthermore, audience fluctuations follow no standard pattern. Some programs reach their peak audience at the beginning, some near the end, and others somewhere in between. This fact is significant in deciding where to place the commercial message. Naturally, most advertisers would prefer to schedule commercials near the peaks of listening.

Knowledge of the fluctuating character of radio audiences should hold particular significance to the radio advertiser in his selection of program types and quality. Since there are no physical factors available to radio which will keep an audience throughout the program, emphasis must be placed on developing programs that secure and *hold* an audience because of their appeal to fundamental human interests. An appeal to the self-interest of actual and potential customers is good advertising procedure regardless of the form of advertising or medium used. Thus, the necessity for placing unusual emphasis on this factor if a loyal radio audience is to be developed is perhaps an asset rather than a liability.

### *Listener Survey Methods*

DETAILED information on number of radio sets in use at any particular time, number listening to an individual program, composition of that audience, and other pertinent listener data can be obtained only by a systematic sampling of radio homes. Specialized commercial agencies operate to secure such data on a national basis, and some are equipped to give pertinent information of value to retailers and other local business firms. The majority of radio station communities are still without detailed listener information, however, except where such data are provided by radio stations. This lack of information means that many local advertisers will be forced to make their own studies or to hire some agency to do the job for them if they are to have the benefits of such information to guide their radio activity. In the belief that a knowledge of methods of conduct-

## Radio Advertising for Retailers

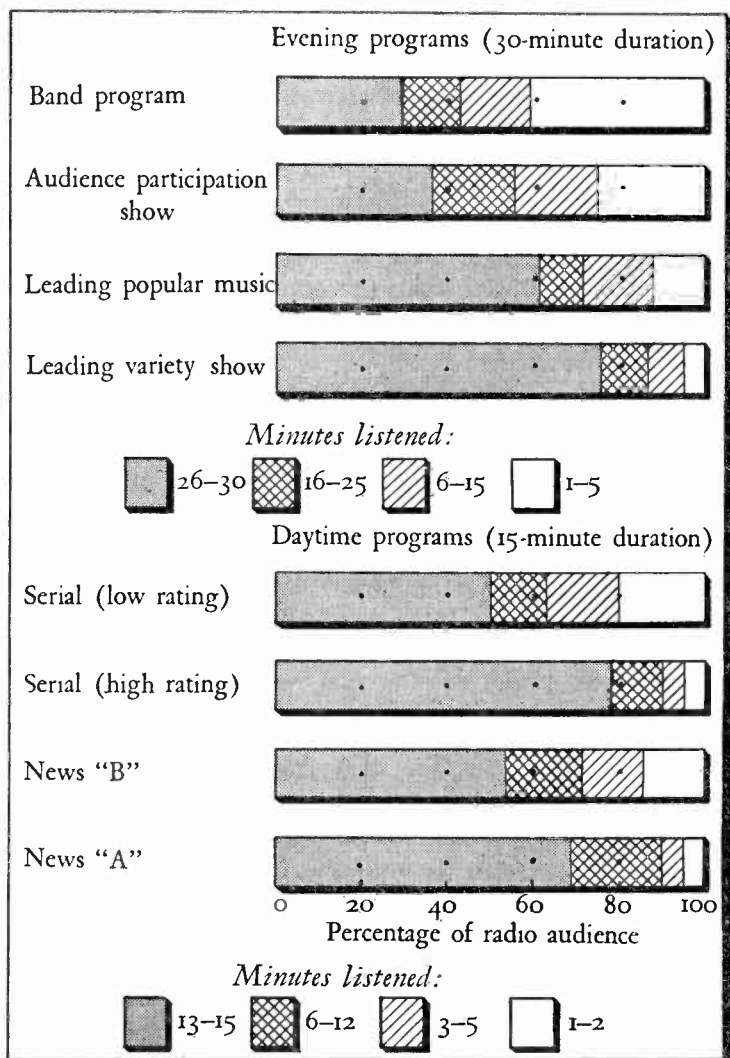


CHART 29. *Detailed Analysis of the Holding Power of Eight Specific Programs*

SOURCE: Adapted from Nielsen Radio Index, used by permission of A. C. Nielsen Company, Chicago.

## *The Radio Audience*

ing listener surveys will be of help to those who wish to conduct their own studies, the orthodox methods now in use are briefly reviewed.

**MECHANICAL RECORDER METHOD.** This method consists of installing a recording and timing device inside the radio set which records the time the set is turned on and off and the movement

### TABLE 20

*Detailed Analysis of the Holding Power of Eight Specific Programs  
(Program Audience Divided by Number of Minutes Listened)*

EVENING	MINUTES LISTENED, 30-MINUTE PROGRAM			
	26-30	16-25	6-15	1-5
Band program	29%	14%	16%	41%
Audience participation show	36	19	19	26
Leading popular music show	61	10	16	13
Leading variety show	76	11	7	6

DAYTIME	MINUTES LISTENED, 15-MINUTE PROGRAM			
	13-15	6-12	3-5	1-2
Serial (low rating)	50%	13%	17%	20%
Serial (high rating)	78	12	5	5
News "B"	54	19	13	14
News "A"	69	21	5	5

SOURCE: Adapted from Nielsen Radio Index, used by permission of A. C. Nielsen Company, Chicago.

of the dial from one station to another. An accurate record is thus provided which shows the extent to which a person shops from one program to another, the length of time the set remains tuned to a particular station, and transfers from one station to another. All this is synchronized with the time of day or night so that variations in listening throughout a 24-hour period can be ascertained. The record of listening is registered on a tape in much the same manner as that of the common instrument used to make a continuous record of temperature. These tapes can be removed at regular intervals and the information from many such tapes combined to present a picture of the listening characteristics of families represented by the sample.

### *Radio Advertising for Retailers*

The mechanical recorder method is used entirely by the A. C. Nielsen Company in securing data for the Nielsen Radio Index Service. Many of the charts and tables dealing with sets in use by different age, sex, and economic groups were based on Nielsen data collected by the mechanical recorder method. The Nielsen company has focused major attention on collecting and analyzing radio listening information for national advertisers and networks and hence has done very little to provide comparable data to businessmen interested in only one specific local market. Local businessmen, therefore, must depend on some other method at the present time (1944) to provide them with localized radio listening data.

**LISTENER RECALL METHOD.** The recall method depends on the ability of listeners to remember the exact character and extent of their radio listening. It consists of either telephoning people or calling on them personally and asking them what radio programs had been listened to or at what times the radio had been turned on during a stated period of time. One specific approach is that of telephoning people and asking what radio programs had been listened to during the past two hours. This method places the entire burden of recall on the listener without aid from the interviewer in the form of names of programs or stations.

Another approach provides aids to recall in the form of a roster of program names and time of broadcast for each station in the community. The roster cannot be filled out until some hours after the end of the day covered by the roster. Thus, a lapse of at least 24 hours intervenes between the broadcast of the first programs on the list to be checked and the time of the interview. This delay reduces the accuracy of results to some degree, but companies using this method consider that such inaccuracies are not great and can be reasonably well controlled.

**DIARY METHOD.** As the name implies, the diary method requires listeners to keep a running record of their use of the radio. The usual procedure is to supply a form which divides the broadcasting day into quarter-hour periods for each broadcast station in the community. Each member of the household is asked to record the exact times of listening at the time listening occurs and also to check all periods when the radio is not



### *The Radio Audience*

turned on. Forms are supplied for each member of the family and usually cover a period of one week.

This method affords a check on the listening habits of each member of the household, which is not possible with some of the other methods. It requires more attention to detail on the part of listeners and hence is subject to some error. The amount of error can be reduced by careful selection of families and by the type of instructions given. Agencies using the diary method often offer some sort of merchandise gift to those who cooperate in the undertaking. Retailers might well experiment with this method, but should do so through some independent agency or person, since the name of the advertiser might influence the listening pattern of cooperating families. Retailers might limit the period of the broadcasting day covered by a diary to the morning or afternoon according to the period of the day during which the retailer's program is broadcast.

**COINCIDENTAL METHOD.** This method gets its name from the fact that the interview with the radio listener coincides with the time of listening. Interviews are commonly made by telephone, and hence a large number of calls or interviews can be made during any given time period. From one to three questions are commonly asked in the telephone conversation, namely: (1) Were you listening to your radio just now? (2) To what program were you listening, please? (3) Over what station is that program coming? Obviously, if the answer to question 1 is "No," the party is thanked and the conversation ended, but if the answer is "Yes," then questions 2 and 3 are asked. Other questions pertaining to the number of people listening, whether men or women, boys or girls, and their ages, might be asked, but extreme care must be exercised not to burden the respondent with too many or too personal questions.

The coincidental method has a number of advantages, such as ease of interviewing, ability to reach large numbers of people at relatively low cost, and the elimination of dependence on memory on the part of respondents. "Are you listening?" can be answered accurately, whereas "What programs did you listen to during the past two hours?" is subject to some error, although not necessarily serious error. The primary shortcoming of the coincidental method is its dependence on the tele-

### *Radio Advertising for Retailers*

phone. Fewer than one-half of all homes in the United States have telephones. This dependence would not be a handicap if nontelephone homes fell into the same general economic and occupational groups as represented by telephone homes, but such is not the case. Surveys among telephone homes cannot provide a measure of the listening characteristics of all radio homes.

Some research agencies have corrected this limitation of the coincidental method to a substantial degree by using the roster method to establish the amount and character of differences between telephone and nontelephone homes. While radio listening in nontelephone homes differs significantly from the pattern found in telephone homes, the relationship between patterns of listening by the two groups appears to maintain a high degree of stability. Once the extent and character of differences are established, ratings of audience size in nontelephone homes at any particular time can be computed from coincidental telephone interviews in telephone homes.

The base for such computations can be established through personal interviews in nontelephone homes and in telephone homes already interviewed on a telephone basis. Results from such interviews should establish differences in listening by people in the two types of homes, and also provide a basis for correcting any tendency which the roster method might have in overstating or understating the amount of actual listening.

This approach will provide: (1) definite information for telephone homes through calls coincident with the actual time of listening, (2) information for the same or comparable homes through the roster-personal interview method, and (3) data for nontelephone homes by means of the roster method only. Assuming that the coincidental method provides accurate information, then the difference between data from (1) and (2) will establish a correction factor to be applied to (3) for purposes of establishing the actual differential between telephone and nontelephone homes. If  $X$  is that differential, then it would be derived from the formula  $\frac{(1)}{(2)} = \frac{X}{(3)}$ . In fact,  $X$  becomes a computed coincidental rating of radio listening in nontelephone

### *The Radio Audience*

homes—computed from data obtained regularly from telephone homes and differentials established by occasional roster checks.

A number of local business firms will be able to utilize the services of regular audience survey organizations. Many, however, are located in communities where results of continuing audience checks were not available in 1944 and might not be made available for some time. Such firms will find it necessary to employ some research organization to make occasional audience surveys for them or to undertake such work as a company venture. Any one of the methods described here, except the mechanical recorder method, can be used with profit by a local firm. The important consideration is that of making periodic studies of radio listening to different broadcast stations and to particular programs by persons who are actual or potential customers of the firm. It should be remembered also that the size of the radio audience is not so important to most retailers as the character of the audience. Listening habits of the firm's customers are more significant than the habits of people in the mass. Detailed information concerning the radio listening habits and desires of a retailer's own customers will be of great help in any radio undertaking.

## CHAPTER VIII

### *The Radio Program*

A DISTINCT minority of the hundreds of local business firms reporting the character of their 1942 radio efforts in this study chose to buy program time instead of, or in addition to, spot announcements. Only 42% of the money spent in radio by such local firms in 1942 went for program time. Cooperating firms were unable to provide clear-cut reasons for placing minor emphasis on program sponsorship. Factors of cost in relation to spot announcements, effort involved in developing programs, and emphasis placed on sale of spot announcements by some stations have all seemed to have some bearing on the relatively low use of programs by retail and service establishments. As pointed out in Chapters VI and IX, general evidence of success from radio use does not place program sponsorship in a position inferior to spot announcements. Detailed evidence is largely lacking concerning the true values offered by radio programs, or the relative merits, from a sales or goodwill standpoint, of different types of programs.

Even though such evidence is largely nonexistent, the author believes that the fundamental values offered by programs are substantial and that neither local advertisers nor the management of many small broadcast stations have recognized the opportunities available for developing programs with a distinct local flavor and capable of attracting specialized local audiences. Suggestions concerning such values and opportunities are presented here with the thought that they might be of some help to local advertisers. Readers should recognize that much of this material represents the opinion of the author, supported by only occasional evidence of a tangible nature. Final answers to many of the possibilities suggested in this chapter can come only from carefully controlled experiments by local advertisers.

## *The Radio Program*

It is to be hoped that these suggestions will lead to such experimentation.

### *Values Offered by Radio Program*

PROGRAMS constitute the very heart of radio. People buy radio sets and tune in on radio stations in order that they may hear news or be entertained or educated, rather than to hear commercial announcements of advertisers. Programs, to the advertiser, constitute the vehicle for attracting an audience and carrying a commercial message, but to the public the vehicle is of primary concern. An advertiser can, of course, attach his message to a program built by another advertiser or have it sandwiched into one built by the station. As is pointed out in the following chapter, this use of radio can play an important part as a supplement to a basic radio plan, but complete dependence on spot announcements does not permit an advertiser to capture values inherent in program sponsorship.

Advertisers who develop and build their own programs have major control over the program. Only by such control is it possible to develop a program that represents or personalizes the store. Through a program, the personal characteristics and warmth of a retail store can be projected into a myriad of homes in the community. The time of broadcast can usually be controlled so that people will learn to know exactly when to expect this guest in their homes each day of the week. Furthermore, as has been pointed out in Chapter VI, real values result from building permanent associations between an enjoyable or a helpful program and the store that sponsors it.

Department stores and other large retail institutions are thoroughly familiar with the importance of prestige or position in the community as a factor making for patronage. True, prestige may result from the character and quality of goods and services offered, but unless the retail institution operates and lives in a manner expected by customers, prestige and patronage suffer. The radio public, particularly in local communities, is quick to appraise the radio efforts of a local retailer in terms of the standing of that retailer in the community. If a leading retail institution uses radio, it might well develop a program of a type and quality that would adequately represent its com-

## *Radio Advertising for Retailers*

munity position. Such radio use would add weight to commercial messages presented during the program period. In many respects the program is to radio what art, color, and typography are to printed advertisements.

### *Selecting the Type of Program*

PROGRAMS should be selected in terms of what people want. Any different point of view would result in broadcasting a program without an audience. The fundamental principle of freedom of choice is still operative and is daily practiced by millions of radio listeners to the benefit of some merchants and the detriment of others. The task of determining what people really want in the way of radio entertainment and enlightenment is not easy. People are forced to make their choice from programs actually available or to turn off the radio. Thus, what people listen to currently provides a partial measure of their desires, but such a measure cannot take into account program types not yet tried. Some guides to listener desires, however, are provided by a study of current listening, and these guides should not be ignored by the merchant.

Any studies of what people want in the way of radio programs should be made in terms of the kind of consumer group or groups served by the retailer. While some retailers would wish to reach a wide and heterogeneous group of listeners, others would seek a more selected audience. A men's apparel store would serve quite a different group from that served by a millinery shop. The radio tastes of men and women differ. Variations in tastes also exist among people who differ in age, income, sex, religion, race, and occupation. A store might seek an over-all audience in the promotion of some types of merchandise but need a smaller selected audience for effective results in the promotion of other items. In either case the important factor is that of keying the program to the interest of those who are actual or potential customers of the store.

This fact is well illustrated by the experience of a men's clothing store whose trade came largely from the laboring class. This retailer started his use of radio by sponsoring a 15-minute daytime program of familiar music. Audience checks indicated that many people listened, but sales did not increase. A 15-

### *The Radio Program*

minute sports program was added and broadcast at 7:15 P.M. The audience for this program was not more than half that for the daytime musical, but sales began to increase and the merchant was encouraged to add a regular news program at 7:15 A.M. The audience for this program was also small, but results were evident in sales figures. The musical program was then cancelled without noticeable influence on sales. A more detailed analysis of audiences disclosed the fact that women constituted the bulk of listeners to the musical program, but they were not the people who bought the clothes carried by the advertiser. The attraction of the much smaller but properly selected men's audience by news and sports was effective.

Care should also be exercised to avoid letting personal desires dominate in making a selection of program type. So often the proprietor of a retail store has such a different economic and cultural background from that of his customers that his program tastes provide no help in selecting a program for his customers. A Georgia hardware merchant failed to recognize this fact and spent radio money largely to entertain himself and his wife instead of his customers. He sponsored a program of classical music when his customers were largely farmers and laborers whose tastes ran to cowboy and hillbilly music. Another factor involved in this case was the "social standing" of the merchant's wife. She insisted that she could not face her club members if a low-brow program were to be sponsored by her husband. Obviously, this approach to the selection of program type is wasteful of advertising money.

Some attention should be given to the volume of a particular program type already being broadcast. Daytime serials appear to be desired by women more than is any other type of daytime program. It might appear therefore that a daytime serial would be the ideal selection for a merchant catering to women. Before such a decision is reached, however, analysis should be made of the number of programs of this type already available to the public. Results of a recent survey made by The Blue Network indicate that in 1942 as many as 62 serials were broadcast regularly. Thus a merchant choosing to sponsor another such program would be in competition with many similar programs and might well be reaching for an audience from those whose

### *Radio Advertising for Retailers*

tastes for serials were already largely satisfied. Under such circumstances a merchant would wish to consider the nature of such competition and the possibilities of developing or securing a dramatized serial of sufficient quality to meet competitive serials successfully or to sponsor a program directed to the 30% or 40% who preferred entertainment of a different character.

It has already been pointed out in Chapter III that in 1942 retailers sponsored news more than any other type of program. If sports programs are included with news, then more than half (52.1%) of the consistent retail users of radio programs in 1942 chose this type of program. Sports programs lend themselves particularly well to local sponsorship. Interest in most sport events is confined largely to the community from which they originate. Furthermore, a large number of people (particularly men) are interested in getting "fresh" news about the progress or results of current contests. If sport news and analyses are properly timed to reach men when they can listen, and if such programs are sponsored by firms with significant male patronage, good results should be expected.

#### *News Programs*

WORLD, national, and local news programs can also be sponsored locally with good results, but competition with network or national commentators and newscasters should not be ignored. It is probable that retailers and local station management have placed too much faith in news programs. Competition for attention has often been so great that many news programs have failed to attract a significant following. In one city where careful checks of radio audiences have been made, as many as eleven news programs and four sportscasts were available to the public during a one-hour period. The top news program attracted 35% of the listening audience at the time of broadcast, and the lowest one had only 1% of the listening audience. One of the sports programs had a rating of 12%, while the other three had ratings of 2% and 3%. It is possible, of course, that 2% of the listening audience (particularly if it is a selective one) is worth the cost of time and talent, but often some other type of program would produce better results. If news is to be used, greater effectiveness will probably be obtained from scheduling it during daytime hours when network



## *The Radio Program*

personalities with an established following are not offering competition, or from building a local personality to the point where he is preferred over other newscasters. One local newscaster in an Ohio city had attained a level of local popularity which enabled him, in 1943, to attract a larger local audience than any national newscaster broadcasting at the same time. Examples of this type are rare, but such possibilities have been demonstrated.

War has, of course, accentuated the desire for news and this interest has undoubtedly encouraged its abundance. There is always danger that tendencies will be forced to undue extremes, and it is possible that such has been the case with news sponsorship.

### *Musical Programs*

Music affords many opportunities for program development by local business firms. Music, in the broad use of the term, has a universal appeal and possesses powers to satisfy a variety of entertainment wants. Because of this fact, and because musical programs can be developed with relative ease, local radio stations have placed much more emphasis on music than has been generally true of networks. Electrical transcriptions or records are readily available for most types of music. The sponsor and the station, however, must decide what type to use — popular, hillbilly, western, religious, familiar, classical, or semiclassical.

Choice of type should be made in terms of what the actual or potential customers of the store want. There are significant differences in music tastes among different social and economic groups. Important elements of the population in the West and South were found to prefer hillbilly and western music. Other elements were reported to have a high preference for religious music. People with foreign background often preferred opera or folk songs of their native land. Certain cultural groups had strong interests in classical music. Older people enjoyed listening to music of a previous generation. Popular music appealed to many groups of people, but particularly to youth.

Undoubtedly station program managers have attempted to select music types in terms of listener preferences. Many, however, have failed to consider group differences in music tastes.

### *Radio Advertising for Retailers*

Selections have often been made in terms of the majority, and complete dependence placed on music acceptable to them. This policy is wholly satisfactory for those stores which cater to the general public, but firms that draw customers from one stratum of society have perhaps offered the public a disproportionate amount of current hit songs, so-called popular music, and "corn." This latter practice has been effective in reaching an important segment of the market but has failed completely to capture other segments. This situation has perhaps resulted from placing undue emphasis on the desires of a majority of people in the mass. Retailers who cater to particular social, income, racial, or religious groups should study the program desires of the group from which customers are drawn and let the interest of the majority in that particular group influence the selection of music to be broadcast. One Cleveland merchant has followed this latter practice with excellent results by breaking a two-hour Sunday musical program into eight 15-minute segments, each of which is devoted to music with an appeal to a distinct foreign element. Foreign groups include Bohemian, Italian, Hungarian, German, Slovak, and Polish. Checks made of listeners indicate real success in reaching each nationality group. Only through careful planning of this sort can radio be highly selective in its coverage.

Various educational groups have deplored the paucity of serious music and the overabundance of "low-brow" musical entertainment on the radio. It has long been considered the proper function of business to provide goods and services which the public wants. Thus, radio advertising might properly content itself with giving the public what it wants in the way of entertainment and enlightenment, rather than to educate it to higher tastes. Unfortunately advertisers have too often failed to ascertain what people prefer. The relatively large audiences attracted to the classical music programs of Station WQXR, and studies made by The Blue Network as indicated below, emphasize that in many instances the number of people who enjoy serious music is proportionally greater than the amount of such music available on the radio. Thus, many local advertisers and radio stations have seemingly failed to give some people what they want and have overlooked an opportunity to develop an

## *The Radio Program*

important following among those who enjoy good music. National networks have not met and perhaps will not meet completely the desires of such groups. At the present time such groups are in the minority, and advertisers desirous of reaching a maximum number of people with a given program tend to ignore minority groups. This practice leaves the field wide open for local merchants serving specialized groups to sponsor programs with particular appeal to minority groups without entering into competition with network programs.

Recent studies made by The Blue Network substantiate the suggestion that local merchants give greater attention to serving minority groups. In a survey conducted by that network among radio listeners, an effort was made to determine whether particular types of programs were too scarce or too plentiful to meet listener desires. Of all those people who listen regularly or occasionally to serious music, 35% stated that there were too few such programs available and only 2% stated there were too many. Surely the opportunity open to local merchants whose clientele might be among such people should be obvious.

### *Personality Programs*

A PERSONALITY program is not an exclusive type, but instead may utilize a variety of entertainment and instructional devices such as news, music, jokes, and straight talks. The interest which people have shown in individual radio personalities has been sufficiently great to warrant specific consideration of this factor. A number of local business firms have devoted their radio efforts toward building a radio personality that not only could capture the interest of many people but also would personify the institution. Such a person may be employed either by the broadcast station or by the local firm. Somewhat greater control can be exercised if the person is employed by the store. This method also often provides a greater degree of continuity and protection against pirating by other advertisers. On the other hand, a station personality with an established following might well prove more effective in many instances. Local personalities well known in the radio field include such names as Ben Hawthorne (G. Fox Co., Hartford, Connecticut), Enid Day (Davison-Paxon Company, Atlanta, Georgia), Caro-

### *Radio Advertising for Retailers*

line Cabot (Station WEEL, Boston, Massachusetts), Joanne Taylor (John Taylor Dry Goods Company, Kansas City, Missouri), Ruth Lyon (Station WSAI, Cincinnati, Ohio), and Ralph Binge (CKLW, Detroit-Windsor).

Occasionally the proprietor or some other official of a retail store has served as the person to represent the store to radio listeners. Where such a person has average or better than average radio qualifications, results have often been very good, particularly in small communities where personal selling is still a highly significant factor in consumer patronage. This procedure allows the proprietor to talk "personally" with many of his customers. One Texas merchant who has used this approach wrote, "Most successful radio results have come from five-minute talks on pertinent subjects of the day which were tied in with facts about our merchandise and delivered in person by a member of the firm." The same procedure has been used with outstanding success by a men's wear store in Montana. The owner of that store is recognized as a local authority on sports and has chosen to broadcast personally a nightly review of sports events in which he weaves commercials for the store with his news of sports. This personal approach has made the store a most friendly one and has developed a loyal following. Ingenious thinking is also demonstrated by the manner in which this store has kept in touch with actual and potential customers in the armed forces. A store sports publication has been developed which carries digests of all sports broadcasts, and this is sent regularly to all boys in the various services whose homes are in the store's trading area.

Possibilities of developing entertainers from one's own staff of employees should not be overlooked. Numerous examples of success in this are available. One Florida family clothing store has been on the air a number of years with a male quartet recruited from store employees. The manager of this store reported that a great many customers received great pleasure from being served by some member of this radio group. Not only did customers seem to derive pleasure from associating with "radio talent," but they also seemed to feel that they knew the store more intimately.

The operator of a feed mill in Missouri has carried the use of

### *The Radio Program*

employee talent still further. Some years ago this firm developed a quartet which sang hillbilly and western music to the accompaniment of guitars and mandolins and placed the group on the air. The quartet was named The Happy Millers, thus giving emphasis to the basic service offered by the firm. Periodic replacements of personnel have been necessary, but have been accomplished without interrupting the radio effort. Public acceptance has been phenomenal, partly because of the interest of rural people in the type of entertainment afforded but also because the entertainers are all local people and well known in the community. Additional advertising value has been secured by meeting demands of various social, fraternal, and trade groups to have The Happy Millers provide entertainment at picnics and other gatherings.

### *Shopping Programs*

A SOMEWHAT different type of personality program is that built around the broadcast of shopping news. The format of a shopping program is somewhat flexible, but usually consists of a unifying thread of entertainment which ties together a discussion of specific merchandise. Many helpful household hints are found in some shopping programs, particularly hints relating to dressmaking or cooking. A successful shopping program developed by one firm during the war had as its unifying thread discussions concerning household problems created by the war. Material for this program was secured largely from government releases dealing with rationing, salvage, morale building, and similar items. Such material was presented in an entertaining fashion, and the program attracted a sizable audience. Perfect opportunity was thus given for discussing store merchandise that would assist in meeting some of the difficulties occasioned by the war.

In another highly successful shopping program the unifying thread was woven around the personal and professional lives of store employees. Real names were sometimes used, but in some cases fictitious names were given to people filling real store jobs. In some respects the thread provided a modified dramatic serial, most of the characters of which were real and known to the radio audience. The leading character of this program was,

### *Radio Advertising for Retailers*

in real life, a most important member of the community with membership in leading civic organizations and was in great demand as a speaker at various club meetings. Sales resulting from discussions about specific merchandise on this program were substantial.

Personal interviews with store officials and community personalities have constituted a part of some shopping programs. This approach affords the store an opportunity to let customers get acquainted with important officials of the store and to associate the store with leading citizens. Care must be exercised not to exploit the presence of a civic leader on the program, however, lest both the leader and the audience be offended.

The shopping type of program requires a great deal of time and expert direction. It should never be undertaken unless a competent person is employed to write the script and give the program. It is not necessary that the script writer and broadcaster be the same person, although if one person can qualify for both roles, results might be slightly better. Care should also be taken to see that all discussion of merchandise is factual and authoritative. If this care is not taken, such a program can bring harm to the store by undermining customer confidence. Management should also recognize that the development and execution of this type of radio effort will take the full time of at least one person. Thus, only reasonably large stores would ordinarily be equipped to sponsor a shopping program.

