Broadcast Advertising

A Comprehensive Working Textbook / Third Edition

Sherilyn K. Zeigler

Herbert H. Howard

Broadcast Advertising

A Comprehensive Working Textbook / Third Edition

Sherilyn K. Zeigler
University of Hawaii

Herbert H. Howard
University of Tennessee

Iowa State University Press / Ames

Sherilyn K. Zeigler is a scriptwriter and public relations director for one of Hawaii's premier entertainers, and she is an adjunct professor in the Department of Marketing at the University of Hawaii.

Herbert H. Howard, a professor of broadcasting, is assistant dean in the College of Communications at the University of Tennessee.

Manufactured in the United States of America

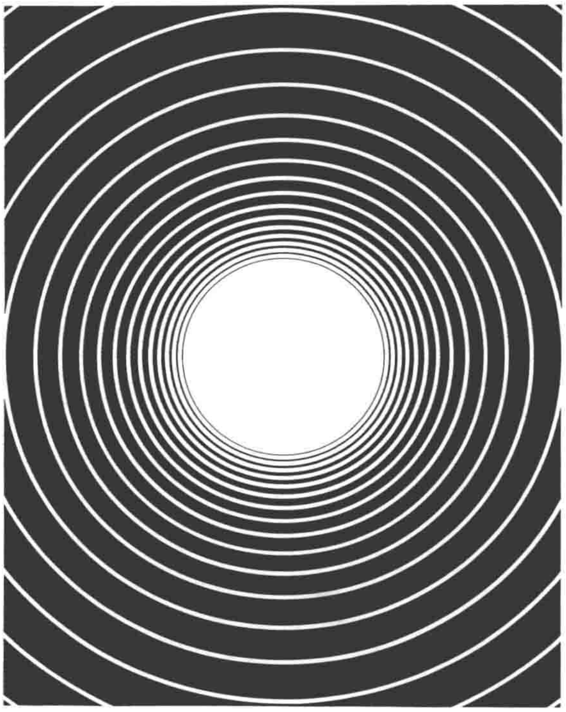
⊚This book is printed on acid-free paper.

Library of Congress Cataloging-in-Publication Data

Zeigler, Sherilyn K.
Broadcast advertising: a comprehensive working textbook / by Sherilyn K. Zeigler and Herbert H. Howard.-3rd ed.
p. cm.
Includes bibliographical references.
ISBN 0-8138-0072-2 (alk. paper)
1. Broadcast advertising — United States. I. Howard, Herbert H. II. Title.
HF6146.B74Z44 1991
659.14'0973-dc20

90-33584

Broadcast Advertising



PREFACE

As we approach the twenty-first century, the possibilities for exciting breakthroughs in the field of broadcast advertising stagger the imagination. Technological achievements, advancements in managerial and research techniques, and examples of creative genius abound, and more are waiting to be discovered—by today's students, tomorrow's practitioners.

