

R E P O R T

On

CANADIAN RADIO SITUATION

(Prepared September, 1930)

## REPORT ON CANADIAN RADIO SITUATION

In surveying the Radio situation in Canada your Committee felt that, before making any deductions as to the future of Radio and our possible interest in it, it was desirable to secure:

- First - all facts regarding physical set-up
- Second - the experience and opinion of present advertisers
- Third - the possibilities of Radio in Canada

and this will be the order in which data is supplied in this report.

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### Station Data

There are 56 broadcasting stations in Canada, of which eleven are owned by newspapers, namely:

Halifax	-	"Herald & Mail"
Quebec	-	"Le Soleil"
Montreal	-	"La Presse"
Toronto	-	"Star"
Hamilton	-	"Spectator"
London	-	"Free Press"
Regina	-	"Leader-Post"
Calgary	-	"Herald"
Calgary	-	"Albertan"
Edmonton	-	"Journal"
Vancouver	-	"Province"

There are also 18 phantom stations with call letters only, and using other stations' facilities.

These 74 physical and phantom stations in Canada are confined to 17 wave lengths. Eleven of these wave lengths are shared with U.S. stations. Only 6 are exclusively Canadian.

These wave lengths were allocated by an international Canadian-U.S. commission, and allotted on the basis that stations using the same wave length should be geographically far apart, and that high-powered U.S. stations near the Canadian border should not have the wave lengths the same or near Canadian station wave lengths.

The number of Canadian stations has practically not changed during the last few years.

### Station Power and Audience Range:

While the power of Canadian stations varies from 5 to 5,000 watts, there are only 4 high-powered stations in this country, namely, CKAC Montreal (5,000); CKGW Toronto (5,000); CFRB Toronto (4,000) and CKY Winnipeg (5,000). Physically, a station's coverage depends on its power. Nearly all Canadian stations are powered at 500 watts or

less, and are therefore not effective except for purely local coverage.

Radio engineers estimate 500-watt stations have a dependable range of only 20 miles under normal circumstances, although they will reach farmers as far as 60 miles. It is estimated 5000-watt stations have national coverage except for magnetic interference.

#### Canadian Chains:

There are only 2 chains operating in Canada: The Trans-Canada Broadcasting System with CKGW Toronto as chief station; and the Canadian Broadcasting System with CKNC as key station.

Each chain broadcast, however, is a "tailor-made" job. No organization here in Canada owns more than one station and all hook-ups use public telephone company or railway lines. This same applies in the United States. The NBC has to negotiate each hook-up with its affiliated stations and it can only get any individual station provided that station has the required time open.

Only 2 Canadian stations have regular official U.S. chain hook-up, namely, CKGW of Toronto which is affiliated with the National Broadcasting System, and station CFRB which is hooked up with the Columbia Broadcasting system.

#### Station Time Charges:

Station rates vary so much that a tabulation for all times and all periods would take too much space. They are all on file in the office here, however, and can be quoted at a moment's notice.

They vary from \$3.00 for spot announcements of one minute on small stations to \$150. per hour for evening time on CKGW.

Evening hour rates are invariably higher than day-time rates.

All stations allow discounts for frequency, usually 5% for 13 broadcasts; 10% for 26 broadcasts; and 15% for 52 broadcasts or more.

Line charges vary with the station hook-ups, and need not be quoted in detail. A hook-up charge of \$92. per hour applies between Toronto and Montreal; while the hook-up charge between Toronto and London is only \$36. per hour, and so on.

The cost of a coast-to-coast hook-up in Canada amounts to about \$1700. per hour for the 15 stations necessary for Dominion coverage. This \$1700. is made up, approximately, of \$1050. for line charges and \$650. for station time.

Special Restrictions:

There are a few special restrictions insisted on by the Government's Radio Department of interest to advertisers. Two are noted here:

- (1) No records shall be used in broadcasting between 7.30 P.M. and midnight;
- (2) No prices of commodities shall be mentioned in any advertising broadcast.

Number of Receiving Sets in Canada:

In Canada the Dominion Government requires that operators of radio receiving sets shall pay an annual license fee of \$1.00.

The Department of Marine & Fisheries operating this regulation reports 425,000 licenses in all Canada at the present time.

The following table shows the rapid increase during the last three years in the number of sets owned in Canada. It also shows the estimated percentage of homes owning sets at this time.

Province	Number of Licensed Sets				1921	Present
	1926	1927	1928	1929	No. of Homes	Percentage of Homes Owning Radio. (Est'd)
Nova Scotia	No	7,106	8,587	13,379	108,723	25%
New Brunswick	Figures	4,475	6,285	8,783	76,949	23%
P.E. Island	by	587	757	985	18,801	09%
Quebec	Province	51,347	49,751	71,757	442,356	33%
Ontario	Avail-	125,012	145,263	211,775	681,629	62%
Manitoba	able	19,288	20,450	26,370	129,984	40%
Saskatchewan		26,635	27,358	32,906	168,555	20%
Alberta		14,936	14,957	21,456	141,190	30%
British Columbia		18,561	23,407	35,998	130,040	55%
		200,260	268,555	296,926	423,557	1,897,227

It can safely be assumed that there are as many, if not more, sets in operation for which no license have been taken out as there are licensed ones. Those connected with the radio business estimate that the number of sets in Canada at the present time is between 900,000 and 1,000,000. This means that approximately 50% of our Canadian homes are already equipped with radio.