### *Dramatic Serials*

SEVERE criticism has been made of daytime serials by people who feel that this type of program is degrading. Criticism has usually been applied to all such programs, and the broadcasting and advertising industries have been held responsible for failure to raise the cultural level of the radio audience. Such criticism is no more justified than criticism of the daily comic strips in newspapers. The latter are generally accepted on the ground that they offer harmless enjoyment to great numbers of people. It is as logical to accept the former on the same basis. There are both good and bad radio serials and newspaper comics, and the bad in each might properly be disapproved. It is probable, though, that many more housewives

### *The Radio Program*

have a clearer understanding of rationing, inflation, the importance of buying bonds, and the need for salvage of fats, paper, and tin cans than would have been the case had such factors not been woven into the script of many "soap operas."

If dramatic serials are to be commercially successful, they should be judged on their general content as related to the cultural level and entertainment desires of people rather than in terms of what "educators" think should be given the masses. A radio program cannot be forced on people—people still exercise their powers to accept or reject. This fact must never be ignored by those who develop or sponsor programs. Of course people can be led or educated to "better" things, but only by degrees. Advertisers might well assume some responsibility for leadership along these lines without fear of losing listeners if the job is well done. Such leadership might well take the form of applying the values of dramatization to historical events rather than to fictional stories. One outstanding success along this line is the well-known serial, "The Light of the World." This is both a continued and a dramatized story. It is the story of the Bible and is broadcast Monday through Friday over a major network. All material in the script is regularly checked and approved by recognized students of the Bible. It is possible that more people are getting an authentic and complete picture of the stories contained in the Bible through this daytime serial than through all the churches in the land. Educators and advertisers can gain much by recognizing the fundamental truth that to attract and hold any audience which is free to "walk out" at any time one must either entertain or educate entertainingly.

Daytime serials have been until recently the special province of national or large regional advertisers. High production and talent costs have militated against development by local business firms of dramatized serials, but more recently a few such programs have been produced on a national basis and sold on a syndicated basis for local sponsorship. Two such programs available in 1944 were *Betty and Bob*, distributed through the NBC Thesaurus, and *Secret Diary*, produced by Fredrick Ziv, Inc., of Cincinnati. In June, 1944, *Betty and Bob* was sponsored by some 40 department stores. One department store reported

### *Radio Advertising for Retailers*

its own development of a dramatized serial designed to bring to the radio audience a story of how a department store works, what its employees do, how they live, and how such a store touches the lives of people in the community. All characters and store names used are fictional, but names of places, streets, and institutions in the city are real.

Local business firms might well build a continued story around some well-known community name or the history of the city itself. Most cities have a rich history to tell, and many listeners could probably be attracted to such a story if it were well written and effectively dramatized. This type of story would probably have greater appeal to people with cultural tastes somewhat higher than those of people who listen to fiction, but this situation would be an asset to retailers catering to people with such cultural tastes. The size of the audience would depend largely on the attractiveness of the story dramatized and how well the job was done.

#### *Giveaway Shows*

THIS type of program attracts an audience primarily through its appeal to the element of chance and the desire of people to get something for nothing. The quality and character of entertainment provided are secondary. Dialing for Dollars and Housewives Jackpot shows are typical giveaway shows. The general format consists of music, gags, or other entertainment as "filler" with dominance given to choosing those people who are to receive a gift of money, bonds, or merchandise. The telephone technique, whereby a telephone number is selected by means of a roulette wheel, is a common method of operation. This number is then called and the party answering is asked to name the radio program turned on. If the program in question is being listened to, the gift or money in the "jackpot" is given to the listener. A modification is often introduced by requiring the listener to identify the product being advertised, the name of the sponsor, or some advertising slogan.

Large listening audiences have been built by this type of program and good sales results have often been secured. Early in 1944, however, many persons in the radio industry began to criticize openly this type of program. The radio press carried



## *The Radio Program*

the comments, pro and con, of station managers, program directors, operators of audience survey companies, and others in the radio industry. As a result of studying these various comments, talking with many advertisers who were familiar with this type of program, and analyzing the character of giveaway shows, the author believes that giveaways are fundamentally weak and cannot be expected to build a loyal and lasting audience. Listeners to such shows are attracted by the desire for a gift and not by the ability of the entertainment to render satisfaction. Furthermore, dissatisfaction with the program and the sponsor often develops among those who fail to receive a call. It would seem that healthy, steady, and lasting advertising values could seldom be expected from programs whose appeal is based almost entirely on a chance to collect something for nothing. Like bank nights at the movie house, the audience dwindles once the money bait is eliminated. Moreover, greater values would probably result from a development of programs with substantial entertainment or informational appeal to customers of the firm.

### *Selecting Radio Talent*

RETAILERS, as a general rule, have spent a very small proportion of their radio budgets for radio talent. The relative amount spent has varied somewhat according to the size of business, but even large retailers have seldom spent more than 10% of their program time costs for talent. As pointed out in Chapter III, retailers reporting data in this study spent for talent purchased through broadcast stations in 1942 only 4.5% of the total amount paid for program time. Additional amounts were paid by some advertisers to talent employed independently of the radio station, but it appears that most local firms have taken what the station has had to offer in the way of talent and have assumed little or no personal responsibility for developing their own talent.

A number of local advertisers have been unduly impressed by the large sums paid by national advertisers for radio talent. Such expenditures have frightened many local firms away from the use of radio programs and influenced others to believe that local live talent, other than news commentators,

### *Radio Advertising for Retailers*

had little chance to attract an audience in competition with big-name radio programs. It should be remembered that there is no close correlation between cost of talent and size of audience. The Happy Millers (see page 161) cost much less than the New York Philharmonic, yet attract a larger audience to their own community radio station than does the Philharmonic.

A goodly portion of the expenditures for talent which local advertisers make might well be expenditures of managerial time and imagination in the selection of program types and radio talent with a distinct local flavor rather than large expenditures of money for national names.

There are many talent opportunities available to the local advertiser which will provide effective competition with national programs. Local historians who can do all the research work and some of the script writing for shows built around the history of the city or some of its important citizens can be found in the schools, libraries, or homes of local citizens. Civic leaders, club women, athletic coaches, and other people with a significant local following can always be utilized as radio talent with benefit to the community and the sponsor. Such people could be presented to their local friends and admirers as well as to others interested in their story or message, through the medium of the radio interview. Retailers who have made use of this approach have reported favorable audience acceptance in those cases where interviews were conducted by a capable master of ceremonies.

Amateur shows have also been used effectively in developing local talent. An Illinois retailer has used this type of show for a number of years and has built an audience which in 1942 surpassed in size the audience for any other radio program broadcast at the same time. In 1942 this program was broadcast from 3:00 to 5:00 P.M. on Sunday. An audience check during that year indicated that this program had a rating of from 11.5% to 16.5% of total radio homes. It was competing with John Charles Thomas, New York Philharmonic, and the Army Hour. Only the John Charles Thomas program approached the rating for the local program. As in all programs which make use of local talent of fair quality, a considerable audience was

## *The Radio Program*

attracted because of an interest in local people. This factor is particularly applicable to small communities.

Opportunities along the lines of utilizing local talent were emphasized by the Honorable Clifford J. Durr, Commissioner of the Federal Communications Commission, in an address delivered before the Greater Cleveland Radio Council, May 9, 1944. In referring to local programs, Commissioner Durr stated: "Every community, I suspect, has far richer resources of local culture than have yet been tapped. The little theater movement is a case in point. . . . In addition to local dramatic possibilities, there is local music . . . and the discussion of local issues. . . . Perhaps such homegrown programs may not have the professional polish of network programs; but it is at least possible that they will make up in local interest what they lack in professional craftsmanship. . . ."

National talent has been made available to retailers on a limited basis through network programs which have been developed for local sponsorship. Two fairly well-known programs operated on this basis are Fulton Lewis, Jr. (news commentator), and the Mystery Chef (homemakers' program). These programs are broadcast from a central point and carried by a number of stations. At specific intervals the national broadcast is stopped and the commercial announcements of the local sponsor are given either by the local station announcer or by means of a transcription. Use of this type of talent is often handicapped by difficulties of securing time on some stations that corresponds with the time of the national broadcast, but such difficulties can be reduced by recording the program at its regular time and broadcasting the recording at a later period.

**TRANSCRIPTION SERVICES.** Not all local advertisers can or should seek to employ local talent for their radio programs. Except for news broadcasts it is probable that transcriptions will continue to serve as the major source of program material for most retailers aside from department stores and other large firms. Relatively few retailers will devote the time or energy necessary to develop live talent programs with distinct local flavor. Music programs will probably be used as a substitute, and transcribed music provides established artists as well as a wide variety of music types. Such availability of well-known artists, plus the

### *Radio Advertising for Retailers*

low cost in money and managerial time, should assure continued use of transcriptions even though in some instances local live talent performances might be more effective. The opposition which some advertisers have to "canned" programs is largely unwarranted. Listeners do not object to records as such; they give major attention to the character of the program rather than to the mechanics of broadcasting. Particularly in the field of music, transcriptions afford an opportunity to utilize much of the world's best talent. Any local advertiser can thus secure as talent the best symphony orchestras, opera stars, or crooners. A Bing Crosby or Frank Sinatra program can be broadcast regularly by any local advertiser at a nominal cost for talent. Nonmusical material is also available in record or transcription form.

Most radio stations are equipped with record and transcription libraries and have access to other recorded materials not regularly stocked. The World Broadcasting System, Inc., is typical of the several national organizations which provide local stations and advertisers with transcribed program material of all types. Services rendered by the World Broadcasting System are extensive. All music material is carefully classified by type and indexed for ready reference. Continuities are worked out for programs of various lengths. A 15-minute continuity would consist of introductory script to be used by the local station announcer, names and index numbers of musical selections, space for sponsors' commercials, and sign-off material. A retailer can examine and compare entire programs and, in many cases, obtain information concerning results secured from the use of such programs in other localities. Introductory and sign-off material as well as the sequence of musical selections suggested by the company can be used or not as the sponsor or his advertising counsel decide.

Other transcription services are available from manufacturers, trade associations, and independent organizations. Manufacturers have developed such service as a means of encouraging retailers to use radio in support of the manufacturers' own advertising and promotional efforts. Many manufacturers will pay a substantial part of radio time costs incurred by the retailer if such radio efforts are devoted to promoting the manu-

### *The Radio Program*

facturers' merchandise. Retailers can often secure real benefits by taking advantage of this type of arrangement, but only when serious attention is given to doing a good job. Unfortunately, results from such cooperation have not always been good. Too often retailers have viewed this arrangement as a means of getting some low-cost advertising and have not given the same attention to proper and effective use of such advertising money as would have been done had the entire cost been borne by the retailer. Manufacturer-prepared programs and commercials have sometimes failed to harmonize with local conditions, and retailers have often failed to modify material so that it would be most effective locally. Certainly, such material should never be used just because the manufacturer will pay half of the radio time bill. Those who follow that procedure tend to focus attention on dollar cost rather than on more vital factors such as type of program most valuable in selecting the type of audience desired, kind of merchandise most suitable for radio promotion, and coordination with other promotional efforts.

Early in 1944 the National Retail Dry Goods Association equipped itself to serve as a clearinghouse for the exchange of radio programs used with some degree of success by member stores. Most such programs will be made available in disk form in order that the quality and character of vocal rendition can be evaluated. This type of development is most worth while, and retailers who are eligible to take advantage of this service should do so. Retailers should recognize, however, that a program which was successful in one community and for one store may not be successful when transplanted to another locale or store. Furthermore, the program is only one factor in radio success, and success of the originating firm may have come only after several months of use plus a carefully integrated plan of promotion and merchandising practice. The National Retail Dry Goods Association recognizes these other factors and stands ready to give supplemental data to members interested in the "exchange."

Occasionally, transcribed programs are available from government agencies. At one time, programs like Uncle Sam were offered for retail sponsorship, but opposition from various quarters forced withdrawal of such offers. It is possible that the

### *Radio Advertising for Retailers*

future will bring a revision in such opposition. Programs designed to promote better citizenship, conservation of natural resources, or a better understanding of state and national problems are most desirable, and, if well written and produced, may well attract a fair-size listening audience. Permitting local sponsorship of such shows would broaden their use and need not be detrimental to established transcription agencies.

Some private agencies have developed general citizenship and educational programs and offered them to stations as sustaining programs or for sponsorship by some advertiser. The work done along these lines by *TIME* magazine illustrates one such undertaking. This magazine developed and offered for local sponsorship a series of 13 transcriptions designed to teach Spanish by radio. Associated with the radio transcriptions were printed booklets for home study use by those who wished to learn Spanish. Suggestions for advertising the "Let's Learn Spanish" program were worked out by the magazine to assist retailers in building an audience. This series of programs was first offered in 1943. By June, 1944, the series had been or was being broadcast over 59 stations, and *TIME* estimated that from a quarter to a half million people had followed the programs. More than 70,000 printed booklets had been distributed by *TIME*, and additional numbers by some stations and sponsors who printed their own booklets. Included in the list of sponsors were seven department stores. One station in Texas, located in a town with a population of less than 5,000, sold 3,000 copies of the "Let's Learn Spanish" booklet.

#### *Selecting Time for Broadcast*

LISTENING habits of customers, station rates, and station time availability should all be considered in selecting a time for broadcasting. The first of these considerations is by far the most important. It is useless to broadcast a program at a time when the people to be reached are not available to listen. It would seem to be unnecessary to call attention to such an obvious situation, yet many retailers have either chosen or been "sold" such times. Some men's clothing merchants have purchased time during the day when housewives constituted the major audi-

## *The Radio Program*

ence and have advertised major clothing items usually purchased by men rather than by women. The ideal time for such advertising would be during hours when men or the entire family could listen. Certainly programs directed to youngsters of school age should not be broadcast during school hours, yet examples of this error have been found.

A common error is that of depending on one's own listening habits as a basis for selecting the hour of broadcast. An officer of a Connecticut bank which catered almost entirely to laboring people scheduled a 15-minute news program at 7:45 to 8:00 A.M. This time was selected because the bank officer thought men would be shaving and dressing about that time of day and would therefore be available to listen to the radio. This conclusion was reached purely on the grounds that such were his own habits and he liked news at that hour. This news program was successful in attracting an audience, but not from the working classes, since most laborers were either at work or on their way to work at that time of the morning.

Station rates in themselves should seldom, if ever, be a determining factor in time selection. It is true that rates vary for different time blocks, with daytime hours carrying a significantly lower rate than the popular night listening time, but day periods should be selected only if the desired audience can be reached then. Fortunately for most retail establishments, daytime periods are as effective as evening hours in reaching customers. This fact provides many retailers with a price advantage which should be taken.

Variations in general listening during the day present more difficult problems of time selection than the problem of choosing between day and night time. The extent of such variations in general listening is shown in Chart 25, page 132. While some daytime hours have distinct natural listening advantages over other hours, retailers need not refuse to use time periods with less favorable natural advantages. For example, there are regularly about twice as many homes with radios turned on at 11:00 A.M. as at 9:00 A.M. Thus, a 9:00 A.M. program with 50% of the 9 o'clock radio audience would, in general, be comparable to an 11 o'clock program having one-fourth of all listeners at that time. Competition of other programs for listeners thus

### *Radio Advertising for Retailers*

becomes at least as important as the time of day in attracting an audience to a given program.

Resourcefulness in the selection of program time can often produce a worth-while audience at periods which appear to be inferior as to either the hour of day or the competition of other programs. One large retailer, even before American industry started on a 24-hour production schedule, purchased radio time from 1:00 A.M. to 6:00 A.M. The potential audience at such hours was naturally small, but only one station out of four in the city was on the air at that time, which gave the retailer the total listening audience. Another retailer, who wished to purchase time on Saturday afternoons, found that from September to November the air was filled with football broadcasts. Time was available on one station which could be used to add another football game to the list from which listeners could choose. Since the customers of this retail establishment were mostly women, many of whom did not care for football, the retailer wisely elected to offer an entirely different type of program and appeal to that important minority group which did not care for football. Not only was a large audience but also a highly appreciative one attracted to the program.

Once a time has been selected, it is usually wise to keep that period so that people will come to know when the program can be heard. If radio listeners were asked the time of the Lowell Thomas broadcast, an impressive number could immediately give the correct answer. In Kansas City, Missouri, most housewives could readily give the time of the Joanne Taylor broadcast. By employing the same time period, habits of faithful listening can more easily be developed. Housewives can and do plan their work to include specific programs in their day's activities. An established time period for the retail program eliminates the need for housewives to depend on the program guide in newspapers to find the time of the broadcast.

#### *Promotion of Radio Program*

LOCAL business firms have generally failed to spend much time or money in advertising their radio programs. Apparently firms have felt that if a program had an appeal to par-



## *The Radio Program*

ticular consumer groups, such groups would naturally be drawn to the program. The truth is that many programs are entirely unknown by significant numbers of potential listeners. The newspaper radio guide does not provide sufficient information for an appraisal of most programs. New programs cannot hope to pull people away from competing programs unless people are familiar with what the new has to offer. It would therefore seem appropriate for retailers to give careful consideration to the merits of spending some of the advertising appropriation to acquaint their customers and employees with the existence of the radio program, its characteristics, and the time of broadcast. Retailers doing an important credit business are in an excellent position to use direct mail to promote their radio program. Each month when statements are mailed to customers a notice concerning the program could be included. Occasionally a detailed review of the program and its entertainment qualities might well be sent to customers.

Employees often take pride in telling their families and friends about the radio program of their firm when they have some understanding about it. Retailers' programs are usually broadcast at a time when their employees are working, but in most cases the program can either be broadcast throughout the store or work can be staggered in such a way that some employees can be free each day to listen. This plan will not only encourage word-of-mouth publicity but will also give employees a keener sense of being a part of the radio effort and make clerks conscious of the items being advertised. Thus, a larger outside audience will be built and better inside coordination achieved.

A number of radio advertisers have used newspaper space to promote their radio program and some have included in each newspaper advertisement a note concerning the radio program. One retailer reported that when some special attraction was to be included in a particular broadcast, relatively large newspaper space had been devoted to telling people about the attraction.

Possibilities in the utilization of media other than newspapers to promote the radio program are plentiful. Spot announcements at different times during the day and, where possible, on

### *Radio Advertising for Retailers*

different stations, can add materially to the size of the program audience. Store displays might be used prominently to announce the program. A number of broadcast stations and program sponsors have used car cards and billboards to increase the size of their listening audience. Certainly there is no need to let each promotional medium depend entirely on itself to attract an audience. Advertising an advertising effort is often as significant as advertising a merchandising effort. The audience rating of one program was increased from 2.3 to 9.6 within a period of six months by the use of spot announcements calling attention to the character of the program and the time of broadcast.

Interests of various community groups should not be overlooked in efforts to build an audience. One retailer interested in developing a children's program which would meet the approval of people who worked with children obtained valuable help by working personally with boy scout and girl scout leaders, parent-teacher associations, school principals, ministers, and child study groups. Representatives of these groups were called into conference to discuss program character and content, and a small permanent advisory committee was formed to work with the director of the retailer's radio program. Plans were also carefully but openly worked out for informing parents and youngsters about the program. Naturally, community leaders were happy to give active support to a program which offered wholesome and approved entertainment and information to children.

Some local programs occasionally or regularly broadcast interviews with local civic leaders and club members. Such programs lend themselves to most effective promotion. Under good planning most interviews would be arranged days or weeks in advance. There would usually be sufficient time to permit the advertiser to secure the names and addresses of all members of the clubs and organizations to which the person to be interviewed belongs. Each member could then be sent a letter to announce the time of broadcast and to invite members to listen. If such interviews or guest speaker programs are arranged far enough in advance, special publicity could also be given at regular club meetings with suggestions that club mem-

## *The Radio Program*

bers invite their friends to listen. Personal interest thus engendered should be most beneficial.

Some communities have active radio councils whose purpose is to analyze program offerings and issue listening guides which list recommended programs. Most such councils are interested in the entire field of entertainment and information provided by radio and do not confine their efforts only to educational and cultural programs. Retailers might well find it worthwhile to work with these councils and seek to develop programs which merit the support and promotion which such councils can and will give. In any event, it appears distinctly unwise to put a program on the air and then forget about it, instead of bringing it to the attention of all people who are actual or potential customers of the store.

Perhaps too much attention has been given to a consideration of methods for promoting the radio program. There is always the problem of knowing how much money should be spent in advertising an advertising undertaking. The question naturally arises whether it would be more profitable to spend such money for additional product advertising rather than for promotion of advertising. It is probable that money spent in advertising a relatively new radio program would be more productive than money spent in advertising other types of advertising. This view would seem to be valid because of various elements surrounding a radio program. A sponsored program will be broadcast over the same station, at the same time of day, and on the same days of the week. It will usually possess an individualism which will make identification easy. Furthermore, a radio program is viewed by listeners primarily as entertainment rather than advertising. These factors encourage a regularity and loyalty of listening by those who know about the program and like it. Such regularity and loyalty of listening make it possible for the advertiser to present product or institutional advertising to a group of listeners time after time. Thus, greater effort might be justified in striving to add new listeners to a regular program than in attempting to increase the one-time readership of advertisements in other media.

*Audience Surveys*

AN ADVERTISER cannot know the number of people reached by his radio program or the degree to which it reaches the right people unless some systematic survey is made of the audience at fairly regular intervals. Retailers located in cities surveyed by established radio program rating agencies can secure some help from the reports of those agencies. Unfortunately the number of cities regularly surveyed are few, and most audience analysis agencies focus major attention on network programs. Most retailers, therefore, will find it necessary to depend on surveys made either by themselves or by their radio station.

Fan mail is not a reliable measure of a program's real worth to the advertiser in terms of an appreciative audience composed of actual or potential customers. The number of letters received can always be influenced by offers of prizes or gifts, appeal by announcer, and the emotional appeal of the program itself. Hence, letters will give no dependable measure of audience size or of its composition. Some effort should therefore be made to conduct independent surveys of a scientific character. If most of the customers of a given retail radio advertiser have better than average income and thus would normally have a telephone, then a telephone survey should produce fairly accurate data. If the reverse is true, then dependence should be placed on personal interviews with a representative sample of store customers. Such interviews should be reduced to specific questions so that at the close of the survey the advertiser would know the popularity of his program among the class of people he attempts to serve. Pertinent data could also be secured on customer tastes in entertainment, newspapers read regularly, attitudes of people toward the store and its policies, and other customer information of value in guiding the policy of the store and its advertising.

An illustration of one value to be secured from audience surveys is found in the experience of a retailer of women's clothing. This retailer liked to feel that his store was fashion headquarters in the community. He carried high-quality merchandise and was the first in town to introduce new fashion developments. A radio program consisting of recorded music chosen

## *The Radio Program*

from the symphonies of modern composers was developed to emphasize this quality of fashion leadership. Commercials were written to bring out the analogy between the newest in good music and the first in town with high-quality clothes of the newest fashion. This harmony of theme appeared to be ideal. The retailer finally made a systematic survey, however, and found that very few customers seemed to have heard the program even after it had been on the air several months. He also found that his customers did not like modern music. Most of his customers came from the upper income group and from age groups above 25 years. These people did appreciate good music, but not the ultra modern. The "clever" choice of music, therefore, had been most costly. A change to Strauss waltzes and melodious symphonies produced an immediate increase in the number of customer-listeners.

Another retailer, located in a large city, had developed a radio program of melodious symphonies largely as a gesture to local music groups. No checks were made of the audience, and very little "fan" mail had been received. Since the merchant was not particularly interested in radio anyway, he decided to discontinue the program. A casual announcement was made that the program would soon be taken off the air. This one announcement brought over 6,000 letters and telephone calls of protest. It is thus not safe to depend on "fan" mail or its absence as an indication of audience size or loyalty.

The merchant referred to earlier who bought the 1:00 a.m. to 6:00 a.m. time period did so only after making a careful survey of the size and composition of the potential audience at that time. Results revealed that many people wanted radio entertainment during that period. Potential listeners included firemen, policemen, night watchmen, taxi drivers, truck drivers, patrons of all night cafes, young people holding late parties, nurses, night shift workers, students, artists, and people who could not sleep at night. The survey also indicated that most night listeners preferred dance music, popular or familiar music, news at stated intervals, and rebroadcasts of outstanding events carried by the station during the day. Values produced by the survey far outweighed its cost.

It is distinctly unwise for a retailer to buy program time on

### *Radio Advertising for Retailers*

the basis of an audience rating, particularly if that rating is the result of telephone surveys or has been confined only to a measure of the *number* listening. Most retailers should give major attention to audience composition as opposed to size. Retailers should be interested in learning whether listeners come from the income, age, sex, and cultural groups served by the store. Size of audience is important only when related to such groups except for those firms catering to the masses. Since independent survey organizations have not, in general, elected to secure such data for local merchants, it is necessary for retail management to undertake such work itself or to employ some organization to provide it with tailor-made studies. Surely any extensive radio undertaking should include as a specific part of the endeavor periodic surveys of the composition and size, but particularly composition, of the radio audience.

## CHAPTER IX

### *Spot Announcements*

RADIO stations have developed their program structure to permit the sale of brief intervals of time to business firms whose executives do not care to assume the responsibilities of developing their own programs or who wish to pool or associate their purchase of time with the advertising efforts of other firms. Such brief time units are referred to as spot announcements and are typically limited to from 25 to 100 words or the number of words that can be broadcast within the limit of 20 to 60 seconds. The station program structure permits such announcements to be broadcast either in the break between regular programs (station breaks) or in participating programs specially built to accommodate brief commercial messages of a number of advertisers. The buyer of spot announcements thus buys straight commercial time and is relieved of all problems and costs associated with the preparation and broadcasting of programs. The only production problem involved is that of preparing the commercial message.

#### *Dominance of Spot Announcements*

THE extent to which spot announcement time dominates the use of radio by local business firms was presented in detail in Chapter III. A brief review of that dominance shows that 58% of the radio dollars of the average retail user of radio in 1942 were spent for spot announcements. Relative dependence on spots varied significantly by kinds of retail business and by size of business. Variations by size of business were most marked. Retailers with 1942 sales between \$1,000,000 and \$5,000,000 spent only 39.4% of their radio budget for spot announcements, while retailers with sales of less than \$30,000 spent 82.9% of their radio budget for such time.

### *Radio Advertising for Retailers*

Radio stations reported that, on the average, 67.7% of all local accounts in March, 1943, bought only station breaks or spots in participating programs. This high percentage was influenced only slightly by station power. The lowest percentage of local radio advertisers depending entirely on spots was found among users of 10,000 to 50,000-watt stations, but even here 55.9% fell into this category. The average station in this high power group received 41.1% of its revenue from local advertisers through the sale of spot announcements. All other power groups received from 57% to 62% of their local revenue from the sale of such time units. It is obvious that spots have constituted the major form of local use of radio.

#### *Dominance and Sales Effectiveness*

THE question naturally arises, are spot announcements dominant in the retail field because they are more effective than programs in producing desired results? An analysis of a number of case histories disclosed all degrees of success from the use of spot announcements. A savings bank reported as follows: "We have recently changed from three five-minute broadcasts per week to fifteen one-minute spots. Inquiries from listeners have increased approximately 400%." A department store in Ohio stated that all radio money was spent for spot announcements. This store used about 95 spots per week, spreading them throughout the day and evening. Local programs had proved ineffectual. The experience of a Florida clothing merchant produced wholly opposite results. This merchant stated: "We would not give five cents for spot announcements. We have had excellent results from news programs and fair results from the use of music."

Evidence from case histories provides no clear advantage for spot announcements over programs and vice versa. Analysis of individual experiences leads to the conclusion that such factors as the relative and absolute amounts spent in radio, time of broadcast, attention given by retailer to radio efforts, coordination of radio with other advertising and merchandising efforts, and the general expertness of use have been more vital to success than the unit of time purchased.

No analysis, when based on the combined experiences of a



### *Spot Announcements*

large number of firms, produces evidence in support of the use of spot announcements as against programs when radio is used as a major advertising medium. This finding is borne out in data presented in Chart 30, where the spot announcement and program experience of retailers reporting varying degrees of radio success is shown. It is perhaps significant that the expenditures of retailers reporting high radio success were divided almost equally between spot announcements and program time, with the latter being favored only slightly. On the other hand, those firms with moderate and little or no success spent appreciably more for spot announcements than for program time.