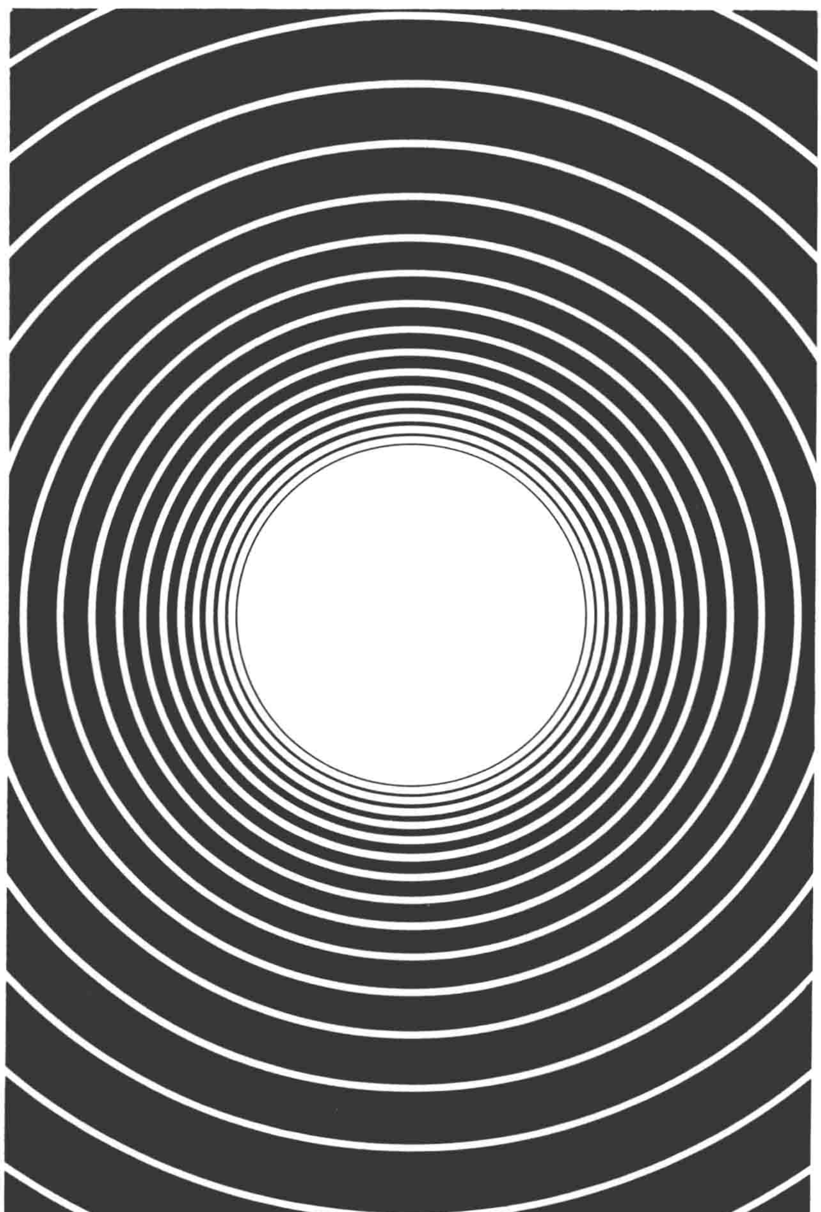
But there is much to learn, and the third edition of *Broadcast Advertising* is packed with information and exercises designed to shed light on all facets of the business. Like its predecessors, it's conversational in style and laced with practical applications of theoretical principles. Examples are current, factual material has been updated, and input from industry personnel has been incorporated.

Whether you're interested in station and network operations or in broadcasting from the point of view of advertising agencies, this book will give you an in-depth look at day-to-day procedures and career possibilities. You'll learn how to write and produce television and radio commercials, how to test them, and how to check them for compliance with legal requirements and ethical concerns. In addition, you'll gain insight into the complexities of time buying and selling, as well as audience analysis, and you'll discover the differences between local and national campaign planning and execution.

Whatever your interest, we hope you'll find your study of these chapters an enlightening and challenging experience, and that you'll find therein at least a small part of the fascination your authors feel for this business.

CONTENTS

Broadcast Advertising



1

America's "World" of Broadcast Advertising

One of the principal differences between advanced and primitive societies is the presence of well-developed mass media systems. During most of the nineteenth century in the United States, consumers and producers often met at the butcher's, baker's, and candlestick maker's establishments where sellers told buyers personally about product benefits. Then, as American society grew more sophisticated, more economically integrated, and more job-specialized, mass media all but took over the task of communicating information about products, services, and stores.

One result of the separation between suppliers and customers was the growth of brand-name merchandise that facilitated product-marketing through advertising channels; the emergence of radio broadcasting as an advertising medium in the 1920s thus filled an important rapid-communication need. Television's development as a mass medium, some three decades later, coincided with the self-service revolution in marketing, now a very prominent system in America. As a substitute for much of the personal salesmanship formerly found in retail establishments, TV helped bridge the gap between mass producers and individual product users. Today, both radio and television have become giant sales tools for twentieth-century merchandisers. Furthermore, New York State led the rest of the country in declaring these media "legal necessities of life." That means they are considered so vital to a family's total life-style that neither can be lifted from a household in order to satisfy debts.[1]

With increased complexities in both marketing and communication processes, America's population explosion has been matched by explosions in the number of goods and services available, the amount of information needed about products and stores, and the variety of media outlets and combinations from which to choose. Hence, broadcast advertising has become a world unto itself, but one which permeates and influences the lives of us all. And only if we understand thoroughly its values and shortcomings—the problems with which it must cope and the rewards it has to offer—can business and society as a whole hope to profit from its existence. Properly utilized, broadcast advertising holds great potential for socioeconomic advancement and for improvements in the efficiency and effectiveness of daily decision-making tasks.

