SPONSOR ASKS

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rate policy in the very large and the very small population centers. But not for an area station such as KMA (67 counties, NCS #2).

We like the small retailer and he likes the job we do for him. We want to remain flexible enough to serve him effectively.

There is ample justification for a station rate differential. But there is no valid and ethical reason for an elastic yardstick to be used in determining who qualifies for which rate.

So we have two rate cards and one rate policy which outlaws bargaining. By spelling out and firming up the ground rules we have avoided much confusion and accusations of chicanery.

George Armstrong, *executive vice pres., Storz stations*

Perhaps the critics of radio rate policies are laying too much emphasis on the "two-rate system" itself as the culprit in the current local-national rate struggle. The real problem, rather than multi-rate cards is the

Real problem is way in which dual rate is sold

manner in which stations sell on them, and the intent of the station in having local and national cards.

While the one-rate concept is ideal in protecting commissions to national agencies and representatives, it is not entirely practical for all stations. In many major markets, significant stations with two cards would be hurt immeasurably by an abrupt change to one rate. Obviously, such a transition would be in the direction of raising local rates. In turn, large and abrupt raises might well force stations into a competitive disadvantage at the local sales level.

There is no question but that radio stations, no matter what the ultimate solution may be, must immediately take steps to prevent competitive advertisers from being charged different rates for like services.

This is the area where criticism of stations' local vs. national rate policies have been most vocal, and certainly most justified. Few agency or representative spokesmen are unduly critical of a truly "retail" rate card, designed for local consumption, and administrated as such by the station.

Thus, in view of economic and competitive factors, plus the real need to face facts on rate equity for advertisers, the best immediate solution to the problem for two-rate stations is the establishment of stringent qualification policies for local or retail advertisers. The Storz Broadcasting Co. put such a plan into effect last April. Many other stations throughout the country have followed suit.

In essence, such a plan embodies the definition of Product advertising as taking the national rate, while Retail accounts get the local rate. This definition applies whether business originates with the national agency, through the representative, or whether placed by distributors, brokers, dealers, or factory representatives.

Accounts that get the local rate must advertise as retailers to qualify. This means that copy content must be confined to "store hours," "parking facilities," "easy terms," "free balloons for the kiddies," etc. Whenever the intent of a commercial or the effect of the copy approach becomes essentially "product" then the spot must be paid for at the national rate.

This system, when rigidly enforced accomplishes two important things. First, it insures the national advertiser and his agency that his competitors are not getting special rates or favored treatment because of location, or aggressive pursuit of local rates. The system also makes it clear to every category of account what rate he may expect, and the conditions for its use.

Ultimately, the key to success with this formula lies in the "Rate Integrity" of the station. Un-enforced, un-policed, it will break down. But this is also true of a one-rate system. Station management that is inclined to "wheel-and-deal" can find it just as easy to cheat from one card or five cards. Advertisers whose policy it is to beat the rate card will continue to place pressure for a "deal" regardless of the station's published rates or qualifications policies. Thus the stations, themselves, are the answer. Honest management will hold the line and to their own definitions.