Payment of Commission to Agencies by Canadian Stations:

Unlike the poster people at this stage of development, in a general way Canadian Broadcasting Stations show a disposition to cooperate with the agencies. All stations selling advertising time allow a commission of 15% to the regular agencies on station time and line charges. CKNC Toronto, has now adopted a regular policy of also allowing 5% on talent that it arranges for. This 5% is not really a commission on talent cost, but part of an extra percentage added by the station. CKAC Montreal also does this automatically.

CKGW which is the best organized, equipped and managed station in Canada, however, bills for talent to either advertiser or agency at cost, giving the agency the privilege of adding whatever percentage it thinks it is entitled to. No commission is allowed on supplied talent except by arrangement in the case of other stations. The practice of the NBC in the United States is to bill talent at cost to either agency or advertiser. As a general policy there is no cash discount allowed either on time or talent.

In discussing this agency-station relationship with R. W. Ashcroft, Manager of CKGW he said his view and the view of Canadian stations was well expressed by a station manager in "Radio Broadcast".

"The fact remains that even today there are only a few agencies in all the U.S. or Canada that are adequately prepared to advise any business man in the matter of broadcasting. Most radio stations are willing to give advertising agencies the usual 15% commission or to allow this percentage as a discount direct to the sponsor. Briefly, if the agency services the account - that is, prepares the program, writes the continuity, and generally supervises the performance, it is certainly entitled to compensation but it cannot expect to drag down 15% for merely being a spectator with the radio station doing all the work".

Unlike the agency-newspaper-magazine situation, no Canadian radio station recognizes an agency's proprietorship of an account, and is not willing to allow commission unless the account is specially brought in and work done on it. The same condition prevails in the United States.

There is neither in Canada nor the U.S. any general organization of radio stations to standardize practice as there is amongst newspapers and magazines. This seems needed and will probably come.

The big four Canadian stations mentioned previously in this report pay commission to agencies or brokers under the limitations mentioned, and will not allow discounts to advertisers, but most other stations will apparently cut rates or grant equivalent-to-commission concessions to advertisers direct to get business. This perhaps understandable when it is realized that the bulk of broadcasting on the small stations is done by purely local advertisers not served by any agency.

The payment of commission by the big stations serving advertisers of a national character already connected with an agency is also natural.

Ashcroft states that 95% of N.B.C. broadcasting comes through agencies and is commissionable, while he estimates that not more than 15% of the programs in Canada come through or from advertising agencies.

Enquiries made of U.S. agencies and other sources, such as the Hanff-Metzger Agency, Irwin-Wasey Co., The Blackman Agency, Fuller & Smith, H. K. McCann Co., etc., all indicate that the agency is paid 15% commission only on time and line charges, but not on talent, except where the agency department handles the entire job of creating and producing the program, hiring the talent, etc.

Percentage of Appropriations Spent on Radio:

There are apparently no statistics available that show the percentage of advertising money spent by advertisers as a whole on radio. No general figures have been compiled. Percentages vary with the different users of the air. In Canada there are not yet many national advertisers using broadcasting as an advertising medium. A few instances of those who do, however, are of interest:

Neilsons	spend 85%	of appropriation on radio			
Imperial Oil	" 20%	"	"	"	"
Imperial Tobacco	" 20%	"	"	"	"
Tucketts	" 30%	"	"	"	"
W. R. Johnston Co.	" 75%	"	"	"	"

Reports from some U.S. agencies give the following:

Chesebrough Mfg. Co.	spend 36%	of appropriation on radio			
Pepsodent	" 50%	"	"	"	" (balance
		On window trims, follow-up, etc.)			
American Tobacco	" 16%	of appropriation on radio			
General Electric	" 10%	"	"	"	"
Colgate-Palmolive	" 8%	"	"	"	"
General Motors	" 1%	"	"	"	"
Seiberling	" 30%	"	"	"	"
Westinghouse	" 12%	"	"	"	"
Standard Brands	" 9%	"	"	"	"

-- or anything from "nothing" to 85% according to the preference of the advertiser with no definite standard prevailing as to what should be spent.

The situation is well summarized in a reply by Fuller & Smith:

"There does not seem to be any reasonable basis for relating the percentage of any total appropriation which should be allotted to radio. In the States the cost of general broadcasting is so great that only those companies which have large funds available are qualified to consider the medium. Truly, there is no yard stick that can be used that will intelligently represent the total appropriation which should be devoted to this medium. It is evident from the development of the medium, that it grows more popular with each year of experience, and it is our opinion that no advertiser can make a complete advertising program without at least considering the application of radio to his total problem".

A list of 26 of the largest advertisers in the U.S. supplied by J. Walter Thompson Co., New York, including General Motors, Chrysler Corp'n., American Tobacco Co., General Foods, Liggett & Meyers Tobacco, Colgate-Palmolive, Studebaker Corp'n., Ford Motor Co., Hudson Motor Car Co., General Electric Co., Proctor & Gamble Co., Lambert Pharmacal Co., Lever Bros., Atwater Kent Manufacturing Co., Nash Motor Car Co., Grigsby-Grunow Co., Willys-Overland Co., Standard Brands, Inc., Hupp Motor Car Co., Frigidaire Corp'n., Kellogg Company, Goodyear Tire & Rubber Co., Standard Oil of Indiana and Campbell Soup Co., indicates that of their total appropriations only 3% was spent on broadcasting. This should be qualified by the fact that 12 of them do no Radio advertising.