Let us start by examining advertising and broadcasting independently and then see how they operate together.

An Overview of the Advertising Process

Consumers often confuse advertising with its marketing "parent" to the extent that they believe advertising's basic objective is to sell. Think back, however, to a purchase you made recently and ask yourself whether any commercial—by itself—could have sold you. If the product or service had not been (1) available where and when you wanted it, (2) packaged and priced appropriately, (3) offered with an attractive service policy or warranty, or, perhaps, (4) tied in with a coupon, premium, contest, or other merchandising appeal, it is unlikely that the sale would have occurred. The objective of the entire marketing process is to *sell;* advertising's job is to *communicate*—to a defined audience—information and a frame of mind conducive to the buying action. The actual purchase may occur long after exposure to a given commercial and only after the intervention of other sales forces and influences.

Behavioral science is advertising's second parent. Now consumer predispositions come into play: wants and needs, likes and dislikes, experiences and beliefs. Commercials are successful in their roles as informer/persuaders only when they utilize words and pictures, sounds and music, and personalities and actions that audiences can understand and believe, with which they can identify, and through which meaningful, relevant sales messages can be delivered.

Finally, advertising, as referred to in this text, is paid for (with the exception of public service announcements), includes sponsor identification, and is controlled in terms of content, timing, and media placement. Hence, it is set apart from certain forms of publicity, propaganda, and personal selling. At its present rate of growth, advertising volume in the United States should reach the astounding figure of $200 billion per year by A.D. 2000.

The Broadcast Media

Basically, broadcasting in the United States consists of two systems: (1) commercial stations and networks and (2) public broadcasting. The commercial segment is supported by advertising. Public broadcasting is supported by educational institutions, nonprofit foundations, government and corporate grants, and other sources, including donations from viewers/listeners.

Commercial broadcasting was well established in the United States long before the proliferation of public radio and TV stations that followed passage of the Public Broadcasting Act of 1967. As a result, U.S. broadcasting is dominated by the commercial system that is supported by advertising revenue. Although public networks and stations carry no commercial advertising as such, they do identify prominently—through courtesy announcements—businesses that underwrite programming expenses. These now-familiar underwriting announcements closely resemble institutional advertising and usually include company slogans and logos.

Traditional over-the-air broadcasting is supplemented by a multitude of cable-originated program services, or networks, that provide an alternative means for advertisers to reach the public through the electronic media. The advertiser's ability to select networks that appeal to narrowly defined target audiences, a process called "narrowcasting," is a principal advantage of cable. Many advertisers now schedule commercial messages on national cable networks and, in many communities, on local cable systems.

While the public itself has an immense investment in radio and TV receiving equipment (billions of dollars are spent annually on color TV sets alone), it is the sponsors who defray the cost of programs that inform, entertain, and provide service to the public. At the same time, advertising keeps the broadcast media relatively free from governmental control. In the final analysis, however, all programs broadcast by radio and television stations in the United States succeed or fail on the basis of public acceptance.

Historical Perspectives

Broadcasting officially began in the United States in 1910, when Dr. Lee DeForest, the "father of radio broadcasting," transmitted a live performance direct from the stage of the world-famous Metropolitan Opera House in New York City.[2] His invention of the audion tube, in 1906, enabled wireless transmissions of electromagnetic energy to carry the energy patterns of sound. Guglielmo Marconi, an Italian inventor, however, had discovered the secret of wireless communication even earlier and went on to build a global business in wireless telegraphy.

Experimental sound broadcasting continued prior to 1920 as stations were built by other inventors, amateur enthusiasts, newspapers, and educational institutions. But, while enthusiasm for wireless communication was high, few people foresaw uses beyond such purposes as distress calls because it was impossible to limit reception to preselected audiences. What function, they asked, could "open broadcasting," available indiscriminately to anyone, serve? And on what economic foundation could a "wireless" industry be developed?

In 1916, four years after serving as a Marconi wireless operator during the *Titanic* disaster, David Sarnoff, then an employee of the American Marconi Company, wrote the following suggestion to his superiors:

> I have in mind a plan of development which would make radio a household utility. The idea is to bring music into the home by wireless. The receiver can be designed in the form of a simple "radio music box," and arranged for several wave lengths which should be changeable with the throwing of a single switch or the pressing of a single button. The same principle can be extended to numerous other fields, as for example, receiving lectures at home which would be perfectly audible. Also, events of national importance can be simultaneously announced and received. Baseball scores can be transmitted in the air. This proposition would be especially interesting to farmers and others living in outlying districts.[3]

Sarnoff's plan also called for the establishment of radio stations that would be supported by revenues from the sale of home receiving sets. Furthermore, he suggested, a great amount of goodwill would accrue to the owners of such stations who could advertise their names over the air.