This evidence is admittedly meager, but it does represent the reported experiences of more than 500 retailers, and it certainly indicates no advantage of spot announcements over programs. It must be concluded, therefore, that the dominance of spot announcements in the retail field does not stem from their greater effectiveness. Other reasons must account for such dominance.

### *Reasons for Dominance*

It is difficult to ascertain with exactness the real reasons for dominance of spot announcements in the retail field. Personal interviews with many station managers and salesmen, however, as well as with a large number of retailers, resulted in producing some definite impressions as to some of the reasons for dominance. Certainly, some of the responsibility for this dominance must be laid at the door of station policy. Station salesmen often understood very little about program development or the overall promotional problems of retailers. Instead of studying the problems of retailers and working toward the development of a well-coordinated radio plan of programs and spots plus newspapers, car cards, direct mail, and displays, radio salesmen tended to take the easy way out by recommending spot announcements.

The apparent price advantage of spots also influenced some salesmen. A reluctant retailer has often been persuaded to try radio by purchasing a few spots. Salesmen at times have emphasized that since the price is very low it will not cost much

*Radio Advertising for Retailers*

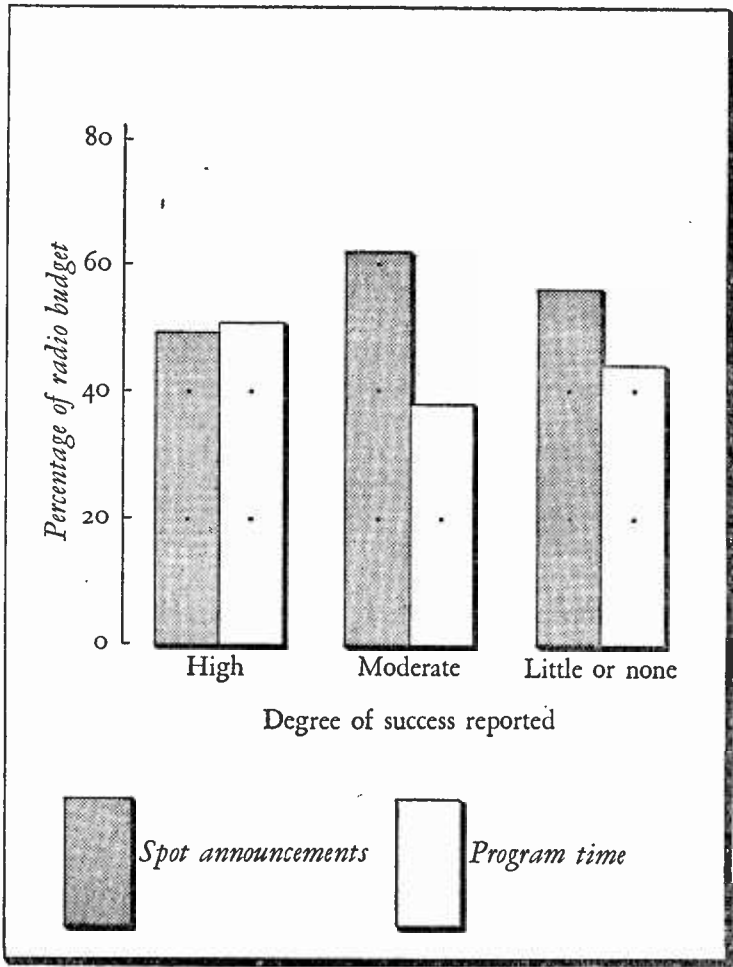


CHART 30. *Division of 1942 Radio Advertising Budget between Spot Announcements and Program Time by Degree of Success, as Reported by 508 Retailers*

### *Spot Announcements*

to give radio a trial. Such an approach is unfortunate, since it focuses attention on dollars expended rather than on a plan of action built on solid principles and designed to meet a particular promotional problem.

Retailers, too, must assume some responsibility for their emphasis on spots. After all, it is retail and not station money that is being spent. Merchants who allow themselves to be sold a type of radio advertising without taking time and expending the necessary effort to understand the part different types of radio promotion might profitably play in their advertising plan should not expect maximum results from radio. Spots may be the proper form of radio to use, but a decision to depend on them should come after an analysis of the potentialities of programs. Too often retailers have not been willing to assign someone to the job of studying program possibilities. Again, the easy way out has been taken by rejecting programs and buying spots.

Rationalizations in support of the purchase of spots often sound convincing. Retailers reason that the local businessman cannot compete effectively with national advertisers in building and sponsoring a program. The quality of the national program is so far superior to what could be developed with local or low-cost talent that a local program would be unable to attract listeners. There is some truth in this type of reasoning, but not nearly so much as many have assumed. As pointed out in the preceding chapter, high-quality talent is always available in transcriptions, and opportunities for developing local live talent with definite appeal in a local community are numerous.

Many retailers believe that they get more for their money from spot announcements than from the purchase of program time. The price of a hundred-word spot is typically one-fourth to one-third that of a unit of 15 minutes. Buyers of a 15-minute time unit can ordinarily broadcast not more than three commercial messages during the period. Thus, the price per commercial is greater when purchased in program form than when bought as spots. Furthermore, the purchase of spots relieves the buyer of all program bother and costs and allows him to take advantage of an audience already built by someone else.

There is some foundation for this belief, and when announce-

### *Radio Advertising for Retailers*

ment time can be purchased at favorable times, and used to promote specific merchandise or services rather than to promote the institution, real benefits might well accrue. In the opinion of the author, however, retailers should avoid using these reasons as a basis for determining which type of radio time might best constitute the foundation of the radio plan. There is a temptation to view the ready-made audiences for spots in terms of the audience for Bob Hope, Charlie McCarthy, Fibber McGee and Molly, or Big Sister. The truth is that a majority of spots will, of necessity, be placed between programs with relatively small audiences, or in station-built programs that compete with national programs. It must be remembered, too, that national advertisers also buy spots, and that many of the best times have been pre-empted by the national buyer. All this is not to say that spot announcements should not be used by retailers under a number of conditions and circumstances, but rather to emphasize that purchase should be related to specific tasks and to supplementing basic radio program and other advertising efforts instead of relating their purchase to price or relief from the problems surrounding the development and promotion of a radio program. It is pointed out in a later part of this chapter that spots have a legitimate place in the radio plan, but they should be utilized as a part of a carefully worked out policy of action and not, as a general rule, employed as the basis for major radio effort.

#### *Dangers from Excessive Use of Spots*

THE proposition that radio belongs to the listening public is sound. Radio broadcasting management has generally been guided by this philosophy in developing programs. The stand has been taken that the desires of the listening public should dictate the types of programs offered and that any violation of this precept will result in listener repulsion. This philosophy makes it easy to conclude that any program or *spot announcement* which secures an appreciable audience must be either agreeable or not sufficiently disagreeable to warrant its discontinuance. It is also easy for management to conclude that objections of listeners to particular radio messages should not be

### *Spot Announcements*

taken seriously if such messages have been effective in selling merchandise.

There is real danger that this reasoning is based on a narrow rather than a long-range view of the welfare of both the advertiser and the broadcasting industry. The same type of reasoning was applied to the fields of newspaper and magazine advertising before the days of *Printers' Ink* Statutes, Federal Trade Commission, and the Wheeler-Lea Law. Patent medicine advertising, the street corner hawker of colored water, and false or highly exaggerated claims in printed advertisements got their audience and sold merchandise. It does not follow that such practices were therefore both justified and beneficial to the broad fields of advertising and advertising media. The facts are that opposition from one segment of the public became so persistent that legislation was passed to curb or eliminate such practices. Furthermore, officials of most advertising media were utterly amazed that such legislation actually benefited them by bringing advertising from firms which had previously kept their advertising out of magazines and newspapers because the management did not like the environment.

Radio advertisers and radio station management might do well to review the objectionable features of spot announcement advertising and correct them before public opposition becomes sufficiently strong to effectuate restrictive legislation. One major criticism has been directed against the practice of crowding from three to five actual or simulated spots between popular programs. National advertisers have probably been major contributors to this practice through the use of so-called hitchhike and cowcatcher announcements.<sup>1</sup> Fortunately, broadcast sta-

<sup>1</sup> A hitchhike announcement is one designed to promote product Y, but hitched on the end of a program devoted primarily to the promotion of product X and with a sufficient number of seconds intervening between the program and the X commercial to make the Y commercial appear to be independent of the program. Products X and Y are, of course, produced by the same company. A cowcatcher announcement follows the hitchhike pattern, but comes at the beginning rather than the end of a program. Under this practice the radio listener is often bombarded with five commercials and spots within a period of from three to five minutes. The current program is closed with a commercial for the program-sponsored product, followed by a short pause and then a commercial for another product in the manufacturer's family of products. These two announcements are followed by a station break announcement and then come announcements for two more products, spaced as were the hitchhikers.

## *Radio Advertising for Retailers*

tions and networks have taken steps to modify or eliminate the bunching of spots and commercials between programs which results from the use of hitchhikers and cowcatchers. Opposition to attempts at correction has been strongly felt from some advertisers, but modification is certain in spite of such advertiser opposition.

Another criticism has referred to the great number of spots which seem to have no relation to a program. That such criticism has some foundation in fact is obvious from the overwhelming weight of spots in total station revenue. It has already been pointed out that three-fifths (62.5%) of all revenue from local advertisers received by radio stations with power of 500 watts or less comes from the sale of spot announcements. Figures are not available to show the relative importance of spot revenue from national business, but for low-powered stations such figures could not alter the picture appreciably since three-fourths (74.7%) of all 1942 revenue of such stations (100-500 watts) came from local advertisers.

There is real danger that excessive use of spots will drive not only listeners away from a station but also a number of advertisers whom some refer to as the more respectable. A Midwest jeweler who operated a first-class, noninstallment credit store reported that he had cancelled his use of radio because he felt that radio management in his city had allowed the air to become too crowded with spot announcements. He also believed that many announcements were purchased by firms selling cheap and shoddy merchandise. Another advertiser reported: "Radio announcements are O.K. for loan sharks but not for me." Similar comments were sufficiently frequent to indicate that this factor had kept a number of retailers from using the facilities of radio. This type of reaction varied considerably by communities, however, and thus, on the basis of available evidence, cannot be said to apply universally.

### *Legitimate Place for Spots*

THERE is, of course, a legitimate place for spot announcements. They perhaps must continue to constitute the major form of radio advertising used by small retail establishments that depend not so much on institutional pull for their cus-

### *Spot Announcements*

tomers as on some specific factor which is significant at the moment. This point is illustrated by a small, one-man service shop in California that concentrated on replacing broken windshields and windows in automobiles. The proprietor of this shop reported as follows: "I opened my safety glass shop in 1942 and business was fair, but before the year was over I had Station \_\_\_\_\_ run an advertisement to get acquainted. Then I got more work than I could handle so stopped the radio. Later I had the radio start to advertise for me again, and now I have all the work I can do."

Spot announcements appear to be the logical choice of small merchants whose total advertising budget is necessarily meager. Contributions which these merchants make to station revenue might well influence rates charged for program time, since they reduce the amount of money needed from program time to allow the station to make a profit. Such contributions might therefore allay the objections which some advertisers have to letting other merchants "cash in" on an audience built by sponsors of programs.

Spots might well be used to announce special events such as the arrival of new merchandise, introduction of a new product or service, or special sales. A store may have one or more regular programs, but when anniversary, end-of-month, pre-inventory, or other special sales events are scheduled, extra promotion is advisable. Spots can be used with profit and propriety to announce the event, call attention to specific merchandise values available during the sale, and urge listeners to study the newspaper advertisements and to listen to the regular radio program for more details. Dealers in perishables have often found radio spots effective in moving extra large shipments before spoilage sets in. Such uses of spots have been helpful to both the merchant and the consuming public by getting information to consumers quickly.

Station break announcements that report the time of day or give the weather forecast for the immediate future are always legitimate and are desired by a great many people. The prohibition which World War II placed on weather reporting adversely influenced the spot situation even after the prohibition was lifted. Many of the spots previously used to report weather had

### *Radio Advertising for Retailers*

been sold for other purposes, and those buyers were hesitant to use weather reports when their current announcements were bringing good results.

Spots might also be used with real effect to promote listening to the regular program or programs of the advertiser. Spots possess the outstanding merit of providing a short message that can be presented at different times during the day and thus reach an over-all audience somewhat larger than should be expected at any one 15-minute period. The importance of using various means to build an audience for the regular radio program has already been emphasized in a previous chapter. The use of spot announcements for this purpose has the advantage of reaching those who are regular radio listeners. Furthermore, such spots may have goodwill building value since they call attention to a pleasure or information-giving effort rather than a high-pressure urge to buy merchandise. The real sales message can be presented to the larger audience thus built for the program.

Spot announcements have a legitimate place in the station program and time structure. There seems to be no sound reason to oppose the use of breaks between programs for short commercial announcements. Public objection seems to come from excessive bunching and high pressure, highly irritating commercials, and the preponderance of commercials that are unrelated to specific programs. It is the author's opinion that spot announcements cannot properly and adequately serve retailers, other than very small and seasonal operators, when used as the foundation of the radio plan. Retailers who wish to build an institutional following would probably obtain greater values by building their radio efforts around programs and using spot announcements to support and supplement programs.

#### *Use of Rates to Ration Spots*

MENTION has already been made that the rate structure of most radio stations has tended to increase the use of spot announcements. An analysis of the rate cards of several stations will show why this has been true. The following rates, taken from the published cards of seven stations selected at random,



### *Spot Announcements*

typify the relation between spot announcements and program time rates.

STATION	COST OF TIME FOR COMPARABLE PERIODS OF THE DAY	
	QUARTER HOUR	ONE-MINUTE SPOT ANNOUNCEMENT
A	\$50.00	\$12.50
B	70.00	28.00
C	35.00	13.00
D	120.00	30.00
E	30.00	8.00
F	28.00	6.00
G	258.00	50.00

In general, the time devoted to commercial messages in a 15-minute program period is limited to three minutes. Thus, in the above figures each minute of commercial time in the quarter-hour period would be about one-third of the figure quoted. In only two cases, stations B and C, would one minute of commercial time, purchased as a part of a 15-minute period, cost less than a one-minute spot announcement. In all the other cases cited, spot announcements cost less than comparable commercial time included within a program. In one instance, that of station G, the cost of one minute of program commercial time was 72% greater than the cost of a one-minute spot announcement.

Thus, in terms of actual commercial time available to advertisers, spots are less costly than program time units. The price advantage of spots is made even greater when talent and program development costs are added to the price of program time.

It should therefore be obvious that the price relationship between spots and program time units has encouraged advertisers to buy the former. Such price advantages were originally given because many in the radio field looked upon spots as a by-product and therefore developed a price schedule to dispose of as many spots as possible. Unfortunately such a price policy has, in too many cases, made spot announcements the major product and program time the by-product.

Station management might find it worth while to re-examine the rate card in terms of using price to discourage purchases in

### *Radio Advertising for Retailers*

some categories and encourage purchases in others. Price can be used as a means of rationing different time units to bring about a balance which seems desirable. It would appear from evidence available that most broadcast stations might profit by either raising the price of spot announcements or lowering the price of program time. Both might be done, the important factor being that of changing the relative price position of the two types of time. If station management will combine with such price adjustments carefully developed plans for offering local advertisers effective programs, the lack of balance that now exists between spots and programs on many stations could be corrected.

The author believes it unfortunate that station management has so often made price adjustments that have intensified rather than reduced the spot announcement difficulty. That has been particularly true with financially weak stations. Thus, management in one small station attempted to solve the problem of low volume and hence low income by cutting the price of spot announcements to the ridiculous level of 10 or 12 cents per announcement. Merchants could not purchase a single announcement, but were required to buy in units of 5 or 10 per day and for 7 days per week. Spots were limited to 50 words. If the 5-spot unit was used, the price was 12 cents per spot, or 60 cents per day. Thus, a local merchant would secure 35 spots per week for \$4.20, or 70 spots per week for \$7.00. The station manager pointed out that he wanted practically every business firm in his small community to be a user of the station and that prices had been adjusted to make that possible. Naturally, the result was utter chaos, and the long-run welfare of the station was injured. Some local merchants who had little or nothing to gain from radio advertising were attracted to the station. Others who should have been regular radio users and buyers of program time eventually dropped out because of the confusion and injury to their position on the air.

The manager of another station faced a possible loss in station revenue following December 7, 1941, and Pearl Harbor, by revising the rate card of his station to attract more spot announcement buyers. This manager developed a plan of charging a fixed price per word just as newspapers do in the sale of want

### *Spot Announcements*

ad space. A very low price per word was established, but advertisers were required to sign a one-year contract. With the new rate card, station salesmen canvassed the town to get a maximum number of advertisers signed up on the basis of low price rather than because radio could do a good promotional job for the prospect. Again, this procedure crowded the air with an excessive number of spot announcements.

Radio has demonstrated its ability to serve the advertising needs of many kinds of retail business through sponsored program time. The power of spot announcements to perform specific selling jobs has also been demonstrated. Since both forms can be effective when properly used, radio management would be most helpful to itself by focusing attention on keeping a reasonable balance between spot announcements and sponsored programs. Such a balance will not result from policies followed by the two stations cited above. Had the same amount of energy and resourcefulness been applied to the development of programs, it is likely that the future business health of these stations would have been better. In the case of many stations, it is the author's view that the price of spot announcements should very definitely be increased to discourage some advertisers away from the purchase of this time unit and draw some to the purchase of program time.

One station has met the question of excessive spots by removing all station break time from the market. Station breaks are still used by the station in question, but entirely for purposes of building audiences for programs carried by the station at other times. Such a procedure may reduce the station revenue, at least temporarily, but it does add some assurance that the station is operating in harmony with the legal responsibility "to operate in the public interest, convenience, and necessity."

## CHAPTER X

### *The Commercial Message*

Most of the 382 merchants, station managers, and advertising agencies interviewed in connection with this study were questioned concerning the types of radio commercial messages used. These people were also questioned concerning their attempts at comparing the qualities of successful commercials with those that produced inferior returns. The number making any systematic comparisons was practically nil. Many of the persons interviewed gave their own opinions as to the elements of good commercials but were frank to state that such opinions were not backed up with statistical evidence. The general consensus seemed to be that the same fundamental principles of copy-writing should apply in the preparation of a radio commercial as in most other types of advertising.

Even though it was impossible to obtain adequate material directly from those engaged in preparing or paying for the radio commercial, it seems appropriate to include here some specific suggestions pertinent to the preparation of the radio commercial. These suggestions have been derived from practices in all fields of advertising but with particular application to radio. It is believed that careful attention to them will help those charged with the responsibility of writing or approving radio copy.

#### *Definition*

THE radio commercial is an advertisement designed to sell goods, services, or ideas. Most spot announcements are completely commercial. In the case of programs, the amount of time available for a commercial message is limited by the station and in general varies from one-tenth to one-third of the program time, depending on the length of the program and time

## The Commercial Message

of broadcast. The broadcasting industry recommends that time devoted to commercials broadcast in daytime programs not exceed the following number of minutes and seconds: five-minute programs, 2:00; fifteen-minute programs, 3:15; thirty-minute programs, 4:30. The maximum amount of time recommended for evening programs is approximately one-third less. The commercial message may be completely separated from program material or made a part of it. The latter is often done in shopping news programs or those built around the ad libbing of radio personalities. Regardless of whether commercials are separate from or a part of program material, sales effectiveness can be increased if those responsible for writing them will give attention to good advertising principles.

### *Appeal to Self-Interest of Customer*

IN ANY advertisement the appeal is basic. The first task of the writer of a commercial should be to determine the particular quality or qualities of the product or service to be sold, in the case of item advertising, or of the store, if promotion of goodwill for the store is the objective. The copy theme should show *why* or *how* these qualities will provide consumer satisfaction. To be successful, commercials must be of a nature to stimulate consumer interest to the point of favorable action. Thus, the message must be keyed to the self-interest of the prospective buyer.

The selling power of the commercial message can be increased if it is written from the consumer viewpoint. The copywriter might well improve his copy if he will ask himself the following questions: "What would consumers like most from the product or store?" "Can this product or store meet that want?" "What phraseology will be most likely to catch the attention and hold the interest of the listener?"

Injecting the *you* viewpoint in copy will help to catch the listener's attention and hold his interest. That is particularly easy to do in radio copy because of the spoken word. In conversation the person who talks about *you* and *your* interests will have many more listeners than he who talks of himself and his interests. People are always interested in things of value to them. People therefore are interested in hearing about mer-

### *Radio Advertising for Retailers*

chandise, but only in terms of their own desires. The sequence of thought should be from the desires or wants of consumers to how the item to be advertised can satisfy those desires. "Diamond-cutting experts of the XYZ Company have fashioned just the right ring to symbolize your love for your bride-to-be" is perhaps not such good copy as "*Your* bride-to-be will cherish the ever-present symbol of *your* love embodied in a brilliant diamond fashioned by the diamond-cutting experts of the XYZ Company."

#### *Make Copy Specific*

MANY tests, particularly in the fields of direct mail and magazine advertising, show that specific copy usually produces more sales and greater believability than generalized copy. It is easy to generalize. The conversation of most people is full of generalization. Script writers find it easy to say: "These sheets have excellent wearing qualities" or "Thousands of people are regular customers of ours." A change in the thinking of commercial script writers would make it just as easy to say: "You will find that the close weave of these sheets, with a thread count of 76 x 68, will give you years of service," or "Are you one of the 4,672 persons who shopped at our store last month?" Do not be afraid to give details about the merchandise advertised. Explain in such detail that listeners can visualize the item and how it will provide satisfaction to them.

Even in commercials written to promote goodwill and general store patronage, copy can be specific. Contrast the following pieces of copy designed to create confidence in the ability of a store to buy just the right kind of merchandise to satisfy customers' needs.

#### COPY A

Buyers for the John Shillito Company are well trained to secure just the right kind of merchandise to meet your exacting needs. Their many years of experience assure you of proper selections for your many tastes. They know quality, styling, color harmony, and other factors that are important in wise buying. Their knowledge of sources of supply assures you of reasonable prices for well-made garments. We pride ourselves on having such an excellent staff of buyers devoted to supplying you with the kind of merchandise you want.

## The Commercial Message

### COPY B

Let me tell you the story of Martha Giltner who serves you through the John Shillito Company as head buyer of girls' suits, skirts, and blouses. Martha is only 26 years old, but work as a department store buyer has been her ambition since childhood. Before coming to the John Shillito Company she spent four years studying fabric quality, garment construction, styling, proper fitting, color harmony, and buying methods in one of the best schools of merchandising in the country. She has since spent four years meeting our customers, talking with them about their likes and dislikes, and locating the very best manufacturers of garments to meet your tastes. You can easily agree that when Martha goes to market her training and experience assure a selection of suits, skirts, and blouses that will meet your specific tastes for style, color, quality, fit, and price. You will get real satisfaction from wearing garments Martha has selected for you.

Tomorrow we shall tell you the story of Elizabeth Snow, your Shillito purchasing agent for fine furs.

Not only does Copy B give a sincere, specific, factual story about a store employee, it also helps to personalize the store in the mind of the listener. It further provides a type of approach that can be repeated many times through stories about other store personalities.

#### *Respect Feelings of Listeners*

RADIO advertisers are, in fact, *invited* guests in the *homes* of listeners. Furthermore, the invitation can be revoked at will merely by turning the radio dial. A safe rule for the radio advertiser is to voice nothing over the air that would not be spoken if standing in the presence of a customer or personal friend. This rule does not mean that showmanship and enthusiasm are not to be employed, for these elements need not be offensive. It does mean that radio is a sensitive medium of communication, and if the advertiser offends his own *prospective customers*, maximum results cannot be obtained. Some of the most successful copy has consisted of straightforward but personalized copy which presented *facts* about the product or store.

Examples are also prevalent of outstanding success obtained from highly dramatized *irritating* copy. A number of advertisers reported that sales resulting from specific copy were in

## *Radio Advertising for Retailers*

direct proportion to the number of complaint letters received. These advertisers had therefore concluded that to be successful copy must irritate listeners. It is agreed that irritation undoubtedly affords a device for penetrating the consciousness of listeners. It is also agreed that penetration is highly necessary, but favorable attitudes and action are also deemed vital, and an overdose of irritating commercials might well prejudice a large number of radio listeners sufficiently to turn them against radio advertising in general. Such a development would reduce the long-run effectiveness of this important medium. It would be most unfortunate to exploit this medium to the point where it would be destroyed.

That many consumers have been sorely irritated by radio commercials is evident from studies made by Professor N. H. Borden and reported in *The Economic Effects of Advertising*.<sup>1</sup> In one study Professor Borden obtained the reactions of 4,575 persons to different types of advertising. Among other things, persons were asked to indicate their attitude toward radio advertising in terms of the following: "In general my attitude toward the advertising in radio programs is one of approval, indifference, or irritation." Of the total number of replies, only 38% indicated approval and 37% stated that radio advertising was irritating. Only 6% were irritated by magazine advertising and 4% by newspaper advertising.

In commenting on consumer objections to specific advertisements, Professor Borden stated:

Examination of the advertisements rated as objectionable enough to warrant their practices being prohibited indicates that although advertising methods such as those employed may produce profitable business, yet they are definitely classified as undesirable by an appreciable number, even though a small minority, of consumers. Such violation of the sentiments of consumers has provided the basis for the material criticism of advertising that has manifested itself in recent years.<sup>2</sup>

### *Limit Number of Ideas in Commercial*

PSYCHOLOGISTS have emphasized that the human mind can grasp just so much in a given length of time. It would therefore

<sup>1</sup> Neil H. Borden, *The Economic Effects of Advertising* (Chicago, Richard D. Irwin, Inc., 1942), pp. 754ff.

<sup>2</sup> *Ibid.*, p. 760.



### *The Commercial Message*

seem wise to confine a given commercial message to the promotion of a limited number of ideas or items of merchandise. Some merchants and station managers interviewed recommended that not more than two ideas or three items of merchandise be included in each commercial. They considered it more effective to establish the merits and qualities of two or three items thoroughly in the minds of listeners than merely to scratch the surface of understanding for six items. Emphasis was placed in the belief that a new customer is more often secured by thoroughly establishing in her mind the ability of a specified item to meet her needs or desires than by creating a hazy impression that many items are available to her. The same process, it is believed, would be most effective in holding old customers and one purchase of an item that gave great satisfaction would lead to purchases of other items even though not advertised.

All merchants know that it is not necessary to advertise each item in stock in order to secure increased store traffic and sales. Furthermore, they know that it is worth while to spend many times the profit on some types of products to secure a new purchaser of those items. Repeat business from satisfied customers and additional business from word-of-mouth publicity will average out the cost of original acquisition. Thus, emphasis is often placed on a limited number of items in a commercial with the idea of presenting a complete story on products selected for emphasis.

A few persons interviewed expressed the belief that for certain types of merchandise a large number of items must be advertised if the advertising is to pay for itself. Mention was made of stores or departments that carried many small items and that attracted customers on the basis of wide selections. Some merchants commented that if a limited number of items were advertised, such items could not bear the total advertising cost. Management cannot ignore this aspect of advertising, but it is the belief of the author that some who advocated the inclusion of many items in a given radio commercial were unduly influenced by the mechanics of cost allocation rather than by a measure of the influence of limited item mention on total store traffic and total store or department sales. Furthermore, the

## *Radio Advertising for Retailers*

thought of using a patronage type of advertising with emphasis on wide selection of merchandise might not have been carefully considered.

Some repetition may often be helpful in firmly establishing the commercial message in the minds of listeners, but repetition should not become a fetish. One mention of a product quality that harmonizes perfectly with listener desires is probably better than many mentions of a less potent quality. Also, repetition of a quality or an idea in different words might well be considered as a substitute for repetition of the same phrases. Pepsi-Cola commercials illustrate such use of repetition. "Twelve full ounces, that's a lot" is fundamentally the same idea as "Twice as much for a nickel, too," and yet the use of identical or similar phraseology is avoided. Where price is important or the location of the store is not universally known, both price and location might well be repeated but framed in different sentences with each repetition.