U. S. reports indicate that as nearly as can be estimated, the average appropriation for national radio broadcasting is about 20% of the total appropriation.

All sources report that both the number of advertisers using broadcasting and the percentages of their appropriations so spent are increasing in the U.S. It would appear to be the same in Canada.

Statistics issued by National Advertising Records - a U.S. Authority of repute and quoted by McCann Company in a statement on Radio Development, shows that Radio advertising appropriations have increased from

\$3,759,000 in 1927  
to 10,293,000 in 1928  
and 18,730,000 in 1929

while magazine advertising increased from \$183,689,000 in 1927 to 205,775,000 in 1929.

The percentage of Radio Advertising increase is high, but the gross is still less than 10% of magazine advertising.

National Advertisers Using Radio Programmes Originating in Canada:

A complete list is difficult to get, but an idea of the way this medium is being taken up can be secured from the following list:

Atwater Kent Co.	Imperial Tobacco Co. (2 years on air)
The Borden Company	W. R. Johnston
Canadian Raybestos Co.	Kroehler Manufacturing Co.
Canadian National Railways	McCull-Fontenac Co.
Canadian Cannery Limited	National Grocers
Canadian General Electric	Maple Leaf Milling Company
Canadian Pacific Railway	MacDonald Tobacco Co.
Canadian National Carbon	Wm. Neilson (4 years on air)
T. Eaton Company Ltd.	Ovaltine
Hobbs Glass Company	Pilkington Glass Company
Imperial Oil Limited	Perrins Biscuits
Larvez Corporation	Reckitts Overseas
Rogers Majestic Company	Satin Finish Hardwood Flooring
Frostilla	Shirriff's
Toronto Asphalt Roofing	Sparton Radio
Temple Radio	Tuckett's (2 years on air)
	Wm. Wrigley Co. (2 years on air)

There is also a substantial list of advertisers using Canadian station hook-ups but whose programmes originate in the U.S. A list of some of these is interesting, and includes:-

American Radiator  
Bon Ami  
Chase & Sanborn Mfg.  
Cities Service  
Enna Jettick Shoes  
Toddy  
Fleischmann Yeast  
Coca Cola  
Johnston & Johnston

Davey Tree Surgery  
Pepsodent  
Sun Oil  
Fuller Brush Co.  
Halsey Stuart Co.  
Maxwell House Coffee  
National Cannery Assoc.  
Firestone Tire & Rubber  
etc., etc.

The above lists include a number of concerns who are not actually broadcasting at this particular date, but all have used the air here within the last six months.

#### Advertisers' Results:

In considering or attempting to estimate the future of radio one must consider what it has accomplished for its users in the past.

The uncertainty as to quantity and quality of audience, the incompleteness of the message that can be put over the air and the necessity for follow-up seem to be the chief reasons why so many broadcasters invite correspondence or requests for samples or literature. Replies are taken as evidence of circulation to a degree that does not apply and of course is not necessary in publication or newspaper advertising.

Discoverable experience in this as in other media varies, but figures from a few satisfied users will be interesting, if not conclusive.

#### Canadian Users:

Tucketts offering boxes of cigarettes as prizes in a contest report that they received 10,000 replies from one broadcast alone. Chiclets state they got 6,000 replies from one broadcast offering free package of gum.

W.R. Johnston & Co., manufacturers of clothing on a 13-week jingle contest broadcast report they received 500 entries per week.

Imperial Oil Limited, on a coast-to-coast hook-up, report that they received requests for approximately 600 maps per broadcast or per week.

Caulfields Dairy using 2 stations report they received 400 letters per week from children sending in a Caulfield Dairy Milk bottle cap and asking to have their names broadcast.

Nestles Milk however report that their experience and response was very unsatisfactory and are not likely to go on the air again.

Shirriff's advise us that they get not more than a dozen letters a week in their fan mail. Their broadcast does not particularly invite correspondence or enquiry.

Neilsons Limited, chocolate manufacturers, who are now on their 4th year of continuous broadcasting, while not ready to give exact figures, claim that their fan mail is substantial and that their sales have shown substantial increase during their broadcasting campaign which is their main and practically only form of advertising.

#### U.S. Experience:

Pepsodent will not give exact figures, but Mr. Smith states that requests for the Amos and Andy cut-outs ran in the tens of thousands and are ample evidence that this advertising has brought splendid returns in the way of sales. Over 100,000 letters came on the U.S. chain broadcast in protest at the change in time last fall.

Chesebrough Mfg. Co. - McCann-Erickson's New York office in writing us about their experience on this account say that, "in response to one offer on the Tompkins Corners Enterprise, made on January 27th, 1930, we received 227,000 letters. Believe it or not. Hardly anybody does. This mail arrived in such floods that the client threw up his hands and we were obliged to rent three offices and hire 43 girls to answer this mail".

This kind of experience can be quoted at length for a variety of users. Summed up, however, it means that given the combination of right station, right time, right programme, right continuity, the direct mail response from radio advertising can be tremendous and convincing. Without this proper combination, radio advertising can be as ineffective and flat as campaigns frequently are in other media.