KDKA: THE BEGINNING OF COMMERCIAL BROADCASTING

In 1919 and 1920, Pittsburgh's experimental station 8XK, owned by Dr. Frank Conrad, assistant chief engineer of the Westinghouse Electric and Manufacturing Company, scheduled regular music and talk programs. A local music store provided Conrad with records in exchange for announcements stating that the recordings were available at the Hamilton Music Store of Wilkinsburg.[4] Although it was in barter (trade) form, the Hamilton *plugs* probably constituted the world's first radio advertising.

Then, in 1920, the Joseph Horne Company, a Pittsburgh department store, attempted to capitalize on listener interest in 8XK by advertising through the newspaper the sale of amateur wireless sets which, at a price of $10, could pick up Dr. Conrad's station. A Westinghouse official concluded that if Conrad's broadcasts were received so enthusiastically as to prompt a well-known store to advertise receiving sets, there might be a promising future for radio. Shortly afterward, Westinghouse began regular broadcasting to the public on KDKA, the first commercially licensed U.S. station. KDKA was founded to stimulate a market for radio receiving sets and to serve as a public relations device for Westinghouse. Advertising was not sold on KDKA until a number of years later when it became necessary to sustain operation.

WEAF: AT & T AND THE START OF "TOLL BROADCASTING"

The American Telephone and Telegraph Company had been interested in wireless communication since its beginning. A holder of numerous important patents involving electronics, AT & T established a public radiotelephone broadcasting station in New York in 1922, and with it began a new philosophy of broadcasting. WEAF (later WNBC and now WFAN), operated by AT & T's Long Lines (toll) Division, was intended to carry messages that were paid for by senders, much like the company's long-distance service and calls from pay telephones.

In August of 1922, WEAF broadcast its first income-producing venture—a 10-minute message from the Queensboro Corporation promoting the sale of apartments in Jackson Heights. This first paid radio *commercial* cost its sponsor $50; by December of that year, WEAF had thirteen advertiser/clients.

The early pattern of toll broadcasting established by WEAF consisted entirely of program sponsorship; each client provided an entertainment program that included a nominal amount of low-key institutional advertising. *Spot* announcements (from other advertisers) were not permitted, and copy restrictions were quite rigid. For example, the mention of price was forbidden, as were descriptions of packages and offers of free product samples. Despite the restrictions, however, advertisers soon wanted their programs heard outside New York City; in 1923, AT & T began operating a network of about eighteen stations, mostly in the Northeast.

Sponsored programs of the early commercial era usually included advertiser names in their titles, for instance, the "A&P Gypsies" and the "Cliquot Club Eskimos." Soon, the duet of Billy Jones and Ernie Hare introduced the singing commercial or jingle. Known professionally as the "Happiness Boys," they performed for their sponsor, the Happiness Candy Company.

Radio group stations—those built by receiver manufacturers such as Westinghouse, General Electric, Philco, and Crosley—soon found it difficult to compete with the high-budget sponsored programming carried by WEAF and other stations licensed by AT & T. By 1926, it was obvious that advertising was the most logical means for supporting the radio industry. In that year, under governmental pressure, AT & T withdrew from its broadcasting activities, selling both its network and station WEAF to a new firm called the National Broadcasting Company (NBC). Initially, NBC was owned jointly by the Radio Corporation of America (RCA), General Electric, and Westinghouse.

THE FORMATION OF NATIONAL NETWORKS

The new network organization began regular service early in 1927 with two separate, but complementary, networks providing programs to a growing number of affiliated stations across the country. NBC's Red network, the former WEAF network, carried the most popular programs and the greater share of advertising. The NBC Blue network, fed from WJZ, New York, emphasized cultural and public affairs programs but also was used to launch new entertainment shows.

Later that year, a second network organization was formed to serve the programming needs of stations unable to secure affiliation with NBC. That network, known first as United Independent Broadcasters, soon became the Columbia Broadcasting System (CBS) and was the third network actually on the air. In 1934, a fourth radio network, the Mutual Broadcasting System (MBS), was established.