### *Make Every Word Count*

SHORT versus long copy has been a debatable point with advertising men for many years. Some have been unduly devoted to brevity, others to long copy. Magazines and newspapers afford the advertiser great latitude in the use of length or brevity. Radio is different. Here time is distinctly limited. Copy must be written to fit within a specific maximum and short period of time. Most radio copy must be kept under 120 words. In many respects this time limitation should prove to be an asset in that it focuses attention on the importance of each word. Advertising value is not derived so much from short or long copy as from copy that successfully transfers the advertiser's message to the consciousness of the listener.

Making every word count means selecting words that harmonize with the vocabulary level and experience background of your actual or potential customers. A "city farmer" ignored this precept when he advertised to farmers for some young stock, stating that he wanted "to buy some *female* heifers." Not only was at least one word unnecessary in his appeal, but also his lack of understanding of the farmers' vocabulary was apparent.

## *The Commercial Message*

It is the usual experience of advertising practitioners that careful review of copy will disclose some words that could and should be eliminated. Such review will often indicate substitutes for other words. Verbs are more impelling than nouns. Adjectives used too freely, or if not truly applicable to the product or service being advertised, can do more harm than good. Negatives may be quite satisfactory on occasion, but rewording with positives may provide a more powerful and impelling message. "Why don't you try . . ." is not so impelling as "Buy a package today." Contrast "Why not tune in tomorrow . . ." with "Tune in tomorrow . . ." and "Don't forget that flower for mother" with "Remember that flower for mother."<sup>3</sup>

### *Use of Testimonials*

WORD-OF-MOUTH publicity is recognized as one of the most potent of all selling forces. Favorable comments by customers can be a boon, and criticism can destroy. Testimonials are similar to word-of-mouth publicity. They have an advantage of letting someone outside the seller's organization tell the sales story. Furthermore, testimonials from satisfied users or well-known people have an added advantage of appealing to the fundamental human desire to emulate.

Perhaps the existence of the power which testimonials have to influence people has led to their misuse in many advertising media. Such widespread practices in the past as the purchase of testimonials and the inclusion of false or misleading statements in quotation marks, attributing them to some doctor or scientist, and using them in connection with special products, when those giving testimonials were not qualified to appraise those products, have all helped to place a stigma on this form of advertising. Because of this unfortunate history, merchants who use testimonials in radio commercials will wish to approve only those that are authentic and truthful beyond a doubt.

### *Importance of Announcer*

THE manner in which the commercial is spoken is exceedingly important. Good commercials can be spoiled by poor

<sup>3</sup> Many valuable suggestions on how to make every word count in the radio commercial are to be found in *Radio Salesmanship*, by B. J. Palmer, President, Tri-City Broadcasting Company, Inc., Davenport, Iowa.

### *Radio Advertising for Retailers*

announcers. One of the primary values of radio as an advertising medium is found in its ability to personalize. An engaging person will have a greater following than one who repels. A silver-tongued orator will hold an audience more than one who labors over his notes. A Milton Cross voice is more captivating than that of the ordinary man untrained in diction.

The ideal announcer, however, will have more than just a pleasing voice. He will have a quality of tone and inflection which denotes sincerity. This quality goes much deeper than voice tone. To sound sincere, one must feel sincerity. Few, if any, can voice confidence and sincerity unless these qualities are felt. A good announcer must thus feel and believe the claims of the commercial. He can gain help in this connection from familiarity with the products advertised and the services rendered by the sponsor. Sincerity gives life and personality as well as conviction to the advertising message. The good actor is one who forgets self and in fact becomes the character in person. A good actor is therefore not an actor but the living incarnation of the character portrayed. In like fashion, a good announcer is not an announcer but the personified product or service speaking with deep-seated conviction to the thousands of listeners who can find satisfaction in its use.

Careful advertisers give significant attention to the abilities of those entrusted with their commercial messages. One retailer in an Oklahoma town reported: "We attribute a good part of our success to the announcer of our message. We think he is the most outstanding announcer in this part of the country. In fact, our purchase of a regular 15-minute program was made in order to secure the services of this man." Another retailer, located in Ohio, commented that results of his radio advertising were disappointing largely because the radio announcer often mispronounced the names of advertised items and stumbled over other words and phrases. He compared the work of that announcer (perhaps unjustly) with an old-fashioned "reading" by a fourth grader.

Any announcer can improve his work, and most announcers can become good with careful attention to detail. One successful broadcaster recommended that announcers adhere to the following procedure: "Study each piece of copy carefully before

## *The Commercial Message*

it is to be broadcast. Mark copy to denote words and phrases to receive special emphasis. Write and mark in a manner to make impossible mispronunciation of those words that are difficult to pronounce. Use special marks to indicate the character of inflection to give to particular parts of the message. Do the same for those places where a pause would be helpful. Remember that it is not the number of words that can be read in 60 seconds that is significant, but the degree to which the message penetrates the consciousness of listeners. Pauses are like white space in the printed advertisement — extremely helpful to easy listening or easy reading.”

Some advertisers use transcriptions for all their commercial messages in order to utilize the services of announcers who would otherwise be unavailable, and to permit “previews” and editing before the message is actually placed on the air. There are both advantages and shortcomings to this use of transcriptions. Such use does make certain that the announcements will be given as recorded. This is particularly beneficial when the announcement is highly dramatized or music is used. A transcribed announcement, however, sometimes loses the value which is often attached to a particular personality favorably known to the radio audience. It appears to be unwise to use transcriptions as an easy way out when a local announcer, if properly trained, could do a more effective job. Retailers might profitably assume some of the responsibility and initiative necessary to develop good announcers.

### *Retailer Must Live up to Claims*

IT HARDLY seems necessary to point out that fundamental, lasting success comes only from advertising products, services, or institutions capable of meeting the needs and desires of consumers. Retailers who handle merchandise that is high in want-satisfying ability should have no occasion to make exaggerated claims or to use false statements in their advertising. Confidence of customers in the integrity of a merchant is a great asset. Advertising can help build or destroy confidence, depending on the degree to which the retailer stands back of his advertising claims.

An interesting point of view regarding truth in respect to its

### *Radio Advertising for Retailers*

use in radio was expressed by one station executive. He believed that the confidence-building quality of truth is more significant when applied to radio than it is in any other type of advertising. Radio, this executive pointed out, is more akin to the merchant talking in person to his customers — his neighbors. People are usually ready to brand as a liar a person who "tells" them that the article he is selling has such-and-such qualities when in fact it does not. This broadcaster believed that the same merchant could make the same claims in a printed advertisement and have his statements referred to as "merely advertising claims," but would be called to account by the radio audience if such claims were made vocally. In terms of this philosophy, truth is selfishly beneficial to the seller of honest goods and services, but doubly good in the case of radio. Customers learn to have confidence in the "personal" recommendation of a retailer or radio personality whose advice in the past has brought real help and satisfaction to those who have followed such advice.

Experienced merchants recognize that one of the surest ways to lose such confidence is to fail to back completely any claims made in radio commercials. If listeners are told that their money will be refunded without question if merchandise does not render complete satisfaction, then refunds should be made on exactly that basis. If those who do return merchandise for refunds are confronted with many rules not mentioned over the air and find it very difficult to secure a refund, the value of radio claims will be reduced or cancelled completely.

A women's ready-to-wear shop in the South complained that radio advertising had not brought satisfactory results. This store had run a series of radio announcements emphasizing that it carried half-sizes in women's and misses' dresses in order that a perfect fit would always be assured. Unfortunately, the size range was limited and half-sizes were carried in only a few lines. Many people complained that the firm did not live up to its claims. Such radio claims merely invited failure.

A men's store reported that it had used radio in the past but had found it unsatisfactory. Investigation uncovered one radio promotion of a special sale of men's shirts. The radio audience had been told that a full selection of neck sizes and sleeve

## *The Commercial Message*

lengths was available. The truth was that no 32-inch or 35-inch sleeve lengths were available in the more common neck sizes. This and other improper claims reduced consumer confidence and injured the effectiveness of future copy.

The importance of consumer confidence is so obvious that it is difficult to understand why some businessmen fail to demand that all radio scripts contain only statements that they can and will completely substantiate.

### *Test Selling Power of Commercials*

RADIO copy that has the right appeal, is written from the consumer point of view, is couched in specific language, does not conflict with good taste, is not overcrowded with sale items, is broadcast by a good announcer, and is backed up by the advertiser in every detail, should produce favorable results for most types of local business firms. It is not possible, however, to determine by armchair methods or office conferences just what is the "right" appeal or whether a particular choice of words is the best for maximum sales. Merchants might well experiment with different appeals and variations in copy as a means of finding more effective commercials.

Copy which the radio station, advertising manager, or advertising agency thinks is best is not always best. Customer action is the only true test of results. Unfortunately very little has been done by retailers to measure the selling power of specific commercials. Still less has been done to compare the selling power of one commercial with another and to try to ascertain the factor or factors that give rise to the difference.

Perhaps an important reason for giving so little attention to testing selling power is the absence of an easy formula. There are techniques available, but they take time, energy, and a desire to know results. It is not within the province of this book to present available testing techniques,<sup>4</sup> but it is appropriate that something be said about the differences that do exist in the selling power of given copy.

Attempts were made in this study to find some retailers who

<sup>4</sup> Some testing techniques are presented in *Copy Testing*, A Study Prepared by The Advertising Research Foundation (New York, The Ronald Press, 1939); and C. H. Sandage, *Advertising Theory and Practice* (Chicago, Richard D. Irwin, Inc., Revised Edition, 1939), Chapters 23, 24, and 25.

### *Radio Advertising for Retailers*

had made careful comparative studies of radio commercials in terms of results obtained. A few instances were found where such studies had been made with profit to the advertiser. Since in no instance was permission obtained to reproduce the commercials used in the test, it is impossible to illustrate such differences from examples drawn from retail radio advertising itself. Suffice it to say that an increase in the selling power of commercials can often be brought about by what would appear to be minor changes in phraseology.

Testing is not easy, since many variables are present in any advertising undertaking. Such variables as weather, time of week, use of different announcers, content of radio program, character of products advertised, and a host of others, must be controlled in some fashion if the influence of the one variable, the commercial message, is to be measured. Difficulties involved in testing may mean that small business firms will not be able to devote much attention to thorough tests, but larger firms might find both interest and profit in time devoted to experimentation in this field.

#### *Other Approaches to Improving Results*

RESULTS from radio can be improved if specific consumer and market studies are conducted before commercials are prepared. As pointed out earlier in this chapter, an advertising appeal that ties in directly with a strong consumer interest is most effective. The strength of specific appeals that could be used in advertising given items of merchandise can be measured with a fair degree of accuracy. Such work will require the use of a simple questionnaire to be filled out either by mail or by personal interviewers. A merchant with a good list of charge accounts might profit from sending a questionnaire to a number of such accounts. The purpose of such a questionnaire would be to ascertain what qualities customers would most prefer in a particular product. The following questionnaire might be used to select an appeal for a commercial written to sell women's housedresses.



## The Commercial Message

### HOUSEDRESS QUESTIONNAIRE TO CUSTOMERS

Please mark on the following list those qualities which you would like most in a housedress. You need not mark more than three. In checking three, place a 1 before the quality most desired, a 2 before the next most desired quality, and a 3 before the next. More may be marked if you wish, using a 4, 5, etc., to indicate the order of your preference.

- low in price
- made of durable material
- sanforized shrunk
- bright colors
- conservative style
- made by well-known manufacturer
- colorfast material
- easy to launder and iron
- attractive
- allow complete freedom of movement
- good fit
- design of dress
- conservative colors
- modern, new style

Results from this type of survey will provide much greater accuracy in selecting an effective appeal than can be possible from office consultation. Tests show rather conclusively that consumers are more reliable than advertisers in selecting those appeals that are most potent as motivating forces.<sup>5</sup> Although the above example applies to housedresses, with only slight revision the same questionnaire can be used for a wide variety of other merchandise. In using this technique some system should be employed for classifying returns by age, sex, and general income level of respondents when such factors are important in the purchase of items to be advertised. If lists are secured from charge accounts, such information is already at hand in the company files.

After the strength of possible appeals has been determined from consumer surveys, merchants will wish to analyze each item to be advertised in terms of its ability to meet the desires expressed by consumers. If the item is outstanding in its ability to meet the desires ranked high in the minds of consumers, a

<sup>5</sup> A detailed discussion of this technique is to be found in Chapter 13 of Sandage, *ibid.*

## *Radio Advertising for Retailers*

powerful advertising message can be prepared by following the principles set forth earlier in this chapter.

### *Securing Outside Assistance in Phrasing the Commercial*

ADVERTISING agencies specialize in the preparation of commercial messages for advertisers. Some agencies devote most of their attention to radio advertising. Such services are commonly available only in large cities, and even there many professional agencies restrict their services to advertisers with relatively large advertising budgets. Where such services are available, however, the retailer might well investigate their possibilities.

Manufacturers often encourage their retail distributors to advertise their brands. Encouragement may be supported with offers to pay part of the advertising cost and to assist in the preparation of commercial messages. Some manufacturers have prepared, and will make available to retailers, radio commercials written specifically for retail radio promotion. Such manufacturer-prepared commercials may not always fit particular local situations, but they will often provide ideas and specific help to the retailer.

The most common source of help in phrasing the radio commercial message is the radio station. Some stations have developed excellent facilities and capable personnel for this purpose. A number of retailers stated that they were thoroughly satisfied with the way in which their station prepared and broadcast their commercials. As one retailer expressed himself, "The radio personnel is doing so well in preparing our commercials that we would not consider having anyone else do the job."

Unfortunately, dissatisfaction with the quality of station assistance was also voiced by many retailers. One merchant stated that the station he used often turned the job of writing commercials over to an \$18 per week girl who had had no retail experience and very little radio experience. Another retailer reported as follows: "I believe we could obtain better results if the radio station had better trained writers of commercials. At times their work is rather crude."

Even though the work of station personnel is not always what it should be, small retailers may find commercials written by station personnel to be better than those written by a store em-

### *The Commercial Message*

ployee. The reverse will often be true in the case of a large retailer who has an employee devoting full time to radio advertising. Both the small and large retailer might well work with station personnel in writing or revising commercial script. In this connection, the B. J. Palmer publication, *Radio Salesmanship*, mentioned earlier in this chapter, will provide material help.

## CHAPTER XI

### *The Radio Station*

RETAILERS are interested not only in the general character of radio as an advertising medium but also in the facilities and abilities of specific radio stations. Local advertisers rightly place less emphasis on station wattage than on station position in the community and station policies concerning programs, price, sales, and service facilities. Retailers who have given serious thought to radio advertising report that they want a strong radio station—a station whose management knows a great deal about the problems of the retailer and the program interests of the community. Some local retailers have expressed a willingness to work closely with station management in an effort to build a station following that would benefit both the retailer and the station. Progressive station management has also expressed a belief that operations designed to bring maximum values to advertisers have provided the best means of promoting station welfare.

Since the policies of a radio station have an important bearing on its ability to serve as an effective advertising medium for retailers, space is devoted here to an analysis of station policies in terms of their application to local advertisers. Observations on these matters have been drawn from personal interviews with more than 100 broadcast station personnel and with executives of some 250 retail and other local business firms.

Discussion of station policy as presented in this chapter will be related to its application to local business firms. Emphasis will therefore be placed on policies of relatively low wattage stations or of stations located in smaller communities, rather than on those of high-powered stations. Such limitation is understandable when it is realized that the average station with less than 5,000 watts power received approximately 70% of its

## *The Radio Station*

total 1942 revenue from local business firms. The average station with 5,000 watts but less than 10,000 watts power received 41.5% of its 1942 revenue from the sale of time to local firms. Data also show that in communities with a population of less than 200,000 broadcast stations depended heavily upon local business firms. The average station located in communities with a population between 50,000 and 200,000 received 54.8% of its revenue from local advertisers; the comparable figure for stations in communities with a population under 25,000 was 72.1%. Thus, discussion is primarily centered around stations and advertisers falling in the above classifications.

### *General Station Policy*

STATION policy should first of all be focused on serving the public interest, since that is a responsibility each broadcast station in the United States accepted when it applied for and received a license to operate. There are many "publics," however, such as various nationality or racial groups, farm people, different cultural groups, people residing in a given community, or families within an area covering a number of communities. A given broadcast station may choose to serve one or several publics. Thus, one station may concentrate on broadcasting foreign language programs or direct major attention to farm folk, while others may appeal to a particular cultural group and fill most of their program time with classical music.

Decision to concentrate on serving the interests of people in one community only or to encompass a much larger area will depend to some degree on station power, frequency, size of the community in which the station is located, and the number of other stations in the same area. Small stations located in large cities are forced to limit their operations to the one community or even to one segment of the community. Competition of other stations often influences the exact character of action.

Radio station cities with a population under 50,000 are typically one-station cities. If that one station is small (which is usually the case), it has an excellent opportunity to serve as a true voice of the community. Such a policy has been most effective where it has been followed with intelligence. The fact that a given community has only one broadcast station should

### *Radio Advertising for Retailers*

not be interpreted to mean that outside stations do not compete for listeners in that city. There are very few places in the United States where families with radios are restricted to one station in their listening. If the resident station ties its broadcasting energies to the life and activities of the community, however, local people will tend to give preference to the local station.

The force and power of such a policy were demonstrated by the management of a 250-watt station located in a middle western state. The station in question had struggled along for four years and had lost money each year until a reorganization was forced in 1942. The former management had attempted to compete directly with outside stations whose signals were strong in the local community. Good entertainment was provided, but no attempt was made to establish the station as a local institution interested in the life of the community. Neither local listeners nor local businessmen supported the station.

The new management reversed this policy completely. All attempts at copying outside stations were eliminated. Management not only studied the activities peculiar to that community but also took a personal interest in them. Station facilities were made available on a free basis to civic institutions such as the Chamber of Commerce, women's clubs, parent-teacher association, public schools, and Community Chest. School sports contests were broadcast, and other programs of distinctly local interest were developed. In a relatively short time an audience of more than 50% of all local radio listeners had been attracted to the station. This increased audience in turn brought ample support from local business firms. At the time the new management came in, gross monthly income was \$2,400 and at the end of 12 months this amount had been increased to \$6,000. The new manager attributed all improvement to the policy of making the station a real local institution and a true voice of the community.

It is relatively easy for management of a 250-watt station to limit operations to one community and render a distinctly local service. It is likewise easy for management of a 50,000-watt station to recognize its responsibilities for serving an entire region rather than one city. Decisions on this point are more difficult in the case of a 1,000-watt station if it is located in a

### *The Radio Station*

relatively small city. The experience of one such station will illustrate various problems involved in establishing a policy of action.

Station X operated with 1,000 watts power and was located in CX, a Middle Atlantic city with a population of about 25,000. Two other independent communities with populations of 15,000 and 5,000 were located 18 and 15 miles away. The signal of Station X was clearly heard in these two near-by cities, but the area was also blanketed by three large stations located in metropolitan centers. The manager of Station X could choose to operate as the voice of CX and direct all energies toward serving the one local community or operate as a regional station and try to develop a following from the two near-by communities. The latter policy was adopted. In an effort to serve all communities, specific hours had been set aside during the day for programs planned especially for the near-by towns.

Station X failed to prosper and could not develop a loyal listening audience from either CX or the region as a whole. The manager concluded that the station was not powerful enough to attract listeners in the region away from metropolitan stations. Application was therefore made to the Federal Communications Commission for an increase in power, and the application was granted. Operation with increased power did not improve the position of Station X, but in fact injured its position with local business firms. It is probable that Station X would have fared much better from a reduction than from an increase in wattage. If the power of the station had been reduced to 250 watts, the management would not have been tempted to spread its coverage over several independent communities. Thus, instead of being rejected by all three communities the station would have confined its activities to one community with no question concerning the source of its listeners or the scope of its market. It would have been forced away from polygamy back to monogamy and placed in a position where it might gain in listener loyalty from such oneness of purpose.

The average retailer tends to receive greater value and results from broadcast stations whose listeners come largely from the area served by the retailer. Most broadcast stations in small

### *Radio Advertising for Retailers*

communities have received the major portion of their revenue from retailers and other local business firms and will probably continue to do so. It would therefore appear that such stations should plan to remain local institutions and render service in a restricted market.

Retailers are also interested in the policy of station management in the matter of protecting retail time against national advertisers. Many stations have treated local accounts as step-children. There have been instances of stations forcing retailers to relinquish time to a national advertiser even though the retailer's program had been broadcast at that particular time for months. Such practices cannot produce retailer loyalty nor can they produce best results for local buyers of time. Some stations have met this difficulty by transcribing the national advertiser's program when it is carried over a network at a time already used by a local retailer and then broadcasting the transcription at a later period. In such cases the time of the rebroadcast of the network program might properly be announced in the station break just before the retail program it failed to displace. Such practices may well protect both the local and national advertiser.

The entire question of the extent to which national advertisers by their purchase of time through networks should be given the right to clear certain time periods on all local stations tied in with the network involved has given rise to much discussion in the broadcasting industry. There are many aspects to the question, but in its final solution the author believes that serious attention must be given to the responsibilities which smaller stations in particular have to their communities. The option rules in effect in 1944 gave some consideration to this factor. It may be that the future will find that certain hours will be set aside on smaller stations which can be purchased only by local merchants. Perhaps such hours should consist largely of day-time periods. In any event, it is not likely that either networks or national advertisers will wish to create a situation which reduces the essential position of the small station as a community institution.



*Station Coverage*

AS POINTED out earlier, the physical area covered by a station is not so important in the selection of a station by a retailer as are other factors. On the other hand, some consideration should be given to the coverage factor.

No acceptable definition of station coverage has been developed, although much attention has been given to the question by men in the industry and some acceptable definition is likely to emerge in the near future. Some have placed emphasis on physical coverage maps, developed from measurements of station signal strength at varying distances from the transmitter or from translations of station wattage into distances.

Physical coverage is not to be ignored, since that establishes the limits of the possible area in which a radio program or commercial message can be heard, but actual listenership data are much more significant than area data to the prospective buyer of time. Information concerning the number of listeners in the market area served by the retailer and the age, sex, income level, nationality, and general buying habits of such listeners would help retailers to determine whether their particular customers could be reached through the station in question. It would be foolish for a merchant whose customers were largely English to purchase time over a foreign language station on the grounds that the station signal penetrated a physical area which harmonized with the merchant's market.

In the final analysis, retailers might logically be more concerned with data pertaining to size and character of the radio audience than with physical coverage data. Audience data can be analyzed in terms of potential or actual size and reduced to a cost-per-listener figure. Thus, the potential audience of a program broadcast over Station A in City X at 9:30 a.m. might be 90,000 and the actual audience 25,000. If the program time cost \$25, the cost per 1,000 potential listeners would be approximately 28 cents and per 1,000 actual listeners \$1. The potential listener figure might be compared roughly with total newspaper circulation and the actual listener figure with newspaper readership data.

It is important that a distinction be made between the poten-

### *Radio Advertising for Retailers*

tial and the actual number of listeners. A radio station can offer facilities for reaching a potential listening audience of given proportions, but the actual audience which an individual advertiser might enjoy will be a resultant of general popularity of the station and the appeal of the particular program being broadcast. Thus, a radio advertiser actually buys an opportunity to develop an audience the size of which will be limited on the one hand by community size and physical characteristics of the station and on the other hand by the appeal of the program.

#### *Rate Policy*

THE price of radio time depends to some degree on the size of the market reached. Size of community and wattage of station are therefore important elements in building a rate structure. The influence of these two factors on rates is shown in Table 21, where average rates of 160 stations, classified by size of community and station power, are given. Only those stations granting a discount to local buyers of time have been included in data presented in Table 21, but these represent about 76% of all stations in the sample. Stations that granted no discount to local buyers were excluded in order that the true extent of rate differentials might be measured. Rates as given represent the one-time price for a Class A quarter-hour. Class A broadcasting time usually covers the evening hours and is the highest priced time. Most retailers purchase daytime periods, rates for which commonly run about 50% below the rates for evening periods. Substantial quantity discounts are also given by most stations. Thus, the average cost of 15 minutes of morning or afternoon time to the retailer who broadcasts several times a week will be somewhat less than 50% of the rates listed in Table 21.

Attention should be directed to the common practice of differentiating between national and local advertisers in the station rate structure. Out of 210 broadcast stations reporting their national and local rates, 160, or 76.2% of the total, quoted retail rates at a discount. Large stations and stations in large communities were less prone to give lower rates to retailers than to national advertisers. Nine large stations (10,000 to 50,000 watts) located in cities of 500,000 and over reported rate data but not one made a distinction between national and local advertisers.

### *The Radio Station*

On the other hand, six of the eight similar size stations located in smaller communities did differentiate in favor of retail buyers of time.

The size of the discount to local buyers of time ranged from a high of 75.0% to a low of 5.0%. The average discount for

#### TABLE 21

*Average One-Time National and Local Rates as of March, 1943, for 15 Minutes of Class A Time, as Reported by 160 Broadcast Stations*

*(Only stations differentiating between national and local advertisers are included)*

SIZE OF COMMUNITY (METROPOLITAN POPULATION)	WATTAGE OF STATION			
	10,000— 50,000	5,000— 7,500	1,000— 2,500	100— 500
500,000 and over				
National rate	*	\$112.00†	\$108.00†	\$39.33†
Local rate	*	91.00†	67.50†	26.00†
200,000 to 500,000				
National rate	\$158.40	75.59	69.14	38.29
Local rate	75.60	47.40	41.14	23.71
50,000 to 200,000				
National rate	*	52.90	43.50	31.94
Local rate	*	31.45	25.50	15.00
25,000 to 50,000				
National rate	*	*	36.57	29.67
Local rate	*	*	23.00	17.60
Under 25,000				
National rate	*	40.00†	27.46	18.16
Local rate	*	18.00†	16.54	11.29

\* None reporting.

† Sample too small to be highly reliable.

the 160 stations was 39.0%. Greatest average discounts were given by small stations in middle-size cities. Discounts given by 100- to 500-watt stations in cities with populations ranging from 50,000 to 199,999 averaged 53.0%. It is impossible to tell the extent to which rate differentials represent a discount from national rates or an increase of retail rates. Undoubtedly the

### *Radio Advertising for Retailers*

latter is true in some cases. It is also impossible to ascertain the extent to which individual stations depart from their published rates in specific cases. Figures given here are those reported as published or established national and local rates. In at least one case, however, the station manager reported orally that some retailers were enjoying rates substantially below the national rate, although no differential was indicated in the published local rate card.

Reasons for differentials between national and local rates are not clear. Some stations reported that discounts were given to retailers in lieu of commissions to advertising agencies and special representatives, but that can hardly be a basic reason. For instance, discounts granted by the average station in cities with population under 200,000 ranged from 40% to 46%, which amounted to much more than the combined commissions of agencies and special representatives. As stated above, discounts granted to retailers by stations in large cities were smaller, but most such stations also granted commissions to agencies on retail business.

One station manager explained his discounts to retailers in terms of "waste circulation." He pointed out that national advertisers would get value from all listeners, whereas retailers would benefit only from reaching those located within a restricted market area. This explanation sounds plausible, but cannot be accepted as valid in light of data in Table 21. If such an explanation were valid, small stations in medium-size and large-size communities whose physical coverage did not go beyond the retail market would make no differential, and large stations would give retail discounts. The facts are usually the reverse — large stations tend to refuse and small stations tend to grant discounts. The only exceptions to this practice were those few large stations in relatively small communities which did give a lower rate to local buyers of time. Perhaps newspaper practice of favoring local advertisers and the element of "what the traffic will bear" have had some influence in the rate practices of broadcast stations.

Another station manager reported that while he made a differential between national and retail rates, he did not consider the latter a discounted rate. He had first established his retail

## *The Radio Station*

rate in terms of what he thought the traffic would bear and then set up a national rate in terms of what he would like to get. Thus, his retail rate was the basic one and his national rate was figured at a premium over the local rate.

