

to light was the case of Lehn & Fink, a national account, that sent out an emissary to buy time at local rates for its new skin lotion, Stri-Dex. A substantial number of radio stations went along on the deal. When McCann-Erickson, the agency, learned of the stations' rate-cutting, its legal department instantly notified them, on behalf of another client—Esso—which had been buying at national rates that they would be expected to rebate the difference to Esso and give that advertiser the same rates that Lehn & Fink had obtained.

The local vs. national rate tangle and which accounts qualify for local rates has been responsible for so much embarrassment that it is surprising the practice has survived.

Agencies are embarrassed to find that their clients are obtaining directly from stations better time rates than they have been getting.

Advertisers paying national rates are often embarrassed to find that a rival advertiser is paying only half as much for the same time on the same station.

Reps are embarrassed to find that their stations are selling at local rates direct to an agency or national client, especially since the reps don't get a cent of commission on such sales. They are even more embarrassed—not to mention irate—to learn that while they go commissionless, some agencies are collecting commissions for themselves on the buys.

The unfortunate muddle is not so much the result of stations offering national rates and local rates but the confusion and chicanery that goes into determining who qualifies for local rates (usually 30% to 50% cheaper than national rates, although there are cases where they go as high as 80%). A national manufacturer with a web of distributors or district managers and a desire to "beat the system" simply instructs his local representatives to ask their local radio stations for local rates. If the station chooses to be ethical about it and tells the representative that his is a national company, it is promptly told, "Whattya mean, national? I'm local. I live here. I belong to the church down the block, contribute to the Community Chest, and buy tickets for the Woman's Club dance. Why I'm so local I even hear your station." It is

easy for a station manager to weaken under such a barrage of reasoning—no matter how cock-eyed. And once he weakens, the gates are down. That is why practically all beer and beverage buying in spot radio is at local rates, foods and drugs are beginning to take advantage of the same loopholes. Car dealer associations, tobaccos, baked goods and others have found it can be done.

A number of reps told SPONSOR that practically all of their stations already are on single rates. But there must still be enough offering dual rates to cause an agency like Mc-E to lower the boom, or an agency like Ayer to get ready to lower it. But one thing sure, most observers feel, is that if the reps get hurt in the squeeze, the squeezers—that is, advertisers, agencies and stations—may get hurt.

Behind the latest developments in the national vs. local rates problem is a long, vexing string of troubles that

stretches back far beyond broadcasting.

The system began in newspaper advertising, and it may have had some justification then. At the time there were only a handful of big national advertisers, and newspaper managements felt obligated to "give the local boys a break." There also was the matter of editions, and since not all advertisers wanted all editions, a number of rates were introduced.

When radio came along (and most stations were begun under newspaper aegis), the new medium inherited multi-rate system. By the mid '40's about 76% of all radio stations had both national and local rates with local rates averaging about 50% less. Quite a few stations also had regional rates. Newspapers, which have dwindled in number, are no longer plagued by dual rates. But radio, with more stations per market, still reaps the whirlwind.

THREE ANSWERS TO THE SNAFU

SINGLE RATE: *An increasing number of stations are going in for one rate to all (they are chiefly the strong stations in a market). Problems in making the switch: explaining to local advertisers, restructuring discounts, worrying about the rival stations.*

HOLDING THE LINE: *Some admen feel a strong definition of exactly what is "national" and what is "local"—and holding to it would solve the dilemma. A merchant who owns and operates his own local retail store would qualify for local. All others—national.*

PRODUCT CLASSIFICATION: *In this plan (begun by Storz stations) certain products or account categories go at national, others always local. Local bottlers, for example, might advertise at local rates, while beers would go at national. Branch breweries have complicated this; most are buying at local rates.*