Advertising on NBC and CBS basically followed the program-sponsorship pattern set by WEAF. However, during the late 1920s, local stations began to accept spot announcement commercials as well as program sponsorship. By 1932, the practice of selling short spot commercials, which originated with station-break ads scheduled between network shows, had become widespread on local stations.

NAB CODE OF ETHICS

During the predepression years, network advertising remained essentially institutional in character, while advertising on local stations varied from institutional to more direct selling. Then, because some local stations permitted blatant selling and accepted the advertising of questionable and/or personal products, the National Association of Broadcasters (NAB) adopted its first Code of Ethics in 1929. The noncompulsory code recommended high standards of advertising acceptance and distinguished between daytime and nighttime hours in terms of advertising appeals. Code-subscribing stations were expected to maintain an institutional tone in their advertising after 6 P.M., while more overt salesmanship was accepted during the daytime, or business hours.

THE DEPRESSION YEARS: CHANGING PATTERNS

Radio advertising grew steadily during the 1930s as the public increasingly turned to radio for entertainment and information. By 1935, more than 22 million households, or two-thirds of the total number, had radios, and advertisers spent $79.6 million for radio commercials.[5] By the mid-1930s, program offerings included radio dramas, comedies, and variety shows, which regularly featured nationally known talent. One important innovation in programming was that of the daytime serial drama, which came to occupy several hours of the daily NBC and CBS schedules; because soap producers sponsored most of the serials, the shows were dubbed *soap operas.*

Two classes of advertisers came into prominence on radio during the 1930s: (1) those that produced low-priced, frequently purchased items, such as soap, cigarettes, toothpaste, and cereals; and (2) manufacturers of durable goods, such as automobiles and household appliances. Furthermore, advertising acceptance standards were altered during the harsh depression years. The ban on price-mention was lifted by CBS in 1931 and by NBC in 1933. Direct, hard-sell advertising messages and exaggerated claims also became common on both the networks and local stations.

Numerous production firms began to specialize in creating and producing complete radio programs for sale to advertising agencies and their clients. Such packaged shows included the talent (performers), script, sound effects, and production and virtually eliminated the need for networks to create programs at all. As radio time costs increased, advertisers began seeking evidence of audience reach. At first, stations substantiated their programs' audience levels by counting and analyzing listener fan mail. In 1930, however, the first national program rating service, the Cooperative Analysis of Broadcasting (CAB), was established for the Association of National Advertisers by Archibald Crossley.[6] The CAB system, like the "Hooperatings" of the C. E. Hooper organization (prominent from 1935 through the 1940s) was based on telephone interviews. Additional developments in sophisticated research methods followed.

WORLD WAR II: HEIGHTENED RADIO ADVERTISING

When the United States entered World War II, approximately nine hundred AM radio stations were authorized by the federal government, of which about seven hundred were affiliates of the national networks. By 1940, advertising revenues had nearly doubled from the 1935 level (from $79.6 million to $155.7 million)[7] and set ownership was approaching 90 percent of the nation's households. During the war, radio kept the public informed on a battle-by-battle basis, and the level of advertising remained high. In fact, expenditures for radio commercials increased to $310.5 million by 1945.[8]

Instead of discounting their advertising efforts during the era of scarce consumer goods, producers advertised to maintain brand awareness and customer loyalty. Numerous manufacturers engaged in wartime production used some of their profits to support prestige radio broadcasts, such as symphony concerts and war-oriented dramas. Institutional advertising became prominent again, as did advertising that supported the war effort.

POSTWAR BROADCASTING: EXPANSION

Radio set ownership became almost universal during post-war years, and radio advertising continued to expand. (Further data on broadcast advertising revenues appear in Table 1.1.) Between 1945 and 1950 three important changes occurred: (1) hundreds of new standard broadcast (AM) radio stations were established; (2) frequency modulation (FM) radio was launched; and (3) commercial television made its debut.

Table 1.1. Radio and TV gross advertising revenues

Year	Radio (million $)	Television (million $)
1935	79.6	...
1940	155.7	...
1945	310.5	...
1950	453.6	105.9
1955	456.5	744.7
1960	591.8	1,456.2
1965	827.8	2,265.9
1970	1,256.8	3,242.8
1975	1,892.3	4,722.1
1980	3,702.0	11,424.0
1985	6,490.0	21,290.0
1988 (est.)	7,500.0	25,000.0

Sources: *Television Factbook*, No. 50 (Washington: Television Digest, Inc., 1981), 71-a, 73-a; *Television & Cable Factbook*, No. 56 (Washington: Television Digest, Inc., 1988), C-307 (used with permission from Warren Publishing, Inc.).