#### Future of Radio Broadcasting

That radio broadcasting as an advertising medium will continue to show development for some time at least seems certain -- the money invested in broadcasting equipment, the organizations promoting broadcast advertising, the increase in the number of sets owned by the public, the success achieved by some advertisers, as well as the novelty appeal of an untried medium to advertisers all assure this.

In answer to our inquiry as to their opinion of the future of radio,

Fuller & Smith of Cleveland say: "We think that radio is here to stay and that any agency that does not take the medium seriously will find itself embarrassed within a very short period of time.

McCann-Erickson Inc., express a similar opinion in answer to the same inquiry when they say: "The best answer to this question is, that no agency can afford to overlook the possibilities in any new advertising field that comes along. Radio is already an important medium in advertising. The Agency should make itself conversant with its possibilities and equip itself to give the same service in this field as it gives in any other field of advertising."

The Blackman Agency of New York are apparently of the same opinion when they say that "Radio is only in its infancy", and imply that its greatest development is yet ahead.

Canadian opinion is very similar. Stations CKGW, CKNC, and CKAC, all report an increased volume of inquiries and contracts for the coming season.

It is only fair to state, however, that most authorities are agreed that radio can only be regarded as a supplementary or subsidiary medium at present. Mr. Aylesworth, President of the National Broadcasting Company, in a printed statement acknowledges this, as well as most other station managers and broadcasting promoters.

It can be seriously doubted whether radio broadcasting can ever become anything more than a supplementary medium. There is one arbitrary feature in connection with broadcasting -- the obvious limitation of available hours in the 24 suitable for this purpose. The newspaper or magazine with the addition of the required number of pages, can meet the law of supply and demand with some exactness. Broadcasting, however, dependent as it is on a maximum of 16 hours a day, must reach its obvious limitations. Even the multiplication of broadcasting units will not relieve this limitation. The public can only listen to one programme at a time and the popular programme will get the audience at any time. To illustrate this: No matter how many stations were on the air during the Amos 'n' Andy broadcast, none of them would get any attention worth while during that time. Another factor to restrict the part radio plays, is that, unlike printed advertising where mediocrity may still accomplish results, superiority is essential in broadcasting to even get an audience.

A still further reason why Radio will remain a supplementary medium is that to get potential audiences radio programmes need to be advertised themselves just in the same way and degree as theatrical or any other entertainment does.

The future of radio in Canada has to be considered in the light of other facts, however. Indications are that the most popular stations with Canadian audiences are those Canadian stations carrying hook-ups of U.S. programmes or U.S. stations reachable with the average Canadian set. The popularity of U.S. broadcasting is due to the quality of their programmes and nothing else. The preference for U.S. programmes, however, is not overwhelming by any means, as indicated in the answers to a questionnaire sent out recently by an independent research organization for CKNC to 5,000 radio set owners in the Toronto Trading Area. This question was asked: "Do you think Canadian programmes are up to the standard of U.S. programmes?"

2,606 said "yes"  
2,101 said "no", and  
294 were non-committal

Whether Canadian programmes can seriously compete with U.S. Broadcasting resolves itself down to the matter of available talent, and money. At the moment it would seem that there is not the same supply of musical and other talent in this country that is ready at hand for the U.S. advertisers, and this specially applies to individual artists of repute

and acknowledged ability. This is a handicap from which Canadian advertisers will continue to suffer for the time being at any rate.

Some Canadian authorities disagree with this view, and point out that outside talent can be brought to Toronto from New York over night at small additional cost over standard fees, by arrangement. The chief handicap for Canadian stations, in their view, is that the cost of talent -- specially the big artists -- is so much proportionately higher here in relation to other broadcast costs and the total market or audience, than it is in the United States. This, perhaps is the more correct view of the situation.

In this connection, information showing public preferences for various types of programme would be pertinent. The table below was prepared by Daniel Starch, well known consultant in advertising and merchandising research for the N.B.C. While it is a survey of U.S. conditions, it can be taken as a safe guide for this country in view of the similarity of the tastes of the two peoples.

The following figures give the percentage of families in each group mentioning each type of programme among the first five preferences:-

	<u>Farmer</u> <u>Families</u>	<u>Town</u> <u>Families</u>	<u>Small</u> <u>City</u> <u>Families</u>	<u>Large</u> <u>City</u> <u>Families</u>	<u>Total</u> <u>Families</u> <u>All Groups</u>	<u>Total Number</u> <u>of Families</u> <u>East of</u> <u>Rockies</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	
Orchestras	56.99	64.53	62.49	64.19	62.05	5,598,999
Popular Entertainers	53.32	55.36	49.06	55.19	53.23	4,803,138
Dance	38.17	47.48	42.92	54.32	45.72	4,125,483
Musical	46.68	54.39	34.07	36.16	42.82	3,863,805
Semi-Classical Music	24.10	41.02	48.89	44.52	39.63	3,575,960
Short Talks on interesting subjects	46.51	42.57	34.15	36.22	39.86	3,596,714
Religious Service	47.85	35.66	35.22	27.16	36.47	3,290,822
Classical Music	17.29	27.53	41.03	43.30	32.30	2,914,547
Athletic Reports	21.06	26.61	28.26	22.93	24.74	2,230,576
Grand Opera	10.93	16.60	27.85	31.75	21.78	1,965,289
Comedy	19.00	15.18	16.22	12.88	15.82	1,427,497
Crops and Market Reports	45.16	11.63	5.65	4.59	16.76	1,512,316
Plays	14.43	11.18	11.79	13.81	12.80	1,154,991
Educational Service	13.98	12.21	13.10	7.66	11.74	1,059,343
Children's Programmes	14.25	8.27	8.03	6.85	9.35	843,685
Domestic Science Service	9.14	9.43	9.75	5.17	8.37	755,256
Drama	4.57	5.68	6.55	6.38	5.80	523,355
Physical Exercises	3.67	4.20	3.19	4.88	3.99	360,032
Uncertain	3.36	3.30	2.71	4.24	3.53	