### *Program Policy*

SOME of the elements discussed above under general station policy have a direct bearing on program policy. A station that has elected to serve one community only has a responsibility and an opportunity to build programs for people in that community. Some suggestions for developing community programs have been given in Chapter VIII.

The thinking of the program manager of one station is worth reviewing. The station involved was located in a fertile farm area in the Middle West, and about one-half of all daytime programs were developed especially for farm people. The program manager commented on the vast difference between a war foods program directed to farm women and one designed for town people. "Farm women," he commented, "want to know how to preserve meat—not how to get it. Whipped cream, butter, eggs, and fats are still an everyday occurrence with them. In fact, sugar is their only shortage and that's made up to a large extent with home-grown sorghum and honey. They want to know particularly about menus for thrashers and silo fillers, not for bridge luncheons and church circles. The corner grocery is not a half block away, so fresh endive, mushrooms, etc., do not bother them, but their cellar full of squash, carrots, turnips, and canned string beans does. How can anyone say there is no difference in the approach?"

Such statements are elementary, but unfortunately a number of broadcast stations have failed to recognize such elementary truths. Several station managers who were interviewed believed the only program function of a station was to provide entertainment and news. In general, these same managers believed the desires of all people were largely the same and hence concentrated on a program policy which would provide frequent news broadcasts and many participating programs of popular music into which spot announcements could be crowded. Such a program policy excluded from consideration

### *Radio Advertising for Retailers*

those persons in the community who desired something other than or in addition to news and popular music.

The program policy of station WCHS in Charleston, West Virginia, illustrates what can be done to serve a community. This station won the 1942 George Foster Peabody Award for outstanding public service. The particular work which won the award was a Home Front program dealing with war regulations affecting everyday living and answering home front questions submitted by listeners. Thus, the station served as a source of information on questions of vital interest to a great many persons (and customers of some firm) in the community.

In the summer of 1943 WCHS extended its functions beyond that of answering questions. It became active in promoting victory gardens by giving advice on planting, cultivation, and pest control. When harvest time came, WCHS set up a canning center and offered to can any and all victory garden produce brought in. The station purchased a 100-quart pressure cooker and secured the cooperation of the county farm agent, who supplied home economics experts to supervise all canning. Home gardeners were required only to bring their produce washed and cleaned, ready for canning, to bring or pay for their own cans, and to pay three cents per quart for canning. This nominal charge was designed to cover part of the expenses involved and to preserve the independence of people who wished to utilize the service offered. Regular broadcasts were made direct from the canning room during canning operations.

A program policy such as this permits a station to develop the reputation of being a community asset and to attract many listeners on the basis of that reputation. This type of community activity, in turn, often provides the type of listener interest to make the station a potent advertising medium. In communities where the local station has a weak program structure, leading retailers might do well to urge a revision of policy and to expend individual effort in developing strong programs for their own sponsorship.

### *Sales Policy*

Two extremes in the sales policies of broadcast stations have been noted. At one extreme is the station that operates

## The Radio Station

as a mere peddler of time and at the other is the station which operates to help the retailer buy advertising service through the medium of radio. The time peddler is illustrated by the sales manager who instructs his salesmen to get a maximum number of accounts by soliciting business from all kinds of firms without regard to the ability of radio to do a real job for the prospect. If program time cannot be sold, the salesmen will settle for spot announcements. Few, if any, attempts are made to fit the kind of time-unit or the time of broadcast to the real needs of the retailer. For instance, one station in a 20,000 population town signed up most of the neighborhood grocers for several spot announcements a week. Another sold a children's dress shop, 95% of whose business came from town families, a spot announcement in a participating program built entirely for a farm audience.

The commission method of paying station salesmen may have some influence on sales methods. Salesmen are inclined to view immediate sales as most important and to be reluctant to spend extra time and effort in studying the real advertising needs of prospective users of radio time. Unfortunately, salesmen who place major emphasis on *immediate* sales volume are sometimes tempted to make exaggerated claims or to misrepresent some of the features of the specific program or spot announcement time available for sale. One advertiser reported that he was sold a spot announcement to be broadcast at 9:30 P.M. six days per week. This time was important because he had developed merchandising plans to tie in with the radio. The announcement was actually broadcast at 12:30 A.M., an hour when the type of people who patronized the store in question were ordinarily in bed. The station sales manager intimated, when questioned by the author, that a more lucrative account had been found for the 9:30 spot. Naturally the original buyer was lost to that station for a long time. Another advertiser reported as follows: "My last effort with — — — did not turn out as represented, which made me a bit irked over the difference between what the plan was to be and what it was."

Some station salesmen are so sold on the merits of radio that they truthfully believe almost any kind of advertiser will reap

### *Radio Advertising for Retailers*

real benefits from almost any kind of program or announcement broadcast at practically any time of day. A station in Ohio had sold a 15-minute program to a local retailer and broadcast the program at the favorable 9:15-9:30 morning period. After the program had been used for two months the retailer made careful checks of listeners and found the program distinctly unsuited to his particular class of customers. The retailer told the author of his intention to make a change in programs at the end of his 13 weeks' contract. A subsequent talk with the salesman who had sold this account produced a glowing story of the merits of the program and how pleased the retailer was with his radio venture. It was obvious that this salesman had not consulted with the retailer after the original contract had been signed and unfortunately did not consider it a part of his selling job to follow up the sale to make sure the program was producing results.

Another retailer reported his experience with radio and the station salesman as follows: "I am merely trying out a 16-week broadcast to see if I gain by it. So far I have had no results except that certain merchants have heard the broadcast. I do not think I will renew since this is a small experiment into which I was more or less high pressured."

These examples of sales policy are not typical, but nevertheless were frequently encountered. At the other extreme stations were found to refuse time to local advertisers until a long-term plan of action had been discussed and both the buyer and seller were satisfied that radio would do a commendable job. One station assigned a man to a retail store for six months with instructions to work with the store personnel and ascertain whether radio could render a satisfactory advertising service, and if so, how. After intensive study a plan was developed which called for a minimum of 12 months' radio advertising. Also included in the plan was a requirement that the retailer delegate one person to spend full time on radio planning and coordination with other merchandising and promotional efforts. Only after these requirements were met was a contract signed. At the time the parties to this radio arrangement were interviewed in 1943, six years of continuous and successful radio use were reported.



## *The Radio Station*

A number of stations reported this same type of approach with large retailers but indicated less interest in applying the same procedure to other local firms. Stations cannot be expected to devote the same amount of time and effort in developing small accounts as large accounts, but experience gained in serving one group of time buyers in a thoroughgoing manner will improve the quality of service rendered to all advertisers. If the philosophy of mutual benefit is adopted for one group of accounts, it is probable that it will be applied to all.

Perhaps this mutual benefit philosophy could be enhanced if sales managers considered the radio station a partner of the radio advertiser. As a partner, advertising would be solicited from only those local business firms which would benefit the partnership. If there appeared to be little chance that radio advertising would add to the profits of the local firm, then no attempts would be made to sell time to such a firm. The following conversation with the manager of a station in Florida will illustrate one aspect of the partner point of view.

### CONVERSATION WITH A STATION MANAGER

- Q. What kinds of retail business do you think can use radio profitably?  
A. Any retailer would benefit from the use of radio advertising.
- Q. Do you think radio rates might be based on profits or increased sales which result from the use of radio advertising?  
A. No. There are too many factors other than advertising that influence profits and sales. It is also always difficult to establish the amount of sales that actually resulted from radio use.
- Q. As a radio station operator, would you be willing to go into a partnership with various retail establishments and as a partner recommend radio advertising as a means of increasing your retail profits?  
A. Yes, I would gladly become a partner in some retail establishments under such circumstances.
- Q. Which establishments?  
A. Any good department store. I would also agree to tie in with some of the furniture; jewelry, and clothing stores.
- Q. What about grocery stores?  
A. Well, not unless it were a chain or supermarket.
- Q. How about your earlier statement that any retailer would benefit from the use of radio advertising? If you believe that, then why not

## *Radio Advertising for Retailers*

welcome the chance of becoming a partner in a neighborhood grocery store as a means of getting such store to use radio and thus increase its profits?

A. Perhaps I should modify that statement.

The implications from this conversation are obvious. The station manager agreed that greater stability in station business and reduced waste involved in trying to sell time to those who should not use radio would result if station salesmen forgot about selling time and concentrated on making radio available to those who could profit from its use.

### *Station as a Service Agency*

SPECIAL advertising counsel is desired by many retailers. Large firms usually either consider their own personnel adequate to handle most advertising problems or may employ the services of a regular advertising agency. Smaller retailers often cannot afford to have one or more persons devote their full time to advertising operations, and regular advertising agencies are either not available or do not care to service small accounts. Under such circumstances about the only remaining source of special advertising counsel is the broadcast station.

The extent to which retailers received help from stations in planning their radio campaigns and preparing commercial copy was presented in Chapter VI. It was shown there that retailers placed somewhat greater reliance on stations than on their own personnel to do such work. It was also apparent that those retailers who placed major dependence on station personnel reported less satisfactory results than those whose own personnel was highly active. Since a certain subjective element was present in the retailers' evaluation of success, those who experienced little or no success might tend to place major responsibility on the station. But even discounting that factor, the position of stations as advertising counselors for retailers was none too favorable. (See Chart 22, Chapter VI).

Such a record is unfortunate, since most retailers must place a considerable amount of dependence on broadcast station personnel in planning and executing any radio undertaking. This dependence is forced on smaller retailers by limitations on the number of their own personnel and by the absence of advertis-

## *The Radio Station*

ing agencies or their reluctance to handle most retail accounts. Because of this situation, the radio station has an opportunity and perhaps a responsibility to provide honest and efficient professional radio advertising service to retail buyers of time.

An efficient counselor would know a great deal about the retail business and its promotion methods and problems. He would be in a position to provide valuable suggestions and answers to each of the questions contained in the "checklist" which appears at the end of Chapter VI. He would ascertain the reasons why a given retailer did not use radio and then undertake to determine the validity of those reasons. He would advise the use of radio only in those cases where it appeared likely that benefits would accrue to the user. Such a counselor would also thoroughly understand the ability of radio as an advertising medium for specific kinds of retailers and would have a staff fully capable of rendering efficient and adequate service.

The experience which Miss Jones, a rug weaver in a small Pennsylvania community, had with radio advertising will illustrate the value of specialized counsel. Miss Jones was a maiden lady who had real skills as a weaver of rugs, table runners, chairback sets, clothespin bags, and similar items. She had made her living by weaving and selling rugs and had become well known in the community as Miss Jones, the weaver. Late in 1942 Miss Jones changed her name, by marriage, to Mrs. Weston, and she and her husband decided to remove the weaving business from her home to an uptown location, to operate under the firm name of The Pilgrim Weavers, and to buy radio spot announcements to advertise the new firm. Consequently, the local radio station was sought out and a 12 months' contract was signed for six spot announcements per week.

Mr. and Mrs. Weston were interviewed after their radio undertaking had been in operation for about six weeks, and both were very unhappy. Conversation disclosed that some business had been definitely brought in through their radio advertising, but the Westons had anticipated that "the power of radio advertising" would swamp their new firm after the first one or two weeks. Both were anxious to cancel the radio contract, even though the contract was for a one-year period.

### *Radio Advertising for Retailers*

Further investigation disclosed that the radio effort had been reasonably successful in view of its short duration, but that it had been poorly planned and devoid of imagination and resourcefulness. The radio commercial used consisted of only 50 words. It merely announced the name of the firm, its location, the character of its work, and prices charged, and suggested that listeners bring their rags to The Pilgrim Weavers to be woven into beautiful utility rugs. No attempt was made to associate the new firm with the former Miss Jones, who had developed a reputation for good work, reasonably priced.

In contrast to the above plan of action the station might well have devoted more radio time to promotion at the start of the advertising venture and capitalized on the reputation of the former Miss Jones as a weaver. Personal interviews might have been arranged with her, during which some of the qualities of fine weaving could have been discussed with benefit both to the firm and to prospective customers. Radio commercials had been limited to mention of rugs, whereas there was greater demand at the moment for items such as clothespin bags, table mats, and chairback sets. Greater returns would probably have resulted from some emphasis on these latter items. In the case of rugs, customers were urged to bring their rags already sewed ready for weaving. Since investigation disclosed that housewives had less time in 1942 and 1943 to prepare rags for weaving than was normally true, and since the Westons were equipped to tear and sew rags for people at a reasonable price, a good plan of action would have brought this fact into some of the radio copy. Because of war conditions and government pressure on conservation of civilian goods, an advertising appeal based on conservation might have been used with profit.

This rather lengthy case history is given because it illustrates the opportunity which radio station management has to build a constructive advertising plan for local firms and indicates what might well happen if this is not done. The case is not typical, since many stations have been rendering excellent service and have been giving honest and resourceful counsel to local advertisers. Many stations have merchandising departments that function with skill. On the other hand, many stations are still lax in organizing themselves to function as a service agency.

## *The Radio Station*

From careful observation of a number of stations that had failed to attract or hold local business and that had been operating at a loss, it is believed that a major cause of such loss has been the failure to render efficient advertising counsel to local buyers of time. Too close attention to immediate sales and too little attention to functioning as a service agency for local firms has proven detrimental to both station and advertiser.

It should not be inferred from this discussion that radio stations should be expected to offer complete and detailed advice concerning the management of local business establishments. Stations have neither the qualified personnel nor the responsibility to provide expert management advice to all advertisers. Furthermore, primary management responsibility rests with the advertiser. On the other hand, many small advertisers know little about the qualities of advertising or values to be gained from careful coordination of advertising efforts with merchandising plans. Radio station management might render advice which would reduce the crudities found in the practices of some retail firms.

### *Market Fertility*

A FEW radio stations have carried the service viewpoint beyond the immediate interests of the advertiser to the community as a whole. Concern has been shown in an action taken to increase the purchasing power of consumers in the area covered by the station. This has been done not as an altruistic venture but with the realization that rich markets make for better retail trade and increase the value of advertising.

Station WSB in Atlanta, Georgia, has considered this to be a proper station function, as demonstrated by its 1943 sweet potato project. This project was instituted as a means of reviving the sweet potato industry in Georgia, which had become practically nonexistent. In 1939 only 22 carloads of sweet potatoes had been shipped out of the state as compared with some 5,000 carloads as normal shipments some years earlier. This decline resulted from a potato disease that had developed in the Georgia area and which reduced the keeping qualities of potatoes enough to eliminate them from northern markets. In 1943 WSB spent some \$600 for certified disease-free potato seed as the first step

### *Radio Advertising for Retailers*

in a revival program. This seed was given to 80 selected farmers who agreed to cooperate and to return to WSB two bushels of seed potatoes for each bushel of original seed received. Thus, WSB had twice as many bushels of potatoes to pass out to Georgia farmers in 1944 as it had in 1943, and the 80 original cooperators provided an additional source of disease-free seed. This activity appears to be an intelligent effort to help the community and, at the same time, to build an enviable reputation in the community.

Activities such as the WSB project are quite different from those of a mere peddler of time. No one will question, however, the beneficial influence such an undertaking would have on the community as a market. With increased market fertility, more merchants will find it profitable to cultivate the market more intensively and might well include radio in their program of cultivation. This type of community helpfulness will usually increase station goodwill and listener interest which, in turn, will attract merchant buyers of time.

It might be pointed out, in summary, that greatest success seems to have come to stations when operations were developed in terms of service to the community and to advertisers. The following statement of a manager of one highly successful station illustrates this type of operation: "We have *one* station to promote and *one* community to serve. Our management formula is: know your station; know your coverage; know the problems of your advertisers; know your people; and then give the people what they want in the manner in which they want it, and the results to your advertisers will be most successful." Local advertisers will find it worth while to analyze station policies concerning prices, programs, consumer groups reached, services provided, and quality of advertising counsel before time is purchased.

## CHAPTER XII

### *Advertising Agencies and Other Service Organizations*

LOCAL business firms have generally depended on their own personnel or that supplied by the broadcast station to plan and execute any radio advertising undertaking. Relatively few firms have utilized the services of professional advertising agencies or sought help from other service organizations. This chapter is devoted to an analysis of the extent to which local business firms have made use of service organizations, reasons retailers give for not using advertising agencies, attitude of agencies toward retail accounts, attitude of stations toward agencies, and the possibilities of making agency services available to more local firms.

#### ADVERTISING AGENCY

The advertising agency derives its name from its historical position as an agent of advertising media whose function was primarily that of selling space to advertisers and collecting a commission from the medium on all space sold. Modern agencies do much more than sell space or time. In the case of radio, they plan or help plan the radio strategy; write the commercial message; develop, recommend, or buy talent for programs; and give advice on how to coordinate radio advertising with other advertising and merchandising plans. Agencies, with considerable reason, define themselves as a collection of specialized personnel rendering professional advertising advice and service to sellers of merchandise, service, or ideas.

Advertising agencies vary from the large, thoroughly integrated, and well-departmentalized organizations capable of handling the advertising problems of almost any type of advertiser, to one-man organizations, specializing in serving only a few advertisers in a particular field. There are also those calling

### *Radio Advertising for Retailers*

themselves consultants who operate largely as counselors on specific plans and operations and do little or none of the actual work involved in writing commercials or buying time. Both the orthodox agency and the consultant will be grouped together here, since retailers in their conversations and reports in connection with this study usually classified any outside service organization as an agency.

#### *Station Attitude Toward Agencies*

ADVERTISING media which wish to utilize general advertising agencies as sales organizations have followed the practice of "recognizing" them as "agents" and granting them a commission (typically 15%) on all space or time placed. Media usually establish certain standards of conduct and efficiency which must be met by agencies before they will be recognized as agents and qualified to receive commissions.

Some media, notably newspapers, have not cared to encourage general agencies in the sale of space to local advertisers and hence, in general, have not made commissions available on space purchased by agencies for retailers or other local business firms.

The attitude of broadcast stations toward advertising agencies has been somewhat different, as shown from an analysis of the relative number of stations that granted commissions to agencies in 1942 on retail business. Radio stations were asked, in connection with this study, to indicate whether they did or did not grant commissions to recognized agencies on local business. Data submitted by 206 broadcast stations are presented in Table 22. It is clear from figures in Table 22 that stations in large communities and those with high power quite generally granted commissions on local business. A majority of small stations and stations in small communities did not provide for agency commissions.

Size of community was a more potent influence than size of station. In the case of small communities the question of granting agency commissions on local business was more academic than real since no agencies existed in most such communities. The very fact that stations reported that commissions would be granted on time purchased by local firms through qualified



*Advertising Agencies and Other Service Organizations*

agencies indicated a willingness to encourage agency operations. A few station managers stated privately that an agency would be given a commission if any business were offered from that source, although the station rate card indicated no commission.

TABLE 22

*Extent to which Radio Stations Granted Commission on Local Business to Advertising Agencies (As Reported by 206 Stations for March, 1943)*

CLASSIFICATION	NUMBER IN SAMPLE	COMMISSION GRANTED TO ADVERTISING AGENCY		
		NUMBER		PERCENTAGE
		YES	NO	YES
<i>Size of Community</i> (1940 Population)				
500,000 and over	31	28	3	90.3%
200,000 to 500,000	49	33	16	67.3
50,000 to 200,000	51	17	34	33.3
25,000 to 50,000	26	7	19	26.9
Under 25,000	49	16	33	32.7
<i>Power of Station</i> (in watts)				
10,000-50,000	17	14	3	82.3
5,000-7,500	66	40	26	60.6
1,000-2,500	39	16	23	41.0
100-500	84	31	53	36.9

A few stations refused commissions on local business when such time was sold at a discount from national rates, but this was not common practice. In general, the commission question was divorced from the question of rate differential to local firms. This practice was borne out by the fact that more than three-fourths (76.2%) of all stations reporting quoted lower rates to local firms than to national firms, while 49% of all stations granted an agency commission on local business.

Willingness to grant agency commissions does not mean that broadcast station management has had a wholly favorable attitude toward the operating practices of some advertising agen-

### *Radio Advertising for Retailers*

cies. Station managers in some communities referred to certain agencies as "commission grabbers." In many cases agencies entered the picture only after a retailer had been sold time by a station salesman, but then did nothing in the way of selecting programs, writing commercials, checking audiences, or analyzing results. In at least one case the agency "servicing" a specific retail account was located in a city 200 miles from the community in which the retailer operated. Only occasionally did the agency send a man to check on the client's radio work. All contacts, other than billings for time, were between the retailer and the station.

Some station managers had no objection to agencies moving in after sales had been made by station personnel, on the grounds that agencies could help keep retailers sold on radio and that agencies relieved stations of the collection problem. It was thought that retailers could be kept more conscious of radio by having two organizations, the station and the agency, calling to offer help and advice than would be true if only one organization were involved. This group of station managers considered advertising agencies as selling agents rather than advertising counselors to buyers of time. Retailers, it seemed, thought such concern over their advertising welfare rather flattering, and some firms were prone to follow such joint advice without serious questioning.

One group of station managers severely criticized advertising agencies as a part of retail radio advertising. Even though a number of managers in this group granted agency commissions, they were of the opinion that most agencies were not interested in local accounts and rendered no real service. They claimed that almost all work in servicing local firms had to be done by station personnel even though an agency might be associated with the account. Under such circumstances, station managers argued, an agency was dead weight carried largely because of custom and of station inertia to correct the evil. A number of managers recommended that agencies be refused commissions on retail business and that stations set aside 15% of all revenue from the sale of time to local firms to finance a department devoted to performing for retail accounts the same functions agencies perform for national advertisers. These managers rec-

## *Advertising Agencies and Other Service Organizations*

ognized that most retailers needed honest professional advice and service in connection with their radio advertising and that advertising agencies either spurned such accounts or too often rendered little or no real service.

### *Use Retailers Make of Agency*

ADVERTISING agencies have had very little part in the radio advertising endeavors of local business firms. In answer to the question: "Who was responsible for organizing your radio plan and writing commercials?" only 16.5% of all retailers responding listed advertising agencies as partly or wholly responsible. This percentage varied by kind of retail business from a low of 4.2%, for food, eating, and drinking establishments, to a high of 26.3% for furriers. In the case of men's wear stores, 22.6% depended wholly or partially on agencies, while the comparable figure for department stores was 20.0%.

*Size of Community.* Two factors, (1) size of community and (2) size of retail business, seemed to have a profound influence on retailers' use of agencies. The influence of size of community is shown in Chart 31. More than one-half (53.8%) of all retailers in cities with a 1940 population of 500,000 or more reported that an advertising agency was a factor in the firm's 1942 radio advertising campaign. The relative importance of advertising agencies dropped to 12.9% in communities with a population between 200,000 and 499,999 and to 12.8% in communities with a population between 50,000 and 200,000. In cities under 50,000 the agency was used by fewer than 6 out of every 100 retailers.

The meager use which retailers in small communities make of advertising agencies is due primarily to the absence of agencies in such communities. Most professional advertising agencies have devoted their efforts to serving manufacturers and other large national or regional advertisers. Since the offices of most such advertisers are in large cities, it has been natural for their advertising agencies to be located in large cities. As a consequence of this development, very few advertising agencies have established themselves in small communities or specialized in retail advertising. Most of those in large cities that do service retail accounts do so either as a side operation to their national

*Radio Advertising for Retailers*

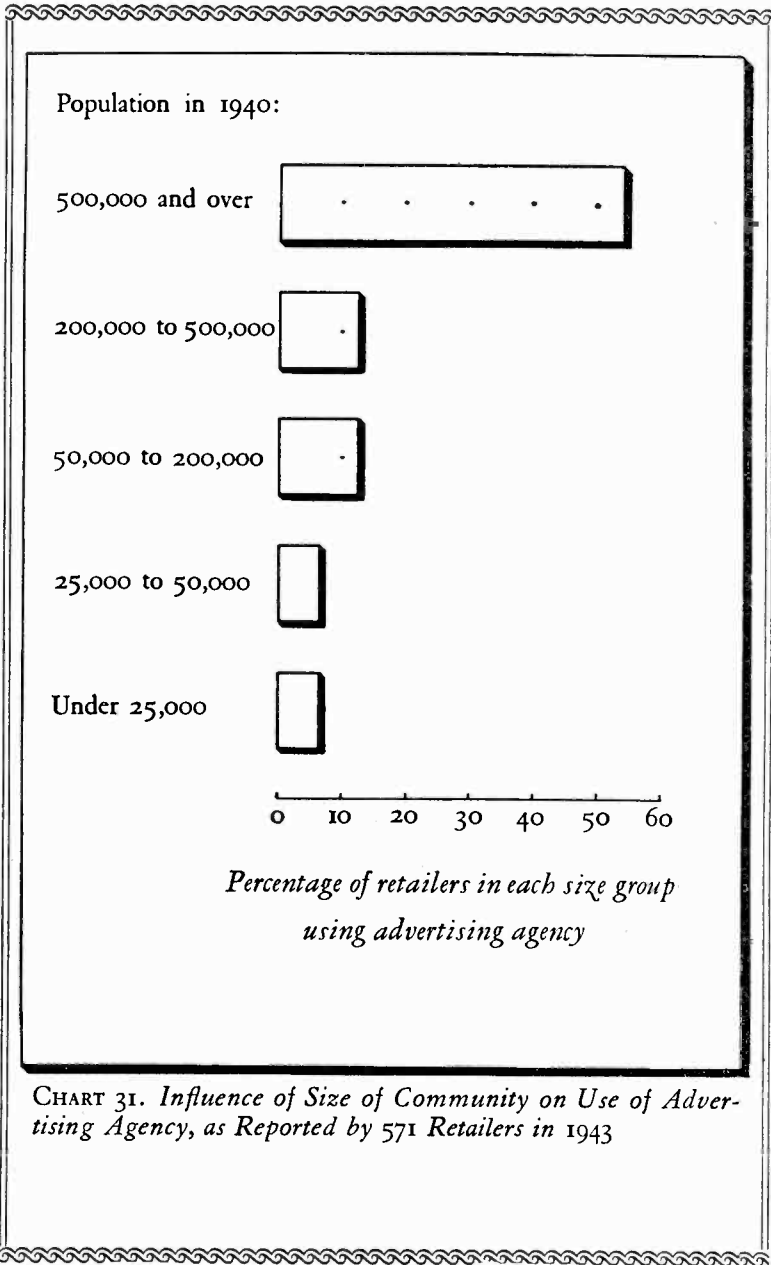


CHART 31. *Influence of Size of Community on Use of Advertising Agency, as Reported by 571 Retailers in 1943*

## *Advertising Agencies and Other Service Organizations*

business or as a means of breaking into the agency business and eventually attracting national accounts.

**SIZE OF RETAIL BUSINESS.** Advertising agencies have concentrated their retail efforts not only in larger communities but also among the larger business firms. The influence of size of business on the use of an agency is shown in Chart 32. Only 5% of all retailers cooperating in this study who had 1942 sales of less than \$100,000 used an advertising agency. Retailers with 1942 sales of \$5,000,000 or more were either more successful in securing the services of agencies, or agencies were more active in soliciting business from such firms. Forty per cent of all retail firms in this business-size classification reported the use of an advertising agency in 1942.

Services rendered by advertising agencies are no less beneficial to small than to large business firms. In fact, outside counsel and assistance is often more helpful to those firms which are not sufficiently large to have their own specialized advertising personnel. It is probable that the scarcity of agencies in the advertising efforts of small retailers is due primarily to the meager financial rewards such firms can or will offer. The commission method of compensation has probably encouraged many agencies to ignore small accounts or to recommend some other method of compensation. Agencies have generally indicated a preference for the commission method of payment except in those cases where the appropriation is so small that a 15% commission would be inadequate to compensate for services rendered. In those instances, agencies usually recommend that a fee commensurate with work done be substituted for the commission and that commissions given be credited to the advertiser's fee.