Note: Gross advertising revenues are the total amounts paid by advertisers for the use of broadcast facilities, including commissions, facilities, and services provided by stations and networks. They do not, however, include production costs.

Expansion of Standard (AM) Broadcasting

The expansion of AM radio after the war was dramatic. There were nearly nine hundred authorized stations in 1945 when the war ended, but approximately six hundred new stations were either on the air or under construction sixteen months after the Federal Communications Commission (FCC) resumed peacetime licensing. An additional seven hundred applications were still pending on February 7, 1947,[9] and by 1950 the number of stations had doubled again (see Table 1.2). Most of the new stations were low-power outlets, but they succeeded in increasing the level of competition in large communities and in introducing local radio to small towns.

During this period, radio became an important local advertising medium, as well as a national one, and provided small business establishments at grass-roots levels with their first opportunities to advertise over the air. In 1947, for the first time, income from local advertisers surpassed that from network sponsors.

Table 1.2. Growth of AM and FM radio stations (commercial and noncommercial)

Year	AM Stations on the Air	FM Stations on the Air	Total Stations on the Air
1946	913	48	961
1950	2,045	728	2,773
1955	2,662	549	3,211
1960	3,456	677	4,133
1965	4,044	1,205	5,249
1970	4,292	2,468	6,760
1975	4,445	3,299	7,744
1980	4,523	4,043	8,566
1985[a]	4,973	5,106	10,079
1988[a]	4,902	5,342	10,244

Sources: *Annual Reports*, Federal Communications Commission; *Television & Cable Factbook*, No. 56 (Washington: Television Digest, Inc. 1988), C-309 (used with permission from Warren Publishing, Inc.).

[a]Licensed and authorized stations.

Introduction of Frequency Modulation

The introduction of frequency modulation (FM) radio, a superior form of audio transmission, created little enthusiasm among listeners and advertisers during the 1945-1950 era. In fact, FM continued to languish as a broadcast medium until the 1970s, when its listenership and advertising volume increased sharply.

The Beginning of Commercial Television

The introduction of commercial television marked the beginning of the most powerful and successful advertising medium ever created. Between October 1945 and September 1948, the FCC authorized the construction of 108 TV stations. No further station authorizations were made until 1952 while the Commission worked out a permanent frequency (channel) allocations plan. However, television became a mass medium as early as 1948 in cities where early stations were located, attracting both viewers and advertisers in substantial numbers. After 1953, TV stations were established throughout the rest of the country. As shown in Table 1.3, the number of stations has grown steadily for four decades. Most of the recent growth in television has occurred in the UHF band.

Table 1.3. Growth of commercial television stations in the United States

Year	VHF	UHF	Total
1946	7	...	7
1950	98	...	98
1952	108	...	108
1955	297	114	411
1960	440	75	515
1965	481	88	569
1970	501	176	677
1975	514	192	706
1980	516	218	734
1985	520	363	883
1988	539	489	1,028

Sources: *Annual Reports*, Federal Communications Commission; *Television & Cable Factbook*, No. 56 (Washington: Television Digest, Inc., 1988), C-299 (used with permission from Warren Publishing, Inc.).

Note: The grand total for on-the-air TV stations, including 334 noncommercial educational licensees, was 1,362 as of January 1988. Translators and low-power (LPTV) stations are not included.

Television broadcasting essentially followed the patterns set by radio. TV networks, however, maintained rigid control of their program schedules, whereas radio networks had allowed advertisers to buy time periods and fill them with their own programs. From 1948 to about 1960, network TV shows were sold to sponsors, while local stations accepted both sponsorship and spot commercials. Frequently, to save money, two advertisers would share a given network program through alternate-week sponsorship.

Ultimately, after networks began scheduling feature-length motion pictures around 1960, the 60-second spot became the basic advertising unit on network and local television. Multiple-product advertisers quickly realized that two 30-second commercials could be incorporated into a 60-second time slot, giving impetus to the practice of *piggybacking*, which was prominent during the 1960s. Today, advertisers have virtually abandoned program sponsorship except for *specials*, and for many years the 30-second spot has been standard. During the late 1980s, both stand-alone and piggybacked 15-second commercials also became widely accepted on television.