Deductions from the above are that (while popular entertainers such as Amos 'n' Andy may be the most popular individual programme on the air) public taste puts orchestral and dance music as its first choice and this class of music can be produced by orchestras and bands that do not require genius and that can be built up in this country. It is doubtful whether any better orchestral music is on the air any where than that produced for the Canadian National Railways, Canadian Pacific Railways and Imperial Oil programmes, and this opinion is shared by U. S. authorities as well as by Canadian.

#### Our Own Agency and Radio

Taking then for granted that radio's future is assured as an advertising medium and that, although Canadian stations will continue to suffer some handicap in competition with U. S. programmes in the matter of available talent, or relative talent cost, there seems every reason to assume that broadcasting will increase in this country up to a point as is the prospect in the United States.

What policy, therefore, should this Agency take in regard to it? The first question is: "If we go into radio -- and this seems desirable if we are to maintain a reputation for being progressive and up-to-date, and give the proper service to our clients -- is it necessary for us to establish a special Radio Department?"

Again the experience of U. S. Agencies will prove a valuable guide in arriving at an answer to this question.

The largest of the U.S. Agencies have established radio departments already.

Irwin-Wasey Company, handling a large volume of radio business, have a radio department which consists of two men. One of these is the head of the department -- a business man rather than a radio expert and his task is to contact and handle the executive business. Assisting him is a show man whose work is to do the bulk of the creating, writing, directing, and even announcing programmes. A Secretary completes the department.

The Hanff-Metzger Agency, who also handle a heavy volume of radio business, have a radio department which consists of one man and his Secretary. This man is an experienced radio man who knows the radio business thoroughly.

Fuller & Smith report that their radio department consists of one man and that, in their opinion even with a large increase in volume of business, they will not require more than two men. They operate on the basis of giving the National Broadcasting Company basic continuity material and then work with them in the problem of putting the material together. They say that the N.B.C. do 80% of the producing at least. They further report that there is a definite tendency toward the establishment of radio departments in all the larger agencies.

N. W. Ayer & Co., Philadelphia, from which agency a substantial volume of broadcasting originates, report that they have a radio department of three people -- a manager, a creative man and a Secretary, and that they consider this organization sufficient with the co-operation of the broadcasting stations, to do the job.

H. K. McCann. Company reports that their radio department began with one man and a Secretary, but is now handled by one woman and a Secretary with the co-operation of the account executives. This department does everything -- invents programmes, engages talent, writes continuity, makes contracts for station time and handles inquiries. They report that the department work is growing but that in view of the fact that there is still some uncertainty as to the future of radio, they are going slowly on the extension of this department for the present.

While a radio department can apparently handle a large volume of business on a small staff, it must be remembered that the gross percentage of commission is not as high as on newspaper and other publication advertising. A specific case that recently came up in our own office will illustrate the point.

A small chain broadcast, using CJGC, London; CKNC, Toronto; and CKAC, Montreal, using a 20-piece orchestra for a half-hour programme once a week, will cost approximately \$500.00. Slightly less than half of this is accounted for by station fees and line charges, while slightly more than half is for talent. This means that, at the present rate of commission on talent and time, our commissions would be 15% on approximately \$250.00 and 5% on the remaining approximately \$250.00, or a total of \$50.00. That is, 10% on the total expenditure. Our commission on newspaper space will be \$85.00. Were the percentage of cost on talent higher, our commission would be relatively lower. Assuming that our gross billings were \$1,500,000 from this office and that 20% (or \$300,000) of this money as the probable proportion was spent on radio, our commissions would amount to \$30,000 or less, while our commissions on this amount of money spent in newspapers would bring us \$51,000. In other words, radio would bring us in \$21,000 less revenue.

However, there seems to be no reason why, if we keep close contact with our clients, impress them without ability to give radio broadcasting service either through a special department or not as we ultimately decide, the 15% should not be secured on both time and talent and, in this way, suffer no loss of either prestige or money.

This 15% on talent, which represents the difference between commissions on broadcasting and publications' advertising, depends on our ability to give service and so earn it, to everybody's satisfaction, including advertiser and broadcasting station. If we do this, there seems to be no reason why a Radio Department should not be one of the most profitable departments in our business in view of the small man power necessary. Fuller and Smith, writing us on this very subject, say: "We DO regard our Radio Department as a profit producer at the present time. You can appreciate why this is when I tell you that we are placing sufficient business to produce an annual income of approximately \$50,000 and 90% of the work is done by one man".