Advertising agencies often have included in their solicitation of large accounts the idea that their services cost nothing, since the advertiser must pay the same for time purchased direct from the station as for time purchased through the agency. Thus, when advertisers with small budgets are told that agency services will cost extra, many of these advertisers consider such services too expensive and choose to depend on their own and station personnel. Rather than try to overcome this cost barrier, agencies have tended to seek business only from firms with

*Radio Advertising for Retailers*

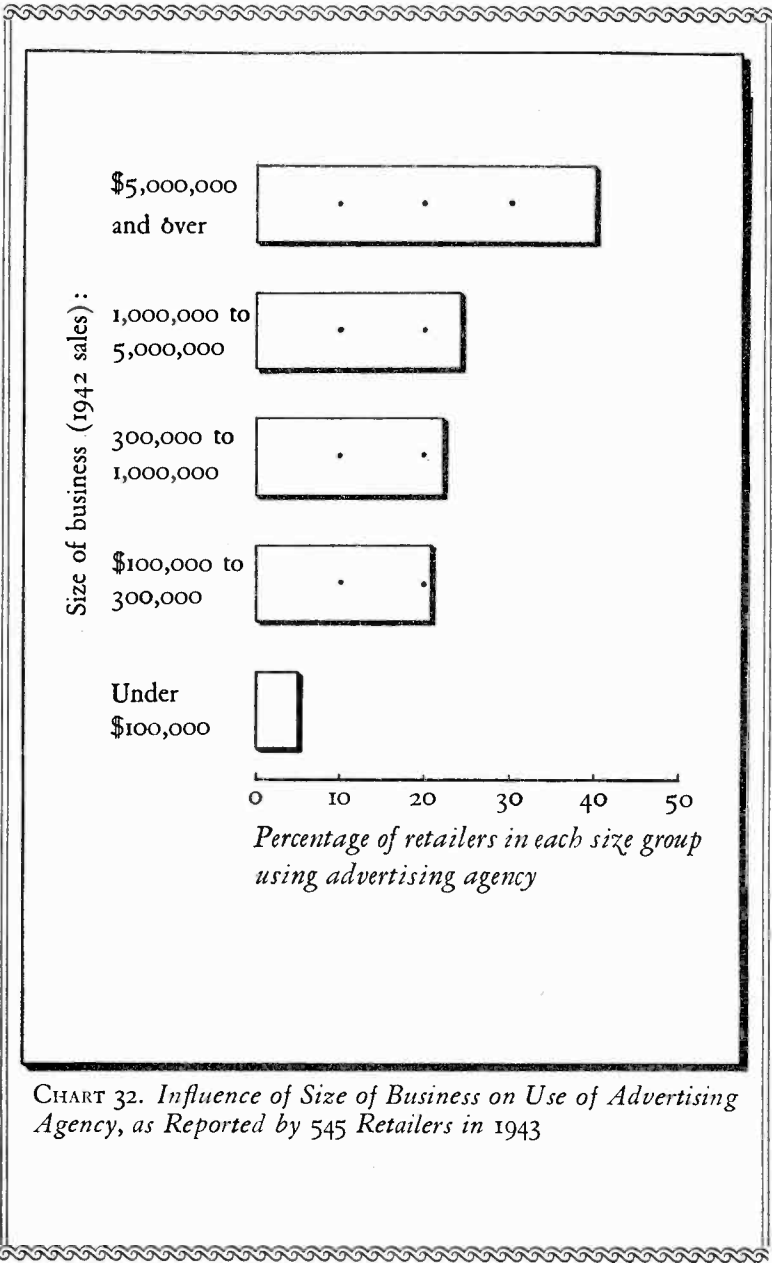


CHART 32. *Influence of Size of Business on Use of Advertising Agency, as Reported by 545 Retailers in 1943*

## *Advertising Agencies and Other Service Organizations*

sufficient advertising money to make a 15% commission worth while. Thus, either the small advertiser does not seek an agency or, if he does, he often finds the agency unwilling to render service except for a fee in addition to the regular agency commission. In the survey it was found that many small retailers refuse to pay the extra fee and hence use no agency.

### *Retailer Attitude Toward Agencies*

THOSE retailers who did not use an advertising agency were asked to indicate their reasons for nonuse. A total of 398 retailers cooperated by providing their reaction to advertising agencies. Results are shown in Chart 33. As stated above, the great majority of retailers indicated a preference either for their own or for radio station personnel over the services of an advertising agency. Only 27.4% of the 398 retailers stated that the primary reason for not using an agency was the absence of a reliable agency in the community, while 16.1% thought the cost of agency services was too high. Some retailers did not know there was such an organization as an advertising agency.

Conversations with retailers brought out some interesting reactions to agency services and practices. The manager of a large men's clothing firm considered that real success from his radio advertising started when an agency took over the work of planning and supervising all radio work. The manager of a furniture store stated: "Radio advertising can be successful if copy is written by a good advertising agency. If not, I am certain it will be a failure."

Adverse reactions were more common. The head of a finance house spending about \$2,000 annually in radio stated: "With the radio personnel doing so well, we would not use an agency if one were available." The manager of a furniture store with a radio budget of more than \$50,000 reported: "All local stations work faster without an advertising agency." Typical comments from other retailers included the following:

"We would rather put agency cost into additional advertising."

"We are too small to employ competent agencies."

"We have an agency for all other advertising, but we get a local rate from the local station if we do not use an agency."

"We use two agencies but must admit agency interest in fee is foremost, and client secondary. Help is superficial and half-hearted."

*Radio Advertising for Retailers*

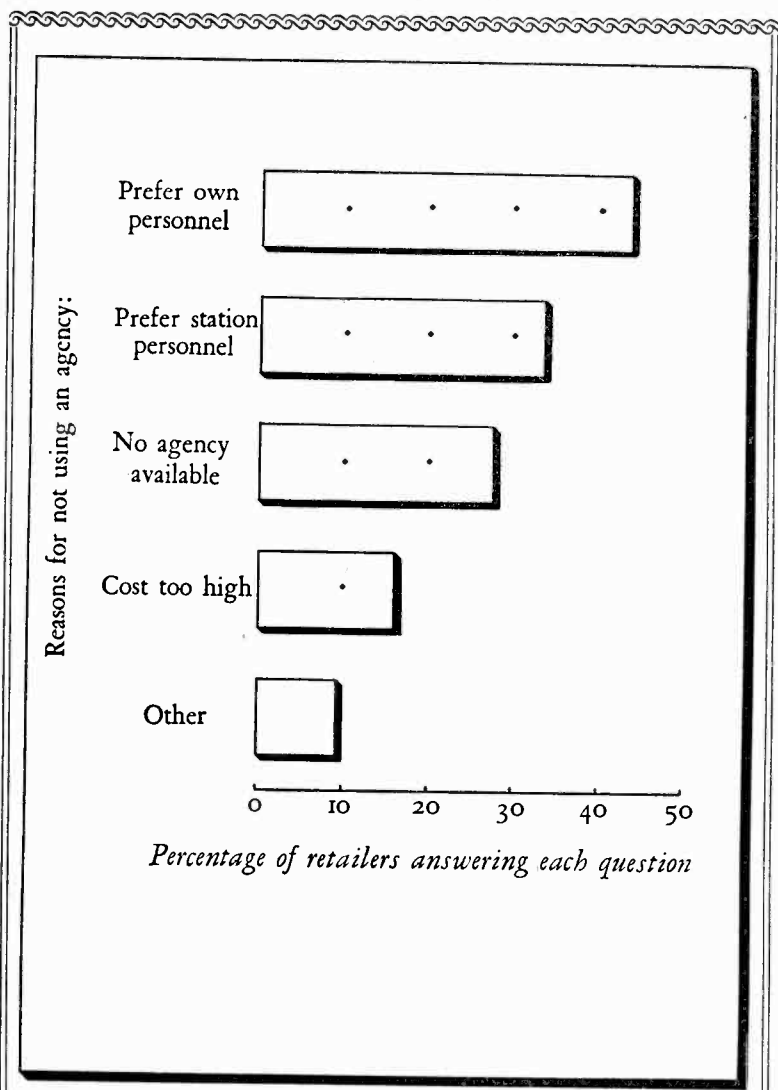


CHART 33. *Reasons for Not Using Advertising Agency, as Reported by 398 Retailers in 1943*

NOTE: Some firms gave more than one reason; hence percentages add to more than 100%.



### *Advertising Agencies and Other Service Organizations*

"I do not know anything about advertising agencies or who to get in touch with. Would like to use them if not too expensive."

It is apparent that most retailers are satisfied with their own personnel or that of their broadcast station and therefore have not sought the services of advertising agencies. Under such circumstances, advertising agencies must sell retailers or radio stations on the value of agency services if there is to be much of an increase in retailer use of such services.

#### *Agency Attitude Toward Retail Accounts*

It is possible that little or no attempt will be made by agencies to promote their services among retailers. Large, well-established agencies generally have not been interested in retail accounts except in the case of some chain stores and a few large retailers. Small agencies have professed some interest in servicing retailers, but such interest has been meager. A number of advertising agency executives were interviewed on this subject, and a variety of reactions were received. Agency attitudes tended to fall into three categories:

**AGENCIES NOT INTERESTED IN RETAIL BUSINESS.** One group of advertising agency executives expressed the opinion that agencies would never become a force in retail advertising largely because the size of the advertising appropriation is typically too small to be attractive. Large agencies are organized primarily to handle the advertising of manufacturers and have chosen to ignore retail business. Since newspapers have generally refused a commission to agencies on local business, there has been no incentive on the basis of commissions to organize retail departments. Furthermore, a number of agencies believed that the problems of the retail advertiser were sufficiently different from those of the national advertiser to demand a separate organization and personnel to service retail accounts.

Even though many radio stations have encouraged local advertising agencies by granting commissions on local business, the group that was not interested in retail business believed agencies would never be a force in that field, since their primary province was that of servicing national and large regional advertisers. This group recognized the existence of small agencies in various communities but believed that any better-than-aver-

### *Radio Advertising for Retailers*

age talent would either be pulled away by large agencies in the relatively few agency centers or would attract business from national advertisers. As one agency executive put it: "A man with brains may organize an agency and do an excellent job for retailers in his community, but this success will almost always bring him an offer from a national concern so attractive that he will close his business and move to the city." Another agency man stated: "Sure, I handle retail accounts, but do not plan to specialize in the retail field. The big money is in national accounts, and I expect my retail business to lead me to the big money."<sup>1</sup>

**AGENCIES INTERESTED IN BUYING SPOT ANNOUNCEMENTS AND GIVING GENERAL COUNSEL.** Another group of agencies indicated an interest in retail business but only on a basis which would require a minimum amount of time and effort. This group would give retailers general counsel on advertising plans but would not give assistance in planning or preparing radio programs for sponsorship. In fact, agencies in this category expressed disapproval of programs for retailers, basing their arguments on difficulties of competing with national, top-talent programs. Such agencies believed the only kind of radio time of value for retailers was spot announcements. Use of spots would relieve local firms of the task of trying to build programs with low-cost talent and, if the time of spots were well chosen, would allow retailers to trade on the large audiences built by popular national programs.

Agencies in this category believed that they could perform an outstanding service for retailers in the purchase of radio spots. They further emphasized that they would have available data on program ratings and could thus select favorable times for the retailer.

**AGENCIES INTERESTED IN BUILDING PROGRAMS ON SYNDICATED BASIS.** Agencies in the third category believed that they were in a position to render real service to retailers in their radio

<sup>1</sup> This same attitude permeated the story of the Garfield & Guild agency as reported in *TIDE*, April 15, 1944, page 40. "Because he couldn't land any national advertisers in the early days," *TIDE* reported, "Garfield began with retail accounts. He now considers this background invaluable, intends always to keep one good retail account as a laboratory for testing new ideas. At the moment, the agency has only about 5% of its business in the retail field."

### *Advertising Agencies and Other Service Organizations*

advertising. This group thought programs should provide the foundation for any important radio undertaking but observed that many local radio stations and business firms were not equipped to build good programs. Agencies could do a good program building job if enough retailers would cooperate in financing the undertaking. These agencies were impressed with the idea that a good retail program could be transcribed and sold to a syndicate of cooperators.

This aspect of agency operation was somewhat different from the normal basis of operation, but in 1942 it was being developed by some agencies. It was primarily a program-producing job, but was supplemented in a few cases with merchandising suggestions and advice on the purchase of time. Sometimes, also, the agency provided details concerning results in communities where the program had been used by retailers.

### *Opportunity for Advertising Counselors*

THE field work carried on in this study indicates a considerable need for competent professional advertising service in the retail field. There is question as to whether small retailers could adequately remunerate a counselor for needed advice. Nevertheless, it appears to the author that small independent service practitioners closely allied with one specific community might be in a position to render effective aid. These professionals should have an understanding of retail problems and philosophies as well as the techniques of good advertising and merchandising practices. If they were to be most helpful, they would have to focus complete attention on the problems of clients in their own community and not use local accounts purely as stepping stones to national business.

It is estimated that approximately 50,000 retail and other local business firms did some radio advertising in 1942. Each radio station had, on the average, more than 60 local accounts at any given time. The 1942 revenue of broadcast stations from local accounts ranged from an average of \$162,000 for stations in cities with a population of 500,000 or more to \$34,500 in towns with a population under 25,000. Local revenue for the average station in cities with a population between 50,000 and 200,000 was \$71,000, and in cities between 200,000 and 500,000 the figure was \$94,500.

### *Radio Advertising for Retailers*

In these latter two city-size groups, fewer than 13% of all local radio advertisers used advertising agencies in 1942. Thus, in terms of commissions of 15% alone, the amounts available to agencies, if agencies had been available to receive them, ranged from \$10,650 to \$14,175. To these sums would have to be added fees which some firms would have to pay for needed services. No agency could adequately service 60 to 70 local accounts, but one man with better than average understanding of retail merchandising and radio advertising procedure could provide counsel to a large number of retail firms to the profit of both. A good counselor might be as busy as good doctors and lawyers. Compensation could not be so great as many agencies receive from large national advertisers, but it might well exceed the salaries paid many competent employees of agency partnerships. The author cannot refrain from suggesting that this field might have substantial possibilities for those who wish to develop an independent business and who have the initiative to pioneer new enterprises. Perhaps professional advertising counselors and technicians could take a place in many communities alongside professionals in law, accounting, and medicine. For many stores compensation for such counselors probably would be in terms of a fee rather than a commission. Much counsel would deal with merchandising plans and coordination of various promotional undertakings, and the efforts involved often could not be adequately paid for out of the 15% commission when allowed. Any commissions that might accrue from time or space purchased could be credited against fees.

### RADIO NETWORKS

In the absence of effective advertising agency counsel in most radio station communities, such service is either nonexistent or performed by the broadcast station. Many broadcast stations have been short of qualified manpower to perform such functions, and others have not recognized the opportunities to help themselves and their customers in this manner. Although the amount of service which a network can render member stations is a matter of policy that must be determined by network station contracts and relationships, it is the author's opinion that it is possible that radio networks could add one more service

## *Advertising Agencies and Other Service Organizations*

function to their long list of activities and establish a department devoted exclusively to helping station management help retail buyers of time.

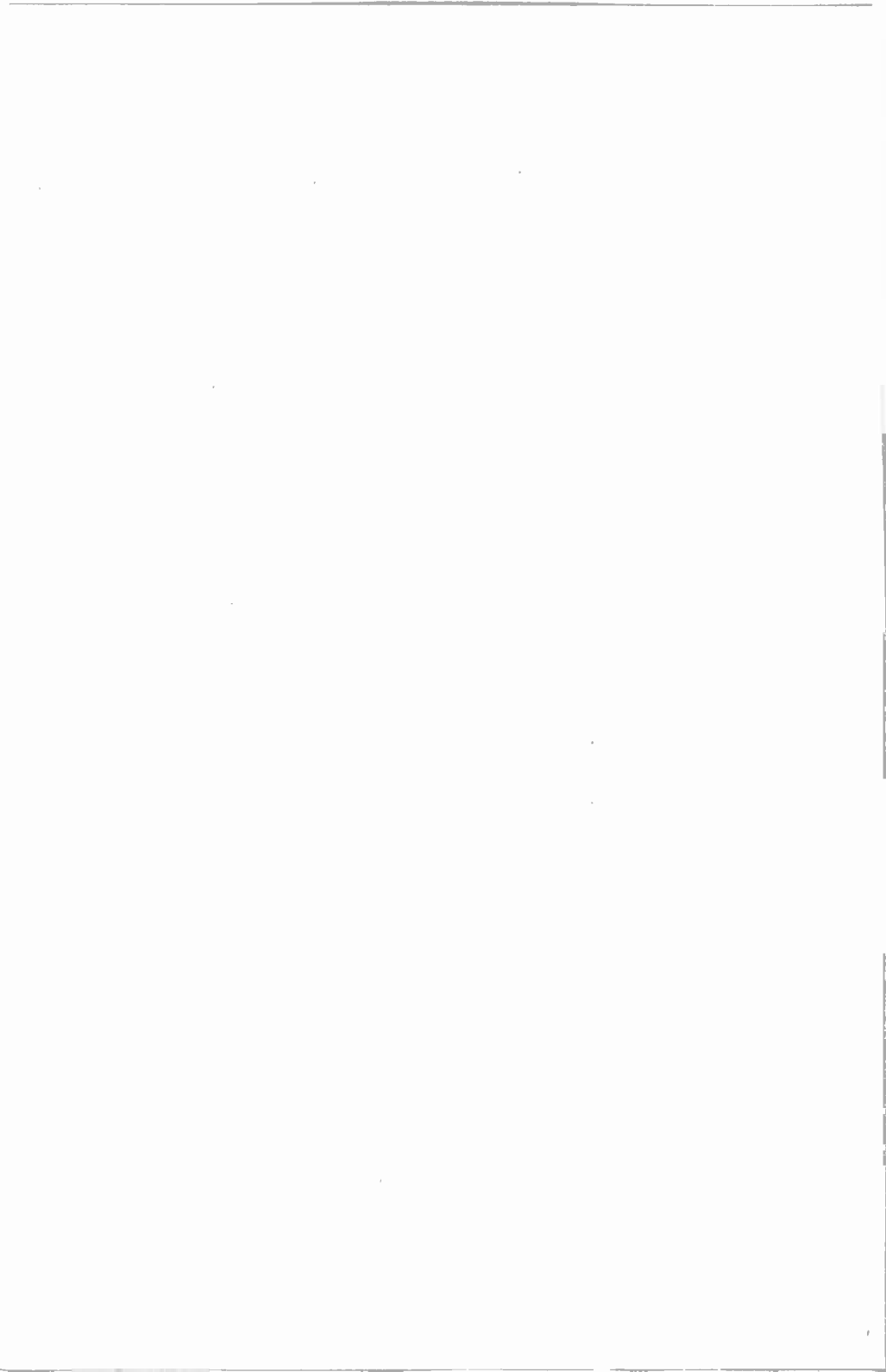
Such a department might function as a combination mail-order and itinerant advertising agency specializing in the problems of local advertisers. Expert advice could be given on listener surveys, coordination of all promotion activities, checking results, programs for selecting particular consumer groups, preparation of commercials, coordination of spot announcements with program time, types of merchandise to advertise, and other elements involved in making radio effective. Some of this counsel could be transmitted by mail, but should be supplemented with periodic conventions or schools conducted at strategic points and attended by one or more representatives from each network affiliate in the region.

Networks already provide service of a sales promotional character. Station relations departments also serve as an important link between network and station. Neither of these divisions is concerned with the problems of local advertisers but rather with promotion of sales to national advertisers and with legal and personnel problems arising between network and station. A Retail Agency Department could detach itself from legal problems and matters dealing with national advertisers. Furthermore, since networks as such do not sell time to local business firms, the character of advice and service rendered would be divorced from any onus of direct private gain.

Naturally, no service of this character should be expected unless networks gained from it. There would be no direct gain, but indirect and long-run benefits might well be substantial. Strong networks are made from strong stations, and strong stations are well rooted in their respective communities. If stations, other than clear-channel outlets, are to secure and hold a substantial local following, an important amount of time must be sold to local institutions. Hence, networks desirous of fostering strong affiliates might do well to work toward improving the service which affiliates can give local buyers of time. It is probable that frequency modulation and television will focus greater attention on this aspect of station operations.



PART IV  
RADIO AS A REGIONAL ADVERTISING  
MEDIUM





## CHAPTER XIII

### *The Regional Advertiser*

IN THIS study the term "regional" has been applied to those firms whose business operations are not necessarily confined to one community but are not sufficiently broad in scope to permit national distribution. In contrast, retailers and service operators (other than chain stores) are tied to one community and its environs. Regional firms may choose to operate in one community only but possess characteristics which permit them to broaden their area of distribution. Such firms include wholesalers of all types, manufacturers which have chosen to restrict distribution to an area never encompassing more than a few states, and producers of farm products who distribute by mail or through retail outlets on a regional basis. Trade associations serving regional interests are also included in this classification.

In classifying manufacturers for purposes of this study, a few small one-community operators were considered more like retailers and included with that group. Small bakeries that sell direct to the public and operate in one locality only illustrate this type of firm. In general, firms classified as regional are those that could logically employ radio stations in more than one community but could not logically use a national network.

#### *Kinds of Business*

INFORMATION was collected, both by mail and by personal interview, from many kinds of regional users of radio advertising. Usable questionnaires were received from 184 regional wholesalers, producers, and manufacturers which were consistent users of radio. Four specific trade groups were represented in sufficient numbers to permit separate classification. These four groups, which accounted for 94 of the 184 questionnaires in the total sample, were bakeries, bottlers, breweries,

### *Radio Advertising for Retailers*

and dairies. Naturally firms in these groups that operated on a national basis were not included in the sample. A fairly large number of manufacturers of specialty items provided information on their radio experiences, but the variety of items manufactured was so great that homogeneity was lacking. Such specialty items included household cleansing and bleaching compounds, insect sprays and powders, floor wax and cleaners, dog food, vitamins, medicine, cosmetics, flavoring extracts, food coloring compounds, peanut butter, ice cream, and gelatine. Other kinds of business in the sample include the following:

- Wholesale grocers
- Wholesale distributors of beer and wine
- Bulk tank stations
- Creameries
- Livestock brokers and auction companies
- Country buyers of hides, furs, wool, etc.
- Flour and feed mills
- Vegetable oil refiners
- Producers of brick and building tile
- Evaporated milk processers
- Producers of hybrid seed corn
- Meat packers
- Paper products manufacturers
- Mattress manufacturers
- Nurseries
- Hatcheries

While many chain stores and some trade associations are also regional advertisers, statistical data presented in this chapter do not include reports from these two groups. Chain stores are retail institutions, and although they are not limited in their use of radio to stations located in one community, factors influencing operation are, in general, the same as those of other retail institutions. Associations have no merchandise or tangible service to sell; hence they were not included with other regional operators.

In general, merchandise brands assume a different position in the advertising done by regional firms than in that done by retail and service establishments. Regional wholesalers, producers, and manufacturers tend to use advertising to build the

## *The Regional Advertiser*

reputation of their specific brands, whereas retailers use advertising to induce consumers to come to the store to buy specific items or to stress store policies which will build store reputation and hence consumer patronage.

Thus, the emphasis which regional advertisers place on branded merchandise is comparable with that of most national advertisers. The firm name is not important in most cases and needs no emphasis. Primary attention is given to publicizing the brand name of the product. The only major difference in the radio advertising problems of national and regional firms is that of coverage. Regional advertisers cannot use national networks and hence must buy time from individual stations or small regional networks. This fact also tends to discourage the development of live talent programs comparable with those used by many national advertisers. Thus, the relationship of the broadcast station with regional advertisers is not unlike the relationship with retail institutions.

### *Expenditures for Radio Advertising*

IT is unsafe to estimate either the total number of regional firms making regular use of radio or the annual expenditures for radio time. The Federal Communications Commission makes no attempt to have broadcast stations distinguish between regional and national firms which buy time direct from the station. The only dollar figure available is one which represents station revenue from national and regional nonnetwork time sales. The 1942 station revenue from this source, as reported to the Federal Communications Commission, amounted to \$51,059,159. Unfortunately there is no way of determining what part of total national and regional revenue came from regional advertisers, but the total from both sources was only \$2,800,000 less than total station receipts from local advertisers.

Reports submitted by regional advertisers in connection with this study provide some data on the average expenditures for radio time by regional advertisers. Such information is presented in Table 23 for four specific kinds of business and a miscellaneous group. Similar data are given for different business-size groups. Information is also given to show the average number of stations used by regional firms and the average

## Radio Advertising for Retailers

expenditure per station. In using these figures, it must be remembered that no distinction has been made between stations in different power and community-size groups.

### TABLE 23

*Average Dollar Expenditure in Radio, Percentage of Total Advertising Budget Spent in Radio, and Average Number of Stations Used, by Consistent Regional Users of Radio in 1942 (By Kind of Business and Size of Business)*

CLASSIFICATION	NUMBER IN SAMPLE	AVERAGE AMOUNT SPENT IN RADIO	PERCENTAGE OF TOTAL ADVERTISING BUDGET	AVERAGE NUMBER OF STATIONS USED	AVERAGE EXPEN- DITURE PER STATION
<i>Kind of Business</i>					
Breweries	19	\$57,011	27.4%	5.0	\$11,402
Dairies	20	12,212	41.1	3.0	4,071
Bakeries	37	9,415	32.2	2.7	3,487
Bottlers	18	4,607	29.0	2.0	2,304
Others	90	10,747	44.6	4.2	2,559
<i>Size of Business</i> (1942 sales)					
\$5,000 and over	14	51,636	22.0	6.1	8,465
\$1,000,000-4,999,999	55	19,051	36.1	3.9	4,885
\$600,000-999,999	22	6,543	41.8	2.3	2,845
\$300,000-599,999	26	6,122	35.9	4.8	1,275
\$100,000-299,999	29	3,865	49.9	1.9	2,034
Less than \$100,000	14	1,264	47.6	2.1	602

It is interesting to note the size of the radio budget of the average regional advertiser. Breweries led the list both in total radio expenditures and in the amount spent per station. This was due, in part, to the emphasis breweries placed on advertising as a method of promoting sales. The average brewery reporting data appropriated 5.8% of its sales volume for advertising, whereas the comparable figure for dairies was 1.3%, bakeries 2.5%, bottlers 4.8%, and "other" regional firms 3.6%.

Averages do not tell the entire story of radio expenditures because of variations in size of business and relative emphasis

### *The Regional Advertiser*

placed on radio. Radio expenditures in 1942 by firms included in the sample ranged from a low of less than \$100 to a high of a little more than \$100,000. Only three firms represented in the sample spent more than \$100,000 for radio in 1942. Most of those spending very small amounts were seasonal operators with a low sales volume or small "kitchen" manufacturers endeavoring to promote a sideline item, such as extracts, peanut butter, or dog food.

Regional firms which used radio as a regular part of their 1942 advertising plan placed an important percentage of their total advertising budget in radio. Regional advertisers as a whole spent 33.7% of their total advertising dollars in radio, as compared with 11.3% for all retailers included in this study. Breweries spent the smallest relative amount and the largest absolute amount in radio, but even here 27.4% of total advertising dollars went into radio. It is interesting also to note that even those firms with large sales volume chose to spend an average of 22.0% of total advertising dollars in radio. This average is significant when compared with the 5.0% figure for retailers in the same size classification.

### *Number of Stations Used*

THE number of radio stations used by regional firms is not impressive. Of the 184 firms reporting data for 1942, 72, or 39.1% of the total, used only one station. Only 17.4% of the total used six or more stations. Regional firms are classified in Chart 34 in terms of the number of stations used in 1942. Assuming that the sample studied is reasonably representative, it is obvious that in 1942 regional firms operated over a relatively small area and utilized radio on a highly selective basis.