Even taking 20% as the ultimate percentage of the average appropriation and presuming that 50% of our clients' appropriations include radio, the revenue to a radio department in the Toronto office on the basis of \$1,500,000 worth of business here, would be \$22,500 -- a substantial revenue if it could be manned by one manager and a secretary. This \$22,500, of course, assumes we are earning commissions on talent.

#### Broadcasting Technique Requires Special Knowledge

There remains one other factor to consider in determining the advisability of establishing a separate Radio Department of our own. Broadcasting as a medium is a new one, differing radically in many ways from the printed newspaper-magazine medium. This means that it requires a special technique in its production, with management in the hands of an executive who understands its peculiarities.

The proper method of building an effective radio campaign, that is, the determination of the style of programme suited to the product, the selection of talent, and the type of continuity, etc., to be most adequately developed seem to require a specially-trained man.

#### Will United States Broadcasting Dominate Canada?

This is a necessary question to ask, although almost impossible to answer. The managers of the most important broadcasting stations in Canada seem to be of the opinion that the move for a Government ownership of radio in Canada has been killed. Private and unofficial assurances have been received from members of the present Government to this effect, and Mr. Bennett has given assurance that he will not interfere with private ownership under proper Government control if he is put into power. The continuance of private ownership means the continuance of broadcast advertising.

There is now in process of organization a company in Canada being sponsored by a number of important men with avowed patriotic motives, to do exactly the same kind of a job that the N.B.C. is doing in the United States. This Company will acquire stations if necessary, at key locations, to give fully adequate national coverage both as to range and quality of broadcasting equipment. If this Company is formed, as seems to be reasonably certain, it will mean that advertisers will be able to get more easily and more economically, Dominion-wide hook-ups.

There are, of course, no international boundaries on the air. No regulations can prohibit Canadian audiences listening to United States stations broadcasts if their machines will get them. The only guard against American broadcast intrusion is the improvement of Canadian Broadcasts and there is no reason why this should not be accomplished within certain limitations set by individual talent and money.

There is the other danger that more and more Canadian stations will carry broadcasts originating in the United States. This does not seem likely to be much extended. Toronto Stations carrying N.B.C. and Columbia broadcasts, state that these hook-ups are not profitable in themselves and that both stations would go bankrupt if they have to depend on these hook-ups, both because the rate paid is very low, and, secondly, because the programmes are very uncertain. They must depend on local broadcasting as the "bread and butter" of their business. Both stations pay for "sustaining" programmes not paid for by an advertising sponsor, but both state that it would be good business for them to drop a paid United States broadcast in favor of a local programme if the local programme were any good. No local radio authorities will admit any fear of ultimate domination of Canadian stations by American chains or of the Canadian air by American programmes, and there seems to be some reason for their claim.

## RADIO STATION RATES AND FACILITIES

In newspapers and magazines it is a comparatively simple matter to estimate the cost of advertising because space rates and all other necessary information can be obtained from the rate cards.

In radio this is a much more difficult matter. Many of the smaller stations have never issued a definite rate card and, although they have been written to, in some instances, two and three times, we have not yet had replies from all of them.

Although rates, in most cases, are as quoted, there are instances where stations give special rates in order to get business.

Some of them allow commission on talent -- others do not. The price charged by stations for talent varies greatly.

The cost of hook-ups between various stations vary at different hours and also vary in proportion to the amount of time you take. For instance, if a hook-up was arranged between Toronto and Montreal for an hour's program, the wire costs for one hour would be \$90.00. If it should so happen that another advertiser was using the same hook-up, for either the hour preceding or following yours, you would be able to get a lower rate. That makes it practically impossible to estimate hook-up charges until you know what the specific situation is.

In other words, while it is possible to prepare an accurate estimate for newspaper or magazine advertising from the rate cards, in most cases estimates covering radio advertising can only be figured accurately after a consultation with the radio stations involved, together with the companies owning or operating the hook-up lines.

In the report sent to Mr. Cockfield, a section from Standard Rate and Data was included showing information such as rates, power, facilities, etc. The Media Department has this information on file in the Toronto Office should anyone want to study it further.

L I S T

of

RADIO STATIONS IN CANADA

(Showing Owner, Location, Power)

LIST OF RADIO STATIONS  
IN CANADA

<u>Call Sign</u>	<u>Owner of Station</u>	<u>Location of Station</u>	<u>Power input to antenna (watts)</u>
CFAC	The Calgary Herald	Herald Bldg., Calgary, Alta.	500
CFBO	C.A.Munro, Ltd.	Fort Howe, N.B.	500
CFCA	Star Publishing & Printing Company	S.W.Cor. Yonge St. & St. Clair Ave. Toronto, Ont.	500
CFCF	Canadian Marconi Co.	Mount Royal Hotel, Mtl.	500
CFCH	Northern Supplies Ltd.	North Bay, Ont.	50
CFCN	Western Broadcasting Co.	708 Crescent Rd. N.W. Calgary, Alta.	500
CFCO	Western Ontario "Better Radio" Club, Chatham, Ont.	103 King St. W.	100
CFCT	Victoria Broadcasting Ass'n.	1405 Douglas St. Victoria, B.C.	500
CFCY	The Island Radio Co.	143 Great George St. Charlottetown, P.E.I.	250
CFJC	D.S.Dalgleish & Sons Ltd.	186 Victoria St. Kamloops, B.C.	100
CFLC	Radio Assoc. of Prescott,	Victoria Hall, Prescott, Ont.	50
CFNB	James S. Neill & Sons Ltd.	Queen St. Fredericton, N.B.	500
CFQC	The Electric Shop Ltd.	1322 Osler St. Saskatoon, Sask.	500
CFRB	Rogers Majestic Corp. Ltd.	Lot 70, Township of King, York County, Ont.	4000
CFRC	Queen's University (Dept. of Electrical Engineering)	Fleming Hall Queen's University, Kingston, Ont.	500
CHCA	The Western Farmer (Uses Station CJCJ, The Albertan	Calgary, Alta.)	500
CHCK	W. E. Burke,	36 Upper Hillsboro St., Charlottetown, P.E.I.	100
CHCS	Hamilton Spectator	Spectator Bldg., Hamilton, Ont.	10
CHCT	Messrs. C.F.Tull & Ardern Ltd. (Uses Station CKLC, The Alberta	Red Deer, Alta.)	1000
CHCS	R.T.Holman Ltd.	Pacific Grain Co. Red Deer, Alta.) Holman Bldg. Summerside, P.E.I.	100
CHLS	W.G.Hassell (Uses Station CKCD, The Vancouver	Vancouver, B.C.)	50
CHMA	Christian & Missionary, Alliance	Daily Province, Vancouver, B.C.) 10940-83rd St., Edmonton, Alta.	250
CHML	Maple Leaf Radio Co. Ltd.	13th St. Mount Hamilton, Ont.	50
CHNS	Halifax Herald Ltd.	Lord Nelson Hotel, Halifax, N.S.	500
CHRC	E. Fontaine,	Victoria Hotel, 42 Palace Hill, Quebec, Que.	100
CHWC	R. H. Williams & Sons Ltd.	Section 2, Twp. 18, Range 18 (Near Pilot Butte, Sask.)	500
CKWK	Chilliwack Broadcasting, Co. Ltd.	Wellington Ave. Chilliwack, B.C.	5
CHYC	Northern Electric Co. Ltd. (Uses Station CKAC, La Presse Publishing Co. Ltd. Montreal, Que.)	Lot 1102 Prov. Highway No. 2 (near St. Hyacinthe, Que.)	5000

Call Signal	Owner of Station	Location of Station	Power input to antenna (watts)
CJBC	Jarvis Street Baptist Church (Uses Station CKGW, Gooderham & Worts Ltd., Bowmanville, Ont.)	Toronto, Ont.	5000
CJBR	Saskatchewan Cooperative Wheat Producers Ltd. (Uses Station CKCK, Leader Publishing Co.Ltd., Regina, Sask.)	Regina, Sask.	500
CJCA	The Edmonton Journal Ltd.	N.W.Cor.Sec.5, Twp.54, Range 23, West of 4th Meridian (near Edmonton, Alta.)	500
CJCB	N. Nathanson	318 Charlotte St, Sydney, N.S.	50
CJCT	The Albertan Publishing Co.Ltd.	18th Ave. and 7th St. E. Calgary, Alta.	500
CJGC	London Free Press & Printing Co.	Hotel London, London, Ont.	500
CJGX	The Winnipeg Grain Exchange	Yorkton, Sask.	500
CJOC	Harold R. Carson	Marquis Hotel, Lethbridge, Alta.	50
CJOR	G.C. Chandler	Block 20, Sea Island, B.C.	50
CJFM	Jas. Richardson & Sons Ltd.	Lot 8, East 40 ft. of Lot 9, Block 79 Plan No.96, old City Moose Jaw, Sask.	500
CJRW	Jas. Richardson & Sons Ltd.	Fleming, Sask.	500
CJRX	Jas. Richardson & Sons Ltd.	Middlechurch, Man.	2000
CJSC	The Evening Telegram (Uses Station CKGW, Gooderham & Worts Ltd., Bowmanville, Ont.)	Toronto, Ont.	5000
CKAC	La Presse Publishing Co. Ltd.	Lot 1102, Prov.Highway No.2 (near St.Hyacinthe, Que.)	5000
CKCD	Vancouver Daily Province	143 Hastings St.W.Vancouver, B.C.	50
CKCI	Le Soleil Limited	Victoria Hotel, 42 Palace Hill, Quebec, Que.	22 $\frac{1}{2}$
CKGK	Leader Publishing Co.Ltd.	Regina, Sask.	500
# CKGL	The Dominion Battery Co.,	20 Trinity St., Toronto, Ont.	500
CKCO	Dr. G.M. Geldert	282 Somerset St.W., Ottawa, Ont.	500
CKCR	John Patterson	Wehkel Blk., King St., Waterloo, Ont.	50
CKCV	G.A. Vandry	66 St.Joseph St., Quebec, Que.	50
CKFC	United Church of Canada	Cor.Hemlock & 12th Ave. Vancouver, B.C.	50
CKGW	Gooderham & Worts Ltd.	Bowmanville, Ont.	5000
CKIC	Acadia University	Wolfville, N.S.	50
CKLC	Alberta Pacific	Red Deer, Alta.	1000
CKMC	R.L. MacAdam	Cobalt, Ont. (East Side)	15
CKMO	Sprott-Shaw Radio	Room 1604 Bekins Bldg., Vancouver, B.C.	50
CKNC	Canadian National Carbon Co.Ltd.	Hillcrest Park, Toronto, Ont.	500
CKOC	Wentworth Radio & Auto Supply Co. Ltd.	Royal Connaught Hotel, Hamilton, Ont.	50
CKPC	Metal Shingle & Siding Co.Ltd.	Preston, Ont.	25
CKPR	Midland Broadcasting Corp.	278 King St., Midland, Ont.	50
CKUA	University of Alberta	Campus University of Alberta, Edmonton, Alta.	500
CKWX	A. Holstead & Wm. Hanlon	1220 Seymour St.Vancouver, B.C.	100
CKX	Manitoba Telephone System	8th St.South of Princess Ave. Brandon, Man.	500
CKY	Manitoba Telephone System	Provincial Agricultural College Grounds, Winnipeg, Man.	5000