Kind of business had some influence on the number of stations used, as is shown by data in Table 23. Breweries again led the list, but even there an average of only five stations was used. A more detailed breakdown showed that six of the nineteen breweries reporting used only one station and seven used six or more stations. Dairies and bottlers tended to confine operations to a metropolitan area, which made it natural for them to employ the services of only a few stations. One-third

*Radio Advertising for Retailers*

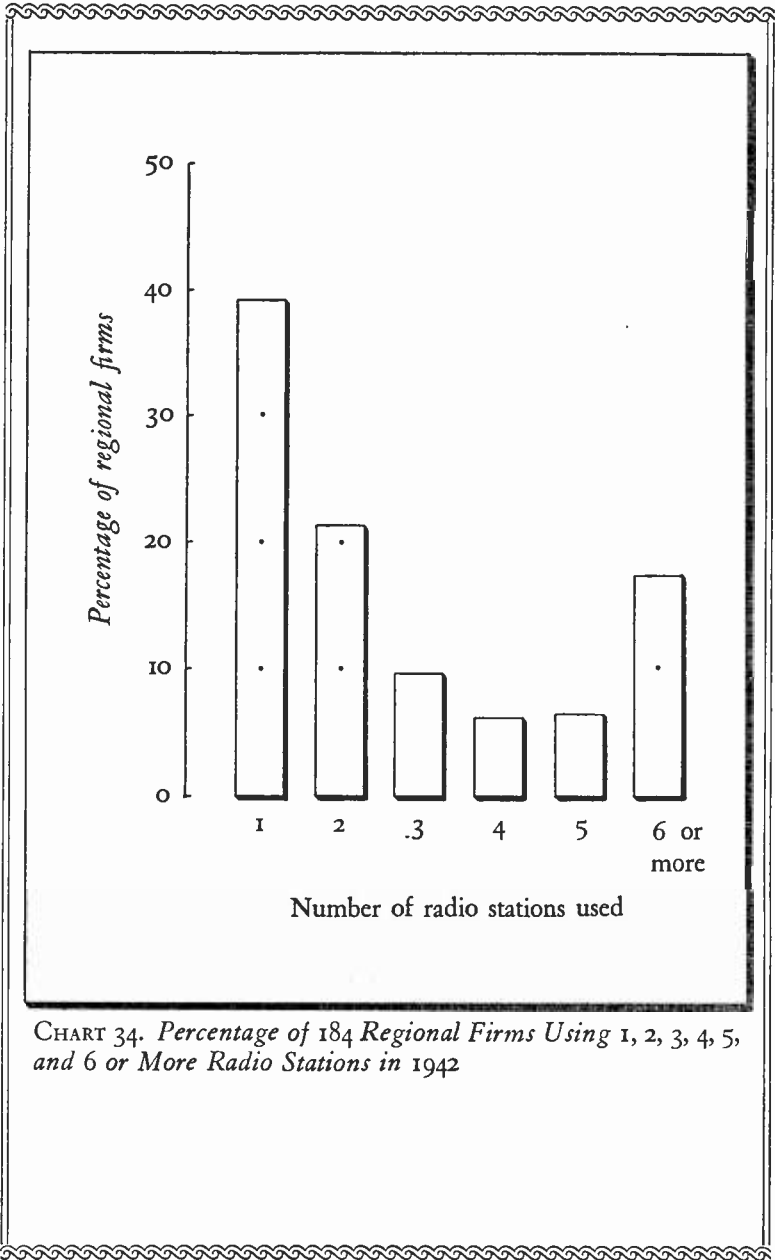


CHART 34. *Percentage of 184 Regional Firms Using 1, 2, 3, 4, 5, and 6 or More Radio Stations in 1942*

## *The Regional Advertiser*

of each of these latter two business groups used only one station, while from 10% to 15% used four or more radio outlets.

### *Date Radio Was First Used*

REPORTS submitted by regional business firms which were consistent users of radio in 1942 indicated a considerable degree of long-term usage. Details showing the date when radio was first used by the 178 advertisers reporting data on this point are given in Table 24 and Chart 35. The carry-over of advertisers

TABLE 24

*Percentage of 178 Regional Advertisers Using Radio at the Beginning of 1942 Which Began Using It in Specified Years*

YEAR	PERCENTAGE OF TOTAL	PERCENTAGE OF TOTAL
	STARTING RADIO USE	USING RADIO IN
	IN EACH YEAR	EACH YEAR
1930 and before	...	10.2%
1931	1.7%	11.9
1932	1.7	13.6
1933	3.4	17.0
1934	4.6	21.6
1935	10.8	32.4
1936	10.2	42.6
1937	5.7	48.3
1938	8.5	56.8
1939	9.1	65.9
1940	14.8	80.7
1941	19.3	100.0

NOTE: Firms which discontinued the use of radio advertising are excluded.

from one year to another is also shown. Only 10.2% of the 1942 users of radio first employed radio in 1930 or earlier. Additions to the list of consistent users were slight until 1935, when as many as 10.8% of the 1942 group first employed radio. The relatively large increases in 1935 and 1936 were materially influenced by the legalization of beer and the impetus which that gave to the advertising activities of breweries. Of the total num-

## Radio Advertising for Retailers

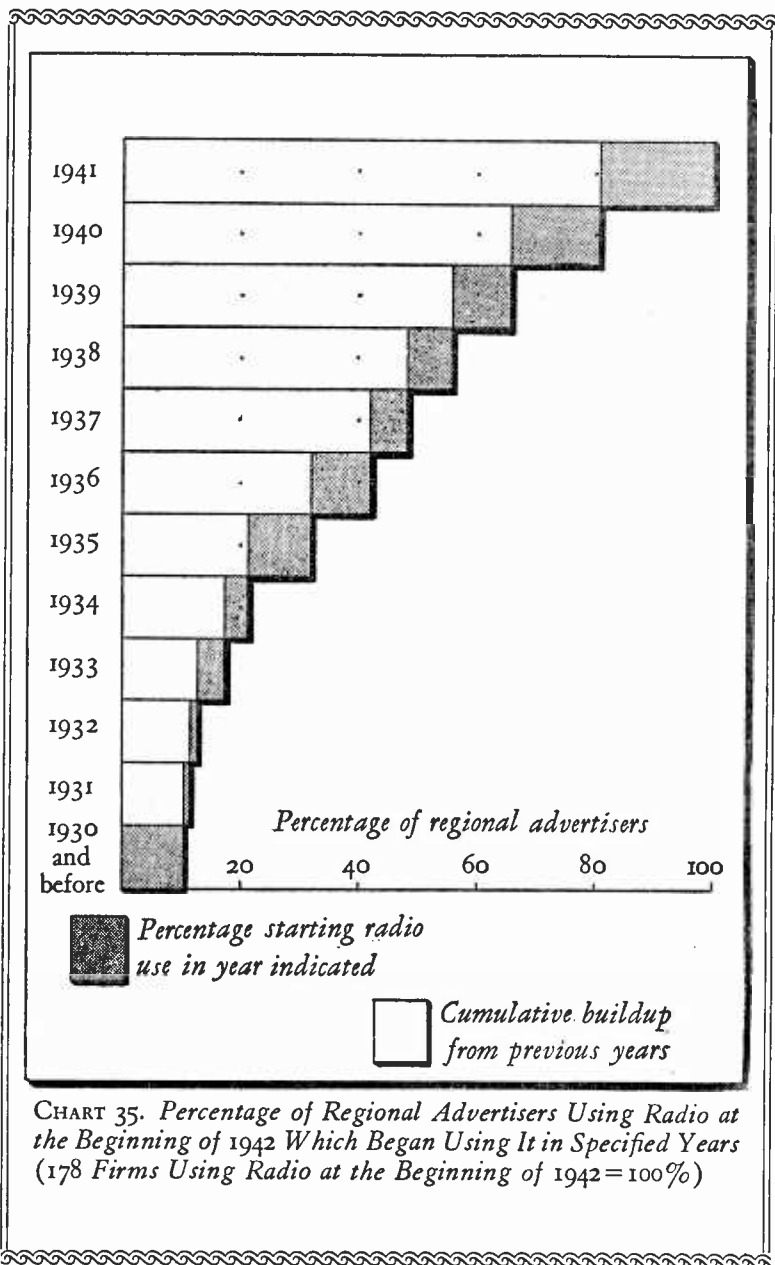


CHART 35. Percentage of Regional Advertisers Using Radio at the Beginning of 1942 Which Began Using It in Specified Years (178 Firms Using Radio at the Beginning of 1942 = 100%)



## *The Regional Advertiser*

ber of 1942 advertisers represented in the sample who started radio in 1935, more than one-fifth (21.0%) were breweries.

Bakeries appeared to have been users of radio for the longest period of time. Of the total number of bakeries reporting, more than one-fourth (25.7%) first started to use radio in 1930 or earlier. In fact, 50% of all regional advertisers represented in the sample who started radio use in 1930 or earlier were bakeries.

No detailed data were collected to measure the mortality rate of regional advertisers. Impressions gained from personal interviews with a large number of broadcast station managers and regional advertisers, however, led the author to the conclusion that mortality among regional manufacturers and wholesalers was somewhat higher than mortality among retail accounts. Some small manufacturers have grown large and expanded from regional to national operation, while others have either failed in their distribution efforts or have been absorbed by other firms. Either of these developments results in the mortality of a regional radio advertiser. These forces have been balanced by the relative stability of breweries and bakeries in their use of radio so that the total picture of long-term use by regional firms is not significantly different from that of retailers. Thus, 48.3% of the 1942 regional users of radio who reported information on date of first use had been regular users of radio for five or more years, whereas the comparable figure for retailers was 50.0%.

### *Objective of Radio Advertising*

REGIONAL business firms which utilized the facilities of broadcast stations in 1942 placed major emphasis on advertising of their brand rather than of their institution. Only 20.0% of those firms submitting detailed data placed complete emphasis on advertising designed to promote the institution, while 80.0% used radio primarily as a means of building brand reputation. This latter group gave some attention to the promotion of goodwill through institutional advertising. Dairies provided the only important exception in the dominance of advertising designed to build brand reputation. In general, dairies placed as much emphasis on promoting the name of the dairy and its

### *Radio Advertising for Retailers*

service facilities as they placed on the promotion of specific merchandise.

More specific objectives of radio advertising as used by regional firms included its aid in combination with other selling efforts to secure distribution of new products or of old products in new territories, urging purchase of merchandise by mail, and providing promotional assistance to retailers. The use of radio to encourage distribution in new territories is illustrated by a small flour milling firm in Wisconsin. In the spring of 1942 this firm employed a 15-minute program five days a week over a broadcast station located in a territory in which only a few retailers carried the company's product. The manager of the company reported that "at the start of the radio campaign only four retailers in the area reached by the radio station were handling our flour, but at the end of 12 months we had 36 retail distributors and the increase in volume of sales had been highly satisfactory."

A manufacturer of household items such as furniture polish, window cleaner, and scouring compounds started using radio in 1941 to help secure retail distribution. This firm directed its advertising message to consumers, emphasizing that they could secure the merchandise from local retailers. During the first 16 months of radio advertising devoted to securing retail distribution, this Minnesota firm by its combined selling efforts "increased the number of retail outlets from 100 to 3,000 and increased sales volume twelvefold."

The specific objective of some milk distributors was influenced by manpower shortages created by the war. A Pennsylvania dairy had used radio since 1936, but until 1942 it had used radio primarily to emphasize such institutional qualities and services as courteous service rendered by drivers, loan of insulated boxes to protect milk until the housewife could bring the milk inside, and the general ability of the company to meet the needs of milk users. In 1942 advertising emphasis was placed on urging customers to buy milk from retailers in order to reduce the burden on transportation and manpower occasioned by home delivery. Naturally, appeals were also designed to promote the particular brand sold by the dairy, but commercials suggested that new customers, and old customers desiring

### *The Regional Advertiser*

extra milk products, buy from their local retailers. Another dairy had devoted most of its radio advertising effort since 1939 to the promotion of its brand through retail outlets. The manager of the firm stated: "General retail distribution of [the company's] brand has increased 20% in two years and total sales volume has increased 10%."

A number of regional business firms had used radio to solicit mail order business. This practice was particularly prevalent among small "kitchen" manufacturers who were experimenting with a new product but had not developed it to the point where wholesale and retail distribution appeared to be feasible. One such manufacturer in Iowa had developed a specialty food item which was prepared in his own kitchen and packaged in his own home. Original distribution was largely among friends and friends of friends. The producer decided to experiment with some radio spot announcements offering the product as a mail order item. Response was sufficiently great to force him to devote full attention to the product and to warrant the addition of other broadcast stations to the advertising schedule. Within two years the business had grown from its home kitchen beginning to one with downtown offices and a force of regular employees.

The objectives of regional business firms were not particularly different from those of distributors of merchandise on a national basis. As stated above, promotion of brands was of primary importance for all business groups except dairies where institutional advertising was widely used. Even when regional firms appealed directly to consumers as a means of stimulating retail distribution, they have followed the same general pattern used by many national firms.

#### *Organization in Charge of Advertising*

REGIONAL business firms placed greater dependence on advertising agencies to plan and direct the radio effort than they placed on either their own advertising departments or radio station management. The relative dependence placed on each of these three organizations by all regional radio advertisers and by breweries is graphically presented in Chart 36. Thus, 57.9% of all regional firms included in the sample studied depended

*Radio Advertising for Retailers*

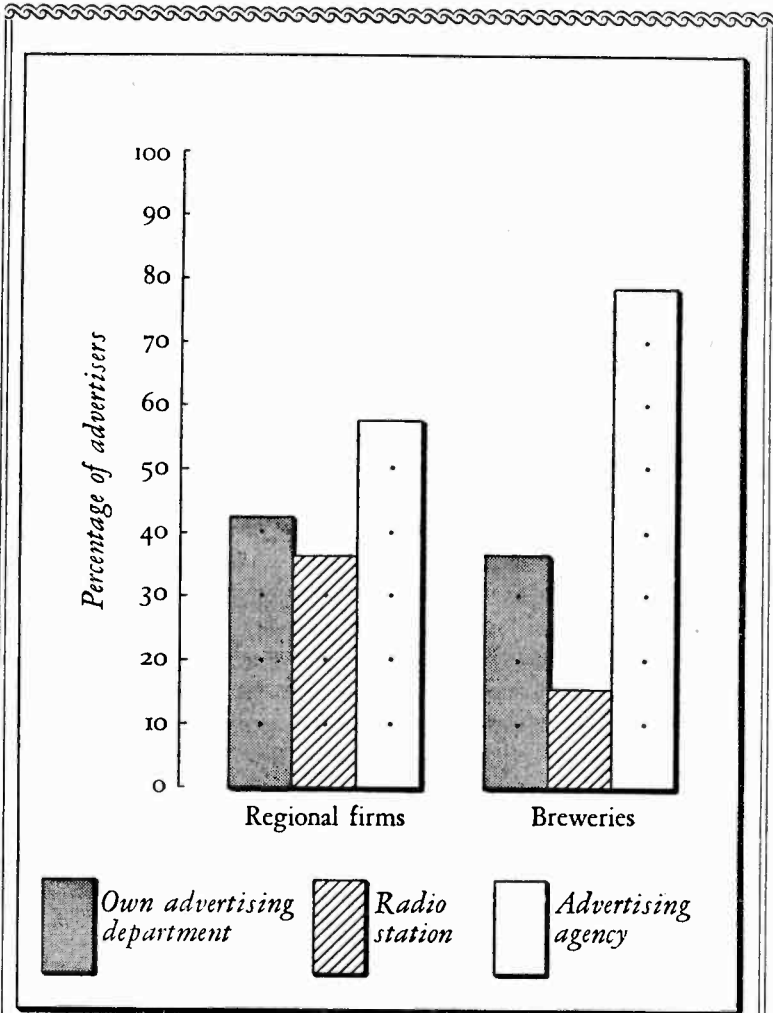


CHART 36. *Extent to Which 183 Regional Business Firms and 19 Breweries Depended on Different Organizations to Plan and Direct Their Radio Advertising Efforts in 1942*

### *The Regional Advertiser*

entirely or in part on advertising agencies. Only about one-third (36.6%) placed some dependence on radio station management, and 42.6% utilized their own advertising department to an important degree. These percentages add to more than 100 because a number of firms used more than one of the three organizations in the planning and direction of radio advertising.

Breweries were outstanding in placing their radio advertising in the hands of advertising agencies. As is shown in Chart 36, more than three-fourths (78.9%) of the breweries reporting utilized the services of specialized agencies. A relatively small number (15.8%) placed important dependence on the radio station.

The position of the advertising agency is quite different in the radio efforts of regional firms than it is in the case of retail firms. Only 16.5% of the latter made use of advertising agencies in 1942, as compared with 57.9% of all regional firms submitting data. This difference is influenced materially by the hesitancy of advertising agencies to solicit retail business or to operate in small communities and by the fact that regional advertisers generally spend sufficient sums for advertising to attract agencies. The agency commission policy of a few radio stations has also had some influence. A small number of stations grant no agency discounts on retail business but do provide a discount on all manufacturer and wholesaler accounts regardless of size. A number of agencies interviewed reported that they were equipped to service any type of manufacturer, particularly those with branded merchandise, but did not consider it worth while to equip themselves to handle retail business. A number of agencies were willing to service small regional business firms since such firms had possibilities of growing big and thus might develop into highly profitable accounts. Evidence seemed to indicate that advertising agencies were of real benefit to regional advertisers.

#### *Unit of Time Purchased*

ALMOST three-fourths (74.0%) of the regional business firms which cooperated in this study purchased some spot announcement time in 1942. Some firms, particularly the smaller ones, placed complete dependence on spot announcements, but

### *Radio Advertising for Retailers*

many firms used spots to supplement and support sponsored programs. This fact is clearly evident from an analysis of the relative amounts of the radio budget allocated to different units of radio time. Allocations of the radio budget as represented by 163 regional advertisers are presented in Chart 37, where it is shown that regional advertisers, taken as a group, allocated 47.7% of their 1942 radio dollars to the purchase of spot announcements. This percentage represents a somewhat better balance between spot announcements and program time than was found in the practice of retailers who, on the average, spent 58.0% of their radio budget for spot announcements.

Fifteen-minute units of time were most commonly purchased by regional business firms for program sponsorship, the average firm spending 30.8% of its radio money for such time units. Another 12.4% was spent for longer periods of time, ten-minute units received 2.8% of the radio budget, and five-minute programs received 6.3%.

The kind of business had no significant bearing on the unit of time purchased except in the case of breweries and dairies. The average regional brewery spent 70.3% of its radio dollars for time periods of 15 minutes or more in length and only 19.0% for spot announcements. Although dairies spent relatively more for spot announcements, as can be seen in Chart 37, they, too, spent less than the average regional radio user.

Evidence was inconclusive concerning the influence which the unit of time purchased had on reported success of radio advertising. Many individual firm experiences were recorded, and from these it was clear that success had resulted from both the use of spot announcements and the use of other units of time. The manager of a Massachusetts bakery which spent 95% of its radio budget for spot announcements stated: "We attribute increase in sales of our main loaf mainly to constant use of spots." The manager of a regional manufacturing firm in Missouri with 1942 sales of about \$600,000 commented: "We have had a steady and consistent increase in sales for the past three years, which we attribute in great part to the heavy and continuous use of radio spot announcements." This company spent more than half of its total 1942 advertising budget in radio and placed all radio money in spot announcements.

The Regional Advertiser

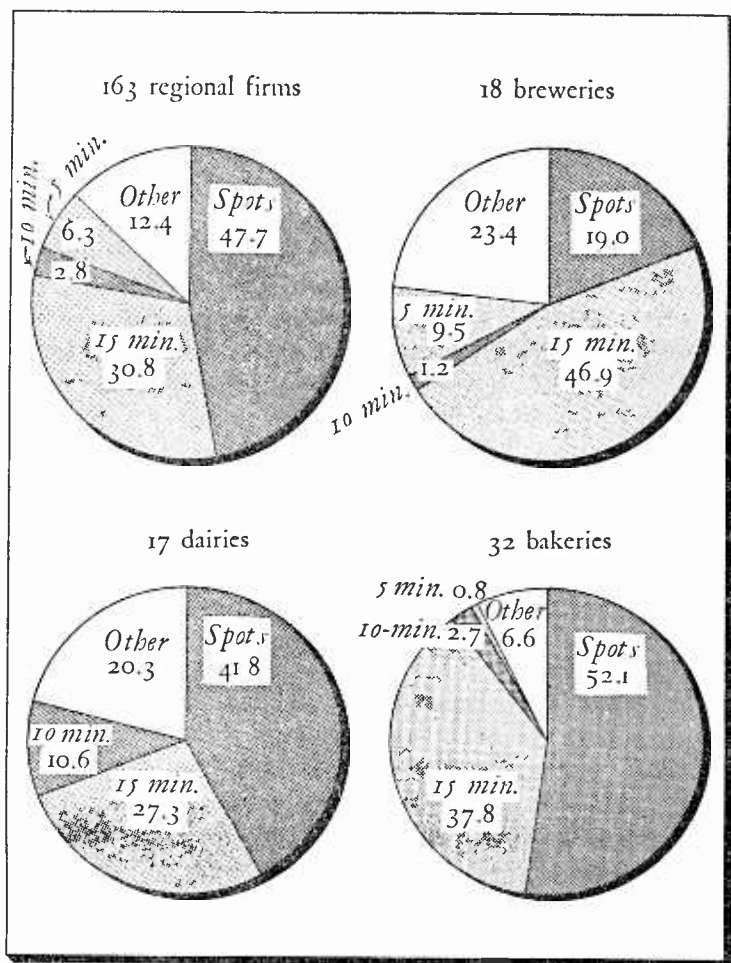


CHART 37. Distribution of 1942 Radio Dollar by Unit of Time Purchased for Various Types of Regional Firms

## *Radio Advertising for Retailers*

In contrast to the successful experiences of a large number of users of spot announcements was the record of individual successes by firms depending largely on sponsored programs. Outstanding in this group were breweries, which placed major emphasis on programs. Breweries included in the sample studied spent only 19.0% of their radio money for spots, yet this group reported a record of high success beyond that of any other kind of business.<sup>1</sup> A bakery, located in Illinois, spent 80% of its radio budget for 15-minute time units; the manager reported: "In the spring of 1941 we emphasized raisin bread for 60 days and increased our business on that item fivefold." Analysis of the experiences of many individual firms leads to the conclusion that successful use of radio by regional firms has depended on factors other than the unit of time purchased.

### *Types of Programs Used*

REGIONAL business firms sponsored news more than any other type of program. A detailed picture of the relative importance of different types of programs is given in Chart 38. It should be noted that percentages in Chart 38 add to more than 100 because many advertisers used more than one type of program. Musical programs were second to news in popularity but well ahead of all other types. Cooperative programs were used rather extensively by dairies and by some manufacturers. A cooperative program is one which has usually been developed by a broadcast station to cover a period of 30 minutes or more and is then sold to individual firms either in segments of 5, 10, or 15 minutes or as a unit to members of a particular trade group. They are similar to participating programs except that the latter carry spot announcements, and no particular segment of them is sold to a given advertiser. A number of examples were found of dairies in a given area combining to sponsor a radio program which was designed to promote an increase in the consumption of milk and milk products rather than to promote the sale of the brands of individual firms. Such programs were usually classified as cooperative programs, although it is recognized that no clear-cut definition can be given for them.

<sup>1</sup> See page 264 for details of reports on degrees of success.



*The Regional Advertiser*

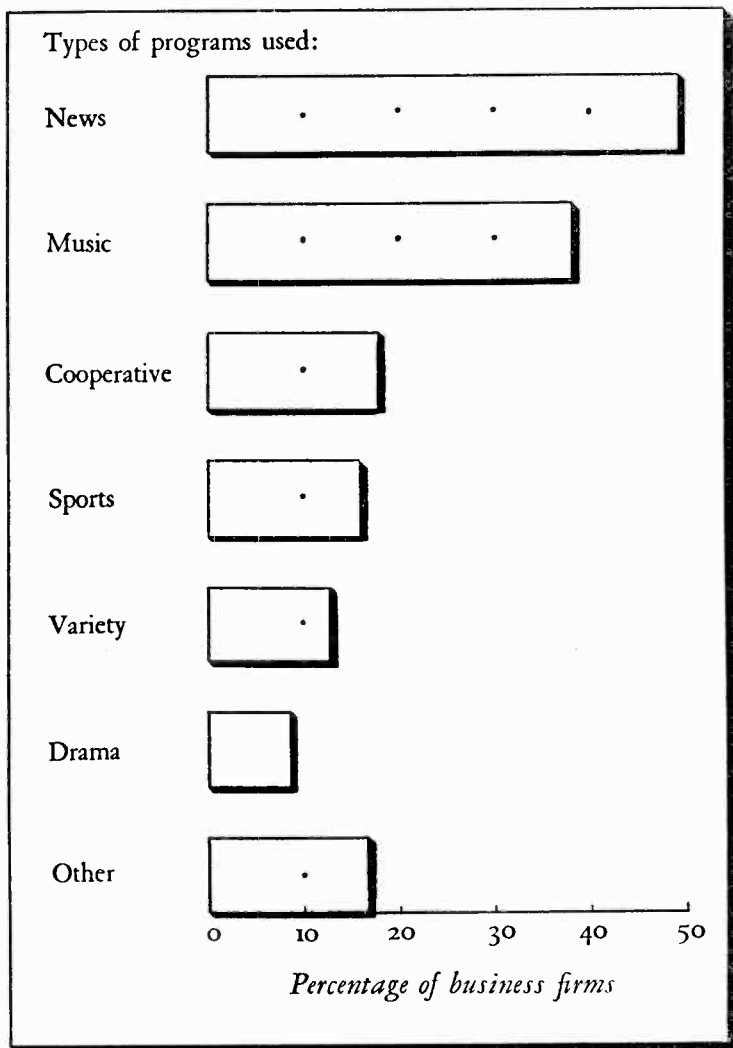


CHART 38. *Percentage of 121 Regional Business Firms Using Various Types of Programs in 1942*

NOTE: Some firms used more than one type of program; hence percentages add to more than 100%.

### *Radio Advertising for Retailers*

Sports programs were particularly popular with breweries and bottlers. One-half of the breweries and 36.4% of bottlers which used programs in 1942 spent at least some of their radio money for sports programs. These programs were commonly a review of the sports events of the day or sponsorship of play-by-play descriptions of professional baseball or local school sports events. The importance of sports programs was somewhat greater than indicated in Chart 38, since such programs usually covered relatively long periods of time and hence cost the sponsor considerably more than short news or musical programs. Data in Chart 38 represent the percentage of firms using different types of programs and do not provide a measure of the relative amounts of money spent for such programs.

A more detailed analysis of programs discloses a wide variety of types. A number of bakeries and dairies built programs around music but also included talks on food conservation, preparation of new dishes, and how to use left-over food. Health talks, with particular emphasis on vitamins, were also common. Some milk and bread companies directed their talks to children, but most of them appealed directly to the housewife.

A livestock commission merchant developed a program to assist farmers in their stock feeding problems. This firm sponsored a daily 10-minute program, broadcast during the noon hour, called "feedlot talks." These talks were given by a partner of the firm who offered specific, authoritative advice about the feeding of cattle, hogs, and sheep. Care was taken to make each talk highly practical and authoritative. Sources of information were often given to emphasize the reliability of the advice and to encourage listeners to include such references in their reading. Response to this program was good.

Many small manufacturers and chicken hatcheries favored contests and "giveaway" programs. An Iowa creamery sponsored a program in which prizes were offered to the 10 entrants who showed the greatest improvements in cream production over a period of three months. Occasional talks were also given to point out methods which could be used to increase production. The manager of the creamery stated: "Contests over the air are the best business getters we have. Next in line are sports." Some hatcheries also reported favorable results from contests,

### *The Regional Advertiser*

but one Missouri firm found them disappointing in many cases. This firm had used radio since 1929 and had experimented with many radio stations and different types of contests. The manager observed that his contests often produced a lot of curiosity seekers, particularly from city youngsters who would never be in the market for baby chicks. He had found that results would be poor unless contests were built to interest only those who were potential buyers and broadcast over stations whose audience was primarily rural. This observation is fundamental to all programs. Certainly good results should not be expected unless programs attract people who would be potential customers.