# The Cal Signal CKGL is used by this station during  
Sunday Broadcasts only.

<u>Call Signal</u>	<u>Owner of Station</u>	<u>Location of Station</u>	<u>Power input to antenna (watts)</u>
CNRA	Canadian National Railways	Moncton, N.B.	500
CNRC	Canadian National Railways (Uses Station CFAC, Calgary Herald, Calgary, Alta)	Calgary, Alta	500
CNRD	Canadian National Railways (Uses Station CKLC, Alberta Pacific Grain Co. Red Deer, Alta.)	Red Deer, Alta	1000
CNRE	Canadian National Railways (Uses Station CJCA, Edmonton Journal, Edmonton, Alta)	Edmonton, Alta	500
CNRH	Canadian National Railways (Uses Station CHNS, Halifax Herald Ltd., Halifax, N.S.)	Halifax, N.S.	500
CNRL	Canadian National Railways, (Uses Station CJGC, London Free Press & Ptg. Co. Ltd. London, Ont.)	London, Ont.	500
CNRM	Canadian National Railways, (Uses Station CKAC, La Presse Publishing Co. Ltd. near St. Hyacinthe, Que.)	Montreal, Que	5000
CNRO	Canadian National Railways,	Ottawa, Ont.	500
CNRQ	Canadian National Railways, (Uses Station CKCV, G.A. Vandry, Quebec, Que.)	Quebec, Que.	50
CNRR	Canadian National Railways, (Uses Station CKCK, Leader Publishing Co. Ltd. Regina, Sask.)	Regina, Sask.	500
CNRS	Canadian National Railways (Uses Station CFQC, The Electric Shop Ltd., Saskatoon, Sask.)	Saskatoon, Sask.	500
CNRT	Canadian National Railways, (Uses Station CFCA, Star Publishing & Ptg. Co. Toronto, Ont)	Toronto, Ont.	500
CNRV	Canadian National Railways, (LULU Island, B.C.)	Vancouver, B.C.	500
CNRW	Canadian National Railways, (Uses Station CKY, Manitoba Telephone System, Winnipeg, Man.)	Winnipeg, Man.	5000
CNRX	Canadian National Railways, (Uses Station CFRB, Rogers Majestic Corp. Ltd. Toronto, Ont.,	Toronto, Ont.	4000
CPRY	Canadian Pacific Railway Co. (Uses Station CKGW, Gooderham & Worts Ltd., Bowmanville, Ont.)	Bowmanville, Ont.	5000
CKOW	Nestle's Milk Products (Canada) Ltd. (Uses Station CFCA, Star Publishing Co. Ltd., Toronto, Ont.)	Toronto, Ont.	500

C O S T

of

VARIOUS TYPES OF PROGRAMS

R A D I O      P R O G R A M M E      C O S T S

Symphony Orchestra, -	50 pieces, including charges for 2-hour rehearsal and Conductor's fees, per hour . . . . .	\$ 550.00
Concert Orchestra, -	25 pieces, including charges for 2-hour rehearsal and Conductor's fees, per hour . . . . .	275.00
	(If special Conductor or outstanding reputation required, extra cost will probably be, Per Hour .. \$100.00.)	
Symphonic Dance Orchestra, -	40 pieces, including Conductor's fees and 2-hour rehearsal charges, per hour . . . . .	450.00
Operatic Presentation of either Light or Grand Opera, with Dialogue, including salaries of Cast, per hour . . . . .		650.00
Dramatic Sketch, such as outstanding events in Canadian History, personal sketches of outstanding Canadian citizens supported by small orchestra and including salaries of cast and preparation of libretto, per hour . . . . .		375.00
Approximate Fees of Outstanding Stars:-		
	Bonelli . . . . . per hour.	1,200.00
	Sophie Breslau . . . . . Per hour.	1,800.00
	Madame Onegon . . . . . per hour.	2,000.00
	Hamilton Kindler . . . . . per hour.	1,000.00
	Richard Crooks . . . . . per hour.	750.00
	Madame Duseau . . . . . per hour.	200.00
	Hart House Quartette . . . . . per hour.	400.00
	First Class Local Male Quartette . . . . . per hour.	300.00
Local Artists:		
	Spivak . . . . . per hour.	150.00
	Seitz . . . . . per hour.	100.00
	McInnis . . . . . per hour.	75.00