The use of giveaway programs is illustrated by the experience of a Wisconsin flour milling company that sponsored a "jackpot" program. The manager of the firm explained his use of the program as follows: "We took a 15-minute program five days a week on the local station to promote our flour. Each day, between musical numbers, we would call a housewife in the area at random and ask her a question based on the trademark on every sack of our flour. She did not have to purchase a thing, but, as we had hoped, housewives demanded our flour so they had a chance to answer correctly if called. If the housewife gave the correct answer to our question, we sent her a check for \$2.00. Results from this program were very satisfactory."

While giveaway programs have brought their sponsors immediate sales results in most cases observed, it is the author's opinion that they should be used with extreme care, if at all. They build a following on the basis of hope for monetary gain rather than because of the satisfying character of the entertainment or the fundamental merits of the product advertised. It is believed that more substantial and lasting results have been apparent from programs based on satisfying entertainment or on helpful talks such as the feedlot and food conservation programs described earlier.

#### *Degrees of Success from Radio Use*

REGIONAL business firms have not, as a general rule, subjected their advertising efforts to careful measurement of results. Of the total number of firms studied, only about 10%

### *Radio Advertising for Retailers*

had set up machinery for the specific purpose of obtaining a definite statistical measure of the influence of advertising on sales. Breweries had done more along this line than any other kind of business, but even here only one in five had made specific statistical checks of results. Many heads of those firms which had not carefully attempted to calculate results in terms of specific sales, however, stated that they were conscious of their radio efforts and believed they could evaluate results in broad terms with accuracy.

Of the 184 regional firms that submitted statistical data pertaining to their radio operations, 177 were willing to rate their radio results on the following four-point scale: high success, moderate success, slight success, and no success. The character of the ratings by the 177 cooperating firms is presented in Table 25 and Chart 39. Ratings by 21% of the breweries and

TABLE 25

*Results from Radio Advertising as Reported by Regional Firms in 1943*

KINDS OF FIRMS	NUMBER IN SAMPLE	DEGREE OF SUCCESS		
		HIGH	MODERATE	LITTLE OR NONE
All regional firms	177	41.2%	50.9%	7.9%
Bottlers	18	33.3	61.1	5.6
Bakeries	36	36.1	58.3	5.6
Dairies	18	44.4	44.4	11.2
Breweries	19	63.2	31.6	5.2
All others	86	39.5	51.2	9.3

by about 10% of all firms reporting were based on statistical measurements, but ratings of all other firms were based to a considerable degree on subjective evaluations. These facts should be kept in mind when reading the data given. Subjective evaluations are always open to question, but comparisons of the ratings of all firms with ratings of those which had made careful statistical checks, together with impressions gained from many personal interviews with firm management, led to the belief that over-all ratings were reasonably accurate.

The number of firms reporting high success was surprisingly

*The Regional Advertiser*

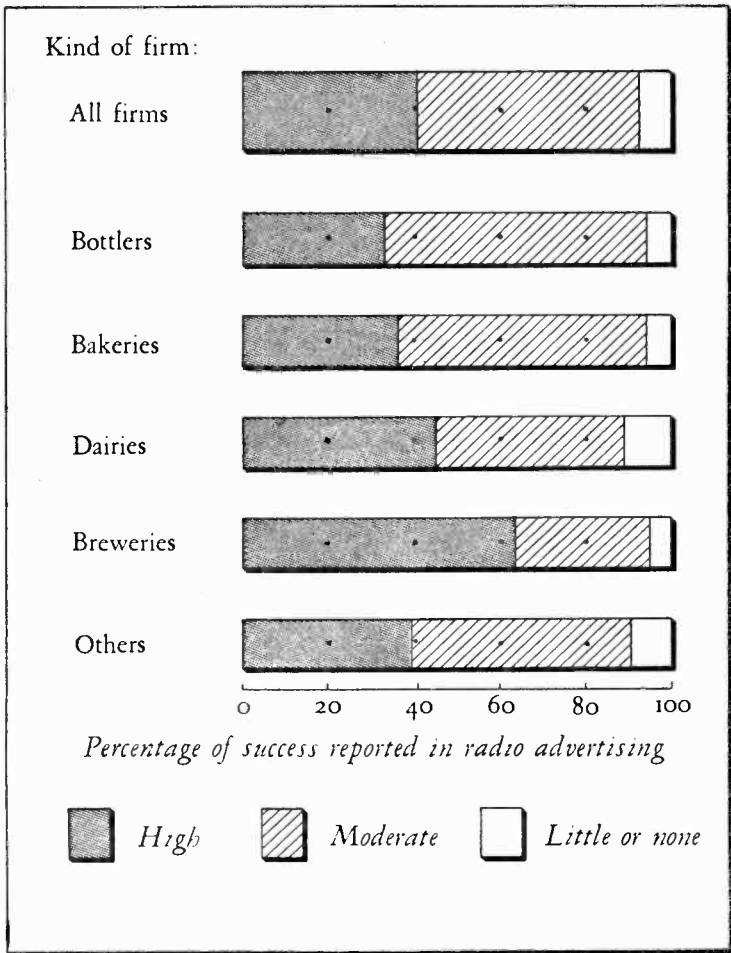


CHART 39. *Results from Radio Advertising, as Reported by 177 Regional Firms in 1943*

### *Radio Advertising for Retailers*

large, and no firm reported that radio had been unsuccessful. More than two-fifths (41.2%) of all firms reported high success, and only 7.9% indicated slight success from their radio efforts. Bottlers seemed to have had the least success from radio advertising, with only one-third (33.3%) of the total reporting high success. Breweries topped the list, 63.2% placing themselves in the high success category. This high figure for breweries is interesting in light of the fact that a greater relative number of breweries made regular statistical checks of advertising results than was true of any other business group.

When reports from cooperating firms were classified by size of business as represented by 1942 sales volume, a different pattern of success was disclosed. Such a tabulation of results is given in Table 26, which shows that the relative number of firms ranking their results from radio advertising as highly successful was greatest among firms with a large sales volume and, except in one instance, declined as sales volume declined. Perhaps the most interesting figures are those showing a large relative number of the smaller firms reporting only slight success from radio advertising. Among those firms with 1942 sales of less than \$100,000, the number reporting slight success was greater than the number reporting high success.

It appears that the factors of *absolute* and *relative* expenditures for radio have had about the same bearing on success in the case of regional firms as in the case of retail establishments. Since the influence of these factors on success from radio advertising as employed by retailers was discussed in detail in Chapter VI, pages 96-106, it will not be necessary to repeat that discussion here. Hence, only brief attention is given to the statistics applicable to regional firms.

Both the absolute and the relative amounts spent for radio by regional firms, together with degrees of success attained from radio as reported by such firms, are given in Table 26. Firms spending less than 20% of their advertising dollars in radio reported relatively less success than did those which spent a greater portion in radio. In general, the greater the percentage of total advertising dollars spent for radio, the greater the success reported. The only exception to that was among firms in groups three and four. Firms in percentage group three spent

## *The Regional Advertiser*

an average of 36.7% of their advertising dollars for radio as compared with 57.7% spent by firms in group four, yet those in the lower percentage group reported relatively greater success (47.9% high success) than firms in the higher percentage

### TABLE 26

*Amount Spent for Radio Advertising and Degree of Success Reported by Regional Business Firms Classified by Size of Business and by Percentage of Total Advertising Budget Spent in Radio in 1942*

BUSINESS CLASSIFICATION	NUMBER IN SAMPLE	AMOUNT SPENT FOR RADIO ADVERTISING		DEGREE OF SUCCESS (PERCENTAGE OF TOTAL NUMBER OF FIRMS)		
		DOLLARS	PERCENTAGE OF TOTAL BUDGET	HIGH	MODERATE	SLIGHT
<i>Size of Business (1942 sales volume)</i>						
\$5,000,000 and over	14	\$51,636	22.0%	53.8%	38.5%	7.7%
\$1,000,000 to \$5,000,000	55	19,051	36.1	45.3	52.8	1.9
\$300,000 to \$1,000,000	48	6,315	38.5	30.4	67.4	2.2
\$100,000 to \$300,000	29	3,865	49.9	31.0	48.3	20.7
Less than \$100,000	14	1,264	47.6	21.4	50.0	28.6
<i>Percentage of Advertising Budget Spent in Radio</i>						
Under 20%	32	7,459	10.6	20.7	69.0	10.3
20 to 30	34	10,612	23.3	33.3	54.6	12.1
30 to 50	49	20,777	36.7	47.9	41.7	10.4
50 to 75	36	10,537	57.7	45.7	51.4	2.9
75 to 100	33	22,094	86.1	53.1	43.8	3.1

group (45.7% high success). This difference is very small, but is significant in that it reverses the upward trend. This reversal may have resulted from the significant difference in the absolute size of the radio budget. The dollar radio budget of the

### *Radio Advertising for Retailers*

average firm in group three was approximately twice that in group four. Such an observation is supported still more by a comparison of firms in percentage groups two and four in the bottom part of Table 26. The average dollar expenditure for radio by firms in those two groups was almost identical, yet one represented 23.3% and the other 57.7% of the total advertising budget. One-third (33.3%) of the firms in group two reported high radio success, while the comparable success figure for firms in group four was 45.7%. In the absence of further evidence it would seem that size of business, number of dollars, and percentage of advertising budget spent in radio all have some influence on success.

While such physical elements as those just analyzed have had significant influence on success, it appears that management factors have had even greater influence on success. This observation has been made only after talking with many regional operators and analyzing their radio experiences in terms of managerial resourcefulness in developing new approaches to radio advertising, coordinating radio efforts with other promotion vehicles, and working with station personnel to see that the radio plan was effectively executed. One example of managerial resourcefulness is worth giving here to illustrate the value of imagination and proper timing of advertising effort.

The firm in question was a photofinishing concern located in Illinois. The business was started in 1929 and for two years remained a small local house that secured most of its customers from the local community. In 1931 and 1932 some newspaper, radio, and direct-mail advertising was used in other communities to get people to mail their films to the company for developing and printing. Reasonable success resulted from such efforts, and sales gradually increased in spite of the business depression in 1931 and 1932.

On March 6, 1933, all banks in the United States were ordered closed for an indefinite period. While the closing of banks brought gloom to most businesses, it served to stimulate the imagination of the manager of the photofinishing company. He recognized that cash was very hard to get, and hence he worked out a plan which would bring cash to radio stations. A straight radio commercial was prepared which explained the



### *The Regional Advertiser*

character and quality of the service offered by the company and urged listeners to mail their films to the radio station to which they were listening with 35 cents in coin to cover the cost of developing and printing. This copy was sent by telegram to a large number of radio stations located in nine states. Instead of asking stations to broadcast the commercial at regular card rates, the manager suggested that advertising time be charged on a per order basis and offered stations one-half of the money received. Since customers would mail their orders to stations and not to the company, stations would thus have cash coming in at a time when cash was sorely needed. The photofinishing company told stations to keep not only one-half of all money received to pay for the time but also the company's half too, and to send the company a check for its share. Thus, radio stations were given an opportunity to obtain extra business, to have that business paid for in cash, and to trade bank checks for additional amounts of cash at a time when cash was often more important than regular business.

A majority of the stations that received this offer accepted it and started broadcasting the photofinishing commercial. Because of this resourceful thinking on the part of a company executive, many broadcast stations were receiving cash by mail on the third day of the bank holiday and the photofinishing company was experiencing a greatly increased volume of business. Since the bank holiday lasted only nine days, the great success of this program could not have been possible without speed in both conception and execution. The same quality of resourcefulness has carried the company in question from a small local institution to a national organization with annual sales in 1942 amounting to several hundred thousand dollars.

It is not possible to reduce to statistical terms the influence of management on success, but it is obvious that management is of paramount importance. Good management will, of course, take into account the physical factors discussed earlier in this chapter but will also apply those factors with vision and discrimination. Management factors, other than imagination and proper timing, were discussed in Chapter VI in reference to retail business. Factors discussed there are equally applicable to regional firms.

### COOPERATIVE TRADE ADVERTISING

Some trade groups, both local and regional, have used radio to further the interests of the trade as a whole. Such efforts have been distinctly different from those of most individual companies in that no promotion of the goods or services of an individual company has been involved. Instead, emphasis has been placed on increasing the total business of the industry or group of cooperators.

A brief review of the experiences of a few such cooperating groups will serve to illustrate their use of radio. A milk producers' association in a midwestern state started using radio in 1939 to promote increased consumption of milk. The association sponsored five-minute news broadcasts and used commercials to emphasize the food values of milk. Radio promotion was coordinated with newspaper advertising, with the total media advertising budget divided equally between radio and newspapers. No statistical checks of results were made, but members of the association reported some increase in their sales and attributed the increase to the cooperative advertising venture.

Home builders' associations have used the same procedure in advertising the advantages of home ownership. One such association located in an eastern city has been using radio as a part of a major advertising program since 1934. Some individual members of the association inaugurated individual campaigns to run concurrently with promotion by the association. Officials of the association in question stated that members felt that results from cooperative advertising had been quite satisfactory, but neither the association nor individual members had made attempts to determine the relative effectiveness of the various types of advertising media used.

A somewhat different type of cooperative advertising is illustrated by a group of merchants located in a secondary shopping area of a large city. This group got together to advertise the advantages of patronizing merchants located in that area. Such factors as price advantages, good parking facilities, and freedom from downtown congestion were emphasized. While those in charge of the group endeavor stated that noticeable results had

### *The Regional Advertiser*

been attained, evidence seemed to point to general business improvement as the major cause of increased sales by member merchants. The group effort was undertaken in 1941 at a time when business was booming. Some members also recognized the difficulties involved in attempts to change shopping habits and considered advertising of the type undertaken on a group basis a violation of good advertising principles.

The State Grange in one of the western states inaugurated a statewide advertising venture in 1941 to bring to the attention of all farmers in the state the advantages of membership in the organization. A weekly 15-minute program consisting of talks on the history and objectives of the Grange was sponsored over 7 broadcast stations in the state. In many respects that type of program was entirely commercial, since its content consisted of material dealing with the organization sponsoring the program. In the course of 12 months 5,000 new members were secured and, according to officials of the Grange, general public relations were improved.

An outstanding example of the use of radio to build general community goodwill is found in the experience of an industrial trade group in the Midwest. This association of industrial firms sponsored a weekly, 15-minute program which reviewed world, national, and local news of the week. The program was started in 1942. Interspersed through the program were items dealing with the war activities of industry; home front problems of price control, rationing, and conservation; and suggestions for community improvements. Interviews were occasionally held with typical war workers and other community people. One check was made of the size of the listening audience after the program had been on the air for six months. Results indicated that as many as 50% of the radios turned on during the time this program was being broadcast were tuned to this program. Tangible results in terms of a better informed public or improved business-public relations were not available.

Cooperative radio advertising ventures, through either established trade associations or groups specially organized for that purpose, have been relatively uncommon and perhaps will continue to be so. The field is a fruitful one, however, and the possibilities of such activity might well be studied by trade groups.

## INDEX

## INDEX

- Advertising agency, 19, 227-241  
attitude of, toward retailers, 237-239  
commissions, 229-231, 257  
influence of size of business on use of, 233-235  
influence of size of community on use of, 231-232  
opportunities for, 239-240  
reasons for nonuse of, 236  
retail attitude toward, 235  
station attitude toward, 228
- Appliance stores, expenditures of, for radio advertising, 33, 35-37.  
*See also* Retailers and Hardware stores
- Audience, radio, 14-15, 127-151, 176
- Automotive and filling stations  
expenditures of, for radio advertising, 33, 35-37  
influence of size of community on use of radio by, 111  
results of use of radio by, 12, 60-61, 74, 90  
unit of radio time purchased by, 47-49.  
*See also* Retailers
- Bakeries  
date radio first used by, 253  
expenditures of, for radio advertising, 248  
results of use of radio by, 264-265  
types of programs used by, 262  
unit of radio time purchased by, 259  
use of radio by, 20, 245.  
*See also* Regional firms
- Banks  
date radio first used by, 43-44
- results of use of radio by, 60-61, 90  
types of programs used by, 55  
unit of radio time purchased by, 47.  
*See also* Service establishments
- Bottlers  
expenditures of, for radio advertising, 248  
number of radio stations used by, 249  
results of use of radio by, 264-266  
types of programs used by, 262  
use of radio by, 20, 245.  
*See also* Regional firms
- Brand names, promotion of, 76-77, 88
- Breweries  
date radio first used by, 253  
expenditures of, for radio advertising, 248  
number of radio stations used by, 249  
organization responsible for advertising of, 256  
results of use of radio by, 264-266  
types of programs used by, 260-262  
unit of radio time purchased by, 258-260  
use of radio by, 20, 245.  
*See also* Regional firms
- Budgets, 8, 16, 33-34, 47-52, 109, 247-249, 257-260, 266-268
- Character of local radio advertising, 9, 25-56
- Checking results, 10, 57, 63, 78, 117-122, 204-205
- Checklist for radio users, 121-122
- Chiropractors. *See* Professional services.
- Clothing firms  
date radio first used by, 42, 44

## Index

- expenditures of, for radio advertising, 33, 36-37
- results of use of radio by, 11, 60-61, 90
- types of programs used by, 54-55
- use of radio by, 29-30, 65-67, 85-87.
- See also* Retailers
- Commercial message, 192-207
  - appeals, 114, 193
  - copy suggestions, 17, 193-199
  - definition of, 192
  - desirability of honesty in, 201-202
  - importance of announcer for, 199-201
  - improving results of, 204-205
  - securing assistance in phrasing, 206
  - testimonials, 199
  - testing, 203
  - See also* Checking results
- Cooperative programs, 260
- Cooperative trade advertising, 270-271
- Coordinating radio with other advertising, 113-116, 172-174
- Copy suggestions. *See* Commercial message
- Dairies
  - expenditures of, for radio advertising, 248
  - number of radio stations used by, 249
  - objective of radio advertising by, 253-254
  - results of use of radio by, 264-265
  - types of programs used by, 260-262
  - unit of radio time purchased by, 258-259
  - use of radio by, 20, 246.
  - See also* Regional firms
- Dentists. *See* Professional services
- Department stores
  - date radio first used by, 41-42, 44
  - expenditures of, for radio advertising, 33-34, 36-37, 104-105
  - number of stations used by, 37
  - results of use of radio by, 59-61, 90, 105
  - types of programs used by, 54-55
  - unit of radio time purchased by, 45-49.
  - See also* Retailers
- Dramatic programs, 16, 53-55, 110, 139, 142, 162, 261.
- See also* Programs
- Drugstores
  - expenditures of, for radio advertising, 33, 36-37
  - results of use of radio by, 11, 12, 60-61, 74, 90, 111
  - types of programs used by, 55
  - unit of radio time purchased by, 47-49.
  - See also* Retailers
- Eating and drinking places
  - expenditures of, for radio advertising, 33, 36-37
  - results of use of radio by, 11, 59-61, 90
  - types of programs used by, 55
  - unit of radio time purchased by, 47
  - use of radio by, 29-30, 67.
  - See also* Retailers
- Expenditures for radio advertising by local business firms, 3, 8, 12-13, 30-37, 96-106
- regional firms, 20-21, 247-249, 266-268
- Extent of radio use, 8, 25-56
- Filling stations. *See* Automotive and filling stations
- Food stores
  - expenditures of, for radio advertising, 33, 36-37
  - results of use of radio by, 11, 59-61, 74, 90
  - types of programs used by, 55
  - unit of radio time purchased by, 47
  - use of radio by, 29-30, 67.
  - See also* Retailers
- Furniture stores
  - expenditures of, for radio advertising, 33, 36-37

## Index

- results of use of radio by, 11, 60-61  
types of programs used by, 55  
unit of radio time purchased by, 47  
use of radio by, 29, 68, 85.  
*See also* Retailers
- Furriers  
expenditures of, for radio advertising, 33, 35-37  
results of use of radio by, 11, 60-61, 64  
unit of radio time purchased by, 47-49  
use of radio by, 29.  
*See also* Retailers
- General merchandise stores  
expenditures of, for radio advertising, 33, 36-37  
results of use of radio by, 59-61, 90  
types of programs used by, 55  
unit of radio time purchased by, 47  
use of radio by, 29.  
*See also* Retailers
- Giveaway shows, 164, 262-263
- Goodwill, building, by radio, 11, 75-89
- Grocery stores  
influence of size of community on use of radio by, 111  
results of use of radio by, 11-12, 74, 90.  
*See also* Retailers
- Guides for  
checking results from use of radio, 117-122, 204-205  
copywriting, 17, 193-199  
determining appeals, 114, 193  
determining desires of customers, 204-205  
improved usage of radio, 11-14  
measuring radio audience, 15, 127, 145-151, 176  
testing commercials, 203
- Hardware stores  
expenditures of, for radio advertising, 33, 35-37
- influence of size of community on use of radio by, 111  
results of use of radio by, 59-61, 90  
types of programs used by, 55  
unit of radio time purchased by, 47  
use of radio by, 29.  
*See also* Retailers
- Insurance firms  
results of use of radio by, 59-62  
use of radio by, 29
- Jewelry stores  
date radio first used by, 41-42, 44  
expenditures of, for radio advertising, 33, 35-37  
results from use of radio by, 11, 60-61, 90  
types of programs used by, 55  
unit of radio time purchased by, 46-49  
use of radio by, 29, 69, 85.  
*See also* Retailers
- Laundries and dry cleaners  
results from use of radio by, 11, 60-61, 90  
unit of radio time purchased by, 47-49  
use of radio by, 29, 71
- Length of time radio has been used  
by local firms, 8-9, 39-44  
by regional firms, 251-253  
in relation to success, 92, 94-95
- Listening habits, 14, 141-145  
fluctuations in, 132, 142-145  
of different consumer groups, 134-141  
survey methods to discover, 145-151.  
*See also* Audience
- Loan companies  
date radio first used by, 43-44  
results from use of radio by, 60-61, 90  
types of programs used by, 55

## Index

- unit of radio time purchased by, 46-48
- use of radio by, 29.
- See also* Service establishments
- Lumber and building supply firms
  - expenditures of, for radio advertising, 33, 35-37
  - results from use of radio by, 59-61, 90
  - types of programs used by, 55
  - unit of radio time purchased by, 47
  - use of radio by, 29.
  - See also* Retailers
- Management factor
  - regional firms and the, 268
  - retailers and the, 13, 74, 107-109, 113.
- Manufacturers. *See* Regional firms
- Merchandise, sales of specific, 10, 57-74
- Musical programs, 9, 16, 52-56, 110, 139, 143-145, 156, 260-262.  
*See also* Programs
- News programs, 9, 52-56, 110, 143-145, 156, 260-262.  
*See also* Programs
- Objectives of radio advertising, 63, 91-93, 114, 253-255
- Opticians. *See* Professional services
- Participating programs, 52-55, 110, 261.  
*See also* Programs
- Patronage motives, 75-77, 88
- Personalities, 16, 159-161
- Personalizing the firm, 78-80, 153
- Professional services
  - results from use of radio by, 59-61
  - unit of time purchased by, 45, 47
  - use of radio by, 29.
  - See also* Service establishments
- Programs, 152-178
  - customer desires in, 16, 154
  - developing, to sell specific merchandise, 57-74
  - developing, to build goodwill and store traffic, 75-89
  - holding power of, 142-146
  - influence of, on results, 13, 16, 110-111, 152
  - opportunities of, 15, 166-170
  - policies of stations regarding, 217-218
  - promotion of, 172-175
  - selecting types of, 154-166
  - spot announcements versus, 9, 13, 16, 44-52, 56, 109-110, 152, 257-260
  - talent costs for, 54
  - types sponsored, 9, 52-56, 260-263
  - values of, 153
  - variations in appeal of, 138-141
- Radio sets in use, 14, 127-146
- Radio stations. *See* Stations
- Rates and rate policies, 214-215
  - as a factor in selecting time for broadcast, 171
  - as a means of rationing spots, 188-191
  - differentials between national and local, 216
- Real estate brokers
  - results from use of radio by, 59-61
  - use of radio by, 29
- Regional firms, 20, 245-271
  - date radio first used by, 251-253
  - definition of, 20, 245
  - expenditures of, for radio advertising, 20, 247-249, 266-268
  - number of radio stations used by, 248-250
  - objectives of radio advertising of, 253-255
  - organization in charge of radio advertising of, 255-257
  - relation of, to radio station, 247
  - results from use of radio by, 20, 263-269
  - types of programs used by, 260-263



## Index

- unit of radio time purchased by, 257-260
- Results secured from radio advertising
  - by local firms in relation to
    - building goodwill and store traffic, 11, 75-89
    - expenditures, 13, 96-106, 109
    - kind of business, 11-12, 58-62, 74, 104
    - length of time radio used, 9, 12, 92, 94-95
    - management, 13, 74, 107-109
    - number of stations used, 112
    - objectives, 91-93
    - organization responsible for advertising, 107-109
    - programs versus spot announcements, 13, 109-110
    - radio audience, 13
    - selling specific merchandise, 10, 57-74
    - size of business, 12, 98, 101-104
    - size of community, 12, 111
    - types of programs used, 110
  - by regional firms in relation to
    - expenditures, 266-268
    - kind of business, 264-265
    - management, 268
    - size of business, 267
- Retailers
  - agencies and, 228-231
  - availability of radio stations to, 25, 54
  - date radio first used by, 39-44
  - expenditures of, for radio advertising, 8, 30-37, 96-106
  - number of, in United States, 3, 8, 25-28
  - number of radio stations used by, 35-38
  - organization responsible for advertising of, 107-109
  - radio stations and, 208-226
  - reasons for nonuse of radio by, 73-74
  - result from use of radio by
  - See Results*
  - sales volume of, 25
  - types of programs used by, 9, 52-56
  - unit of radio time purchased by, 44-52, 109.
  - See also Service establishments*
- Revenue from
  - local accounts, 8, 30-32, 208-209
  - programs, 44-51
  - spot announcements, 44-51
- Selection of merchandise to advertise, 114
- Service establishments
  - date radio first used by, 43-44
  - number of radio stations used by, 39
  - reasons for nonuse of radio by, 73-74
  - results from use of radio by
  - See Results*
  - types of programs used by, 55
  - unit of radio time purchased by, 45-52.
  - See also Retailers*
- Shoe stores
  - expenditures of, for radio advertising, 33, 36-37
  - results from use of radio by, 60-61
  - unit of radio time purchased by, 45-49
  - use of radio by, 9, 29.
  - See also Retailers*
- Shopping programs, 161.
- See also Programs*
- Sports programs, 9, 16, 53-55, 110, 261-262.
- See also Programs*
- Spot announcements, 13, 44-52, 179-191
  - dangers from excessive use of, 184-186
  - dominance of, 9, 16, 179-182
  - legitimate place for, 186
  - results from use of, 13, 44-52, 109, 180-182
  - versus programs, 44-52, 109-110, 257-260.
  - See also Programs*

## Index

- Stations, 208-226  
as service agency, 107-109, 222, 256  
coverage of, 26-27, 213-214  
number used by  
    regional firms, 248-250  
    retailers and service establishments, 35, 37-38  
number of local accounts of  
    by size of community, 26  
    in relation to total accounts, 27-28, 31  
    influence of network affiliation on, 29  
    per station, 26  
    place in community of, 18  
    policies of, 209-212  
Store traffic, increasing by use of radio, 11, 75-89
- Talent, 54  
    expenditures for, 165  
    opportunities for, 166  
    selection of, 165  
    transcription services offering, 167-170
- Testing selling power of commercials, 203-204
- Theaters  
    results of use of radio by, 60-61, 90  
    unit of radio time purchased by, 45-49  
    use of radio by, 29, 72.  
    *See also* Service establishments
- Time units purchased by  
    regional firms, 257-260  
    retailers and service establishments, 44-52, 109
- Transcription services, 167-170
- Utilities  
    date radio first used by, 43-44  
    results of use of radio by, 60-61, 90  
    unit of radio time purchased by, 45-47
- Variety programs, 9, 16, 52-53, 55, 110, 143-145, 261.  
    *See also* Programs
- Wattage classification